

2008-116090


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CORPORATE SECRETARY'S CERTIFICATE
COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC.

The undersigned certifies that he is the duly appointed and acting Secretary of COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC., (the "Association"). The Association is the property owners' association for SHADOW BAY, SECTION ONE, a subdivision in Montgomery County, Texas, according to the map or plat thereof of record in Cabinet A, Sheet 172A et seq. of the Map Records of Montgomery County, Texas (the "Subdivision").

The Association is a Texas non-profit corporation. A true and correct copy of the Amended Rules, Regulations and Policy Statement of Community Improvement Association of Shadow Bay, Inc. (Revised November, 2008) is attached to this Certificate as Exhibit "A".

Signed this 21 day of November, 2008.


John Neumaier, Secretary of Community Improvement Association of Shadow Bay, Inc.

STATE OF TEXAS §

COUNTY OF MONTGOMERY §

Sworn to and subscribed to before me on the 21 day of November, 2008, by John NEUMAIER.

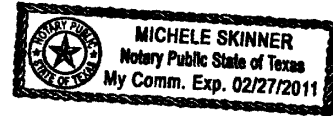

Notary Public in and for the State of Texas


THE STATE OF TEXAS §

COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on the 21 day of November, 2008, by John Neumaier, Secretary of Community Improvement Association of Shadow Bay, Inc., a Texas non-profit corporation, on behalf of said corporation.

Michele Skinner
Notary Public in and for the State of Texas



AFTER RECORDING RETURN TO:
C.I.A. of Shadow Bay, Inc.
C/o The Fowler Law Firm
300 West Davis, Suite 510
Conroe, Texas 77301

EXHIBIT “A”

COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC.

- ***Amended Rules, Regulations and Policy
Statement (Revised November 2008)***

**AMENDED RULES, REGULATIONS AND POLICY STATEMENT
OF COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC.**
(Revised November 2008)

The following Rules, Regulations, and Policy Statement (the "Rules") is promulgated by the Board of Directors (the "Board") of the Community Improvement Association of Shadow Bay, Inc. (the "Association"). This document is intended as a statement of the Board's policy regarding the interpretation and enforcement of the Restrictive Covenants applicable to the Subdivision, such Restrictions being filed for record in Volume 1170, Page 566, *et. seq.*, of the Deed Records of Montgomery County, Texas, and Clerk's File No. 9516125 and Film Code No. 052-00-1019 in the Official Public Records of Real Property of Montgomery County, Texas. (the "Restrictions"). This document also spells out the Board's rules and regulations regarding the use of the Subdivision's common properties and other facilities.

This instrument amends, modifies and replaces, in its entirety, the previous rules, regulations and policy statement of the Association, which is filed and recorded under Clerk's File No. 2000-015102 and Film Code No. 664-00-0942 of the Official Public Records of Real Property of Montgomery County, Texas (and as amended by instrument filed and recorded under Clerk's File No. 2001-062396 and Film Code No. 910-00-1782 of the Official Public Records of Real Property of Montgomery County, Texas).

SECTION 1 - MAINTENANCE OF PROPERTY:

1.01 Cleanup of Property

The Owner of record for each Lot in the Subdivision (the "Owner") is ultimately responsible for normal maintenance, repair, cleanup, and removal of waste from each Lot. Subject to the requirements of Section 4.06 of the Restrictions, if the need for extraordinary maintenance, repair, cleanup, or removal of waste (as permitted by the Section 4.06 of the Restrictions) is due to a willful or negligent act, or the neglect of the Owner, his family, guests, invitees or renters, the cost of such extraordinary maintenance, repairs, cleanup, or removal shall be invoiced to the Owner, and collected in the regular course of the Association's business.

The Board is authorized to retain or contract with a service provider to perform the extraordinary maintenance, repair, cleanup, or removal. Any additional charge will be listed separately and included on the next regular statement sent to the Owner.

The Board has absolute discretion to determine if such extraordinary maintenance, repair, cleanup, or removal of waste is necessary. Extraordinary maintenance includes, but is not limited to the following:

1. mowing of grass, lawn, or weeds 8" or more in height;
2. the skirting of mobile homes in accordance with the regulations of Restrictions; or
3. any other applicable matters in violation the Restrictions and/or Bylaws determined by the Board to fall within the scope of this rule.

1.02 Garbage

If garbage or trash is not picked up, and is left outside until the next garbage pickup day, the Association, subject to the requirements of Section 4.01 of the Restrictions, will arrange to have it picked up and the Owner will be charged a fee of \$50 for the first violation and \$100 for subsequent violations.

1.03 Violation of Restrictions

Subject to the requirements of Chapter 209 of the Texas Property Code, effective immediately, any Owner in violation of any of the Restrictions will be charged a fine of \$50 for the first violation of a specific deed restriction and \$100 for subsequent violations of the same restriction.

1.04 Failure to Notify on Sale of Property

Effective immediately, any Owner who sells property in the Subdivision provide the Association with written notice of the sale and the name and mailing address of the new owner.

SECTION 2 - DWELLING AND EXTERIOR:

2.01 Additions, Alterations, Fences, etc.

No Owner or other person may make any structural alteration or improvement, or do any exterior repainting, or repair or addition to his residence that would alter the exterior appearance without the prior written approval of the plans and specifications by the Architectural Control Committee ("ACC"). The ACC will grant its approval if the proposed work will benefit and enhance the Subdivision in a manner consistent with the development plan, and in accordance with the Restrictions.

No building, fence, wall, or other structure with a height in excess of 24" may be erected or maintained outside of the front building line of each Lot. No exterior addition or other external attachments may be made until the plans and specifications showing the nature, kind, shape, height, materials, colors, and locations have been submitted to and approved in writing by the ACC. Consideration is based upon the harmony of external design and location in relation to surrounding structures and topography.

Any Owner whose residence is damaged by fire or other casualty may apply to the ACC for reconstruction, rebuilding, or repair of the residence in a manner that will provide for an exterior appearance and design different from that which existed prior to the date of the casualty. Application for approval must be made in writing with full and complete plans, specifications, working drawings, and elevations showing the proposed reconstruction and the end result. The ACC will grant approval only if the design proposed by the Owner would result in a finished residence of exterior design harmonious with other residences in the Subdivision. No landscaping or planting of any kind shall be done in the street right-of-way.

Approval of the ACC shall be in writing. In the event the ACC fails to approve or disapprove within 20 days after receipt of a request with all accompanying plans and specifications, approval will be deemed to have been given.

2.02 Removal of Mobile Homes

No mobile home may be removed from the Subdivision without the written consent of the ACC. Consent will be granted on request to the Owner of the Lot, or the Owner of the mobile home. The request must be accompanied by a "clean-up" deposit of \$500.00 (cash or check), which will be refunded after inspection of the empty Lot by a representative of the ACC. The request for consent must be submitted a minimum of seven (7) days prior to the day of anticipated removal. The deposit will insure that the premises from which the mobile home is removed are in an acceptable condition after the removal. The Board may waive this requirement with a vote of simple majority.

2.03 Driveways

For all new construction within the Subdivision, all improved lots are required to have a driveway installed leading from the street to the residence on the Lot. The culvert required under the driveway must meet specifications required by Montgomery County.

2.04 Permit to Move a Home into Shadow Bay

In order to receive a permit to move a manufactured home into the Subdivision, the Owner must first pay all assessments, fines, and other charges owed on all property he/she owns in the Subdivision, and must also bring all property owned in the Subdivision into compliance with all of the Restrictions.

2.05 Requirements to Move a Mobile Home into Shadow Bay

The ACC, with the agreement of the Board, has published a list of requirements that must be met in order to move a mobile home into the Subdivision. These requirements include a Permit that must be displayed on the property.

No occupants are allowed to move into the dwelling until final inspection and sign-off as required by all Association requirements.

2.06 Tandem Axle Vehicles

No tandem axle vehicles, including semi tractor-trailers, will be allowed in the Subdivision without a permit from the ACC.

SECTION 3 – RENTERS/LEASING TENANTS:

3.01 Responsibility of Owners

Owners are responsible for providing their renters/leasing tenants with copies of the Restrictions, By Laws, and these rules and for ensuring that the renters/leasing tenants comply with the requirements of the documents listed above.

3.02 Renters/Leasing Tenants Fees for Violations

If a Renter or Leasing Tenant fails to pay a Fee that is levied for violation of one of these rules, that fee will become the responsibility of the Owner of the property and will be added to the Owner's regular assessment account.

SECTION 4 - ANIMALS:

4.01 Confinement of Dogs and Cats

All dogs and cats must be confined to the Owner's property. No dog or cat will be allowed outside the Owner's property except on a leash. Any dogs or cats that are found outside the Owner's property are subject to being removed from the Subdivision in accordance with Montgomery County regulations.

Subject to the requirements of Chapter 209 of the Texas Property Code, if the Owner of the dog or cat is known, the Association will charge that Owner a fee of \$50 for the first violation and \$100 for subsequent violations.

SECTION 5 - BOAT RAMP:

5.01 Eligibility for Boat Ramp Key

All maintenance fees, other fees, liens, or judgments must be paid in full on all lots owned by an Owner before the Owner is eligible to receive a key to the boat ramp area.

An Owner who is 90 days or more past due on any maintenance or other fees is required to pay not only the past due amount, but also pay one year's worth of assessments in advance before receiving a key.

If an Owner becomes more than one month late on maintenance or other fees, that Owner is required to relinquish the boat ramp key(s).

5.02 Vehicles Parked at Boat Ramp Area

Any vehicle parked at the boat ramp area must display a Subdivision Owner sticker in the front windshield, or a current guest card must be displayed on the dashboard of the vehicle. Vehicles improperly parked in the boat ramp area may be towed in accordance with applicable law.

RECORDEK'S MEMORANDUM:
At the time of recordation, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discolored paper, etc. All black-outs, additions and changes were present at the time the instrument was filed and recorded

5.03 Responsibility for the Key(s)

Duplication or loaning the key(s) is not allowed. A \$25 fee will be charged for a lost or stolen key. The key(s) must be returned to the Association if the person is no longer an Owner in the Subdivision.

SECTION 6 – PAYMENT OF FEES; NOTICE AND OPPORTUNITY FOR HEARING BEFORE THE BOARD; FEES CHARGED TO MAINTENANCE ACCOUNT.

6.01 Payment of Fees

All fees for violations of these Rules shall be due and payable within 30 days after the imposition of such fees.

6.02 Notice and Opportunity for Hearing Before the Board

Any Owner charged with a violation of these Rules shall have the right to appear before the Board in accordance with the requirements of Chapter 209 of the Texas Property Code in order to contest the imposition of the fee(s). Such right to be heard shall be conspicuously stated on the citation or other notice of the violation and personally delivered to the violator.

6.03 Fees Charged to Maintenance Account

With respect to violations by an Owner, his family members, guests, or renters, if the fee imposed for such violation is not paid within 30 days after the imposition of the fee, the fee will be charged against and added to the Owner's assessment account, or collected by any means allowed by law.

SECTION 7 - ADOPTION BY THE BOARD AND BOARD SIGNATURES

7.01 Adoption by the Board

These Rules are hereby adopted by the Community Improvement Association of Shadow Bay, Inc. Board of Directors on this 4 day of November, 2008.

COMMUNITY IMPROVEMENT ASSOCIATION
OF SHADOW BAY, INC.

By: Marilyn Bauer
Name: MARILYN BAUER
Its: President

STATE OF TEXAS
COUNTY OF MONTGOMERY
I hereby certify this instrument was filed in
File Number Sequence on the date and at the time
stamped herein by me and was duly RECORDED in
the Official Public Records of Real Property at
Montgomery County, Texas.

DEC 10 2008



Mark Turnbull
County Clerk
Montgomery County, Texas

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FILED FOR RECORD

2008 DEC 10 AM 11:05

Mark Turnbull
COUNTY CLERK
MONTGOMERY COUNTY TEXAS



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CORPORATE CERTIFICATE
COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC.

The undersigned certifies that he/she is the President of Community Improvement Association of Shadow Bay, Inc. (the "Association"). The Association is the property owners' association for Shadow Bay Section One, a subdivision in Montgomery County, Texas, according to the map or plat thereof recorded in the Map Records of Montgomery County, Texas (the "Subdivision").

The Association is a Texas non-profit corporation, and a true and correct copy of the **Bylaws of Community Improvement Association of Shadow Bay, Inc. (Amended June, 2012)** is attached to this certificate as Exhibit "A."

Signed this 5TH day of JUNE, 2012.

**COMMUNITY IMPROVEMENT ASSOCIATION
OF SHADOW BAY, INC.**

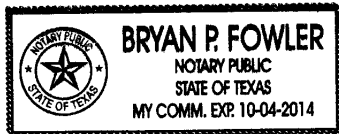
By: *Dan Pierce*
DAN PIERCE, President

STATE OF TEXAS §

COUNTY OF MONTGOMERY §

SWORN TO AND SUBSCRIBED BEFORE ME on the 5th day of June, 2012, by DAN PIERCE, President of COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC., a Texas non-profit corporation, on behalf of said corporation.

Bryan P. Fowler
NOTARY PUBLIC, State of Texas



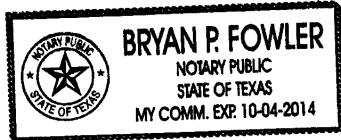
THE STATE OF TEXAS §

COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on the 5th day of June, 2012, by DAN PIERCE, President of COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC., a Texas non-profit corporation, on behalf of said corporation.



NOTARY PUBLIC, State of Texas



AFTER RECORDING RETURN TO:
Bryan P. Fowler
The Fowler Law Firm
300 West Davis, Suite 510
Conroe, Texas 77301

BYLAWS
of
COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC.
(Amended June 2012)

ARTICLE 1 - GENERAL

1.01. OFFICES

The name of the corporation is COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located within the Shadow Bay Subdivision which is located at 14475 West Leeshore Dr., Willis, Texas. The mailing address shall be 14475 West Leeshore Dr., Willis, Texas 77318.

1.02. PURPOSE

This Association shall be a non-profit organization whose purpose shall be promoting civic and community welfare and pride among the residents of Shadow Bay, Section One, encouraging and enforcing the restrictive regulations and covenants of said Subdivision conducive to good planning and the sustaining of property values therein, securing desirable improvements and benefits for the Subdivision; fostering and assisting in the general civic and social enterprises and activities which may be beneficial to the community and such other purposes, express or implied, as is contained in the Articles of Incorporation. The Association shall have such powers as are necessary or required to carry out its purposes, together with the powers conferred upon a property owners association by Chapter 204 of the Texas Property Code.

1.03. FISCAL YEAR

The fiscal year of the Association shall begin on July 1st of each calendar year and extend through June 30th of the following year.

ARTICLE 2 - DEFINITIONS

- 2.01. "Association" shall mean and refer to COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC., its successors and assigns.
- 2.02. "Properties" shall mean and refer to all or any part of that certain real property located in Shadow Bay, Section one, a subdivision in Montgomery County, Texas, according to the Replat thereof filed for record Cabinet C, Sheet 72a of the Map Records of Montgomery County, Texas.
- 2.03. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners, including, but not limited to, boat ramps and parking areas.
- 2.04. "Lot" shall mean and refer to any numbered or lettered Lot shown on the recorded Replat of the subdivision and any further subdivision of any reserve area.

- 2.05. **“Record Owner”** for any given Lot in the subdivision shall mean that person with the most recent recorded deed in the Real Property Records of Montgomery County, Texas for such Lot in such person’s name.
- 2.06. **“Restrictive Covenants”** shall mean and refer to the most current restrictions applicable to the Properties as recorded in the Deed and/or Real Property Records of Montgomery County Texas.
- 2.07. **“Voting Member”** shall mean and refer to those persons entitled to voting Membership as provided in Article 3 herein.

ARTICLE 3 - QUALIFICATIONS FOR MEMBERSHIP

Subject to all eligibility requirements there shall be one vote for each Lot in the subdivision.

3.01. VOTING MEMBERSHIP

The “Voting Member” entitled to vote each Lot in the subdivision shall, subject to all eligibility requirements contained herein, be either the Record Owner as provided in subpart (a) hereafter, or the Purchaser under a Contract for Deed as provided in subpart (b) hereafter, but not both. When more than one person is the Record Owner or Purchaser under a Contract for Deed, the vote for such Lot shall be exercised as such Voting Members may determine among themselves, but in no event shall more than one vote be cast with respect to any Lot owned by Voting Members.

3.02. PROOF OF MEMBERSHIP

- (a). The Record Owner who has provided a true copy of the applicable and most recently recorded Deed in his name together with the mailing address and telephone number of each Record Owner to the Secretary of the Board of Directors who has endorsed the same “officially accepted” for registration; or
- (b). The Purchaser named in a “Contract for Deed” with such Record Owner as is named in subpart (a) above, for the purchase of such Lot under such Contract for Deed, a true copy of the applicable and most recent Contract for Deed in his name, together with the mailing address and telephone number of such Purchaser to the Secretary of the Board of Directors who has endorsed the same “officially accepted” for registration.

The Secretary and the Board of Directors shall be entitled to rely fully upon the last of such “officially accepted” filings for all purposes including notice pursuant to Article 5.03, hereof and sending maintenance fees statements and past due notices.

ARTICLE 4 - VOTING RIGHTS

4.01. VOTING - NUMBER OF VOTES.

Each Eligible Voting Member duly registered pursuant to Article 3 hereof shall be allowed one (1) vote for each respective Lot so registered on each matter submitted to a vote at a meeting of the Membership held therefor. When more than one person is the Record Owner or Purchaser under a Contract for Deed, the vote for such Lot shall be exercised as such Voting Members may determine among themselves, but in no event shall more than one vote be cast with respect to any Lot owned by Voting Members.

4.02. PROXIES

Proxy vote shall be allowed only by signature of the person so designated in an "officially accepted" deed registration and filing with the secretary and only on official proxy forms provided by the Board of Directors.

4.03. QUORUM

Subject to Article 5, hereof, business may be conducted at any meeting of the Members, annual, quarterly, or special, provided four (4) Directors are present in person, plus one-twentieth (1/20) of all eligible voters present, in person or by proxy. Absentee and electronic ballots, as permitted herein, shall count as a member present for establishing a quorum, for items appearing on the ballot.

In the absence of a quorum at a meeting of Members, the meeting may be adjourned and immediately reconvened for the sole purpose of conducting Director elections. The quorum required for election of Directors at the reconvened meeting shall be the number of votes cast in person, by proxy, by absentee ballot, or electronic ballot.

4.04 VOTING RIGHTS

The voting rights of a Member may be cast or given:

- (1) in person or by proxy at a meeting of the Association;
- (2) by absentee ballot; or
- (3) by electronic ballot by electronic mail or facsimile.

Absentee ballots may not be counted, even if properly delivered, if the Member attends any meeting to vote in person so that any vote cast at a meeting by the Member supersedes any vote submitted by absentee or electronic ballot previously submitted for that proposal. Absentee or electronic ballots may not be counted on the final vote of a proposal if the motion was amended at a meeting of the Members to be different from the exact language on the absentee or electronic ballot. Any solicitation for votes by absentee ballot by the Association must include an absentee ballot that contains each proposed action and provides an opportunity to vote for or against the proposed action, instructions for delivery of the completed absentee ballot, including the delivery location, all of which are required by Section 209.00592 of the TEXAS PROPERTY CODE.

4.05 RECOUNT PROCEDURES

A Member may, not later than the fifteenth (15th) day after the date of a meeting at which an election was held, require a recount of votes in accordance with Section 209.0057 of the TEXAS PROPERTY CODE.

4.06 ELECTION VOTE TABULATORS:

A person who is a candidate in an Association election or who is otherwise the subject of an Association vote, or a person related to that person within the third degree of consanguinity or affinity, as determined under Chapter 573 of the TEXAS GOVERNMENT CODE, may not tabulate or otherwise be given access to the ballots cast in the election or vote.

ARTICLE 5 - MEETINGS OF MEMBERS

Robert's Rule of Order shall be followed at all meetings of the Members.

5.01. ANNUAL MEETINGS

The Annual meeting of the membership shall be held on the third (3) Sunday in October of each year or at such other time as may be determined by the Board of Directors.

5.02. SPECIAL MEETINGS

Special meetings of the membership may be called by the President, The Board of Directors, or upon written request submitted to the President or Secretary and signed by no less than 10% of the total voting membership eligible to vote, certified by the Secretary as of the date of the request (the record date). Such request shall state the reason therefor. Such reason must be a matter which can properly be voted on by the voting membership. Whether or not such matter, which is the reason given for the request, is a matter properly subject to the vote of the membership shall be determined by the Board of Directors who shall certify any proper request to the President. The President, or in the President's absence, the Vice President, upon receipt of such certified request shall call a special meeting within thirty (30) days of such receipt.

5.03. NOTICE OF MEETINGS

The Secretary shall give, or cause to be given, by First Class Mail postage prepaid at the last best address, as of ten (10) days prior to mailing date (the record date), shown on the records of the Secretary of the Corporation, to all eligible Voting Members, written notice of any such regular or certified and called special meeting of the membership not less than 10 days nor more than 50 days prior to the date of such meeting. In addition such notice shall be posted in one (1) public place in the Subdivision. All such notices shall state the place, day, and hour of the meeting, the purpose of the meeting called, including the agenda thereof, and where applicable the slate of any nominees for directorships.

5.04. PURPOSE OF MEMBERSHIP MEETING

The express purpose of membership meetings, annual or special, is to provide an opportunity for eligible Voting Members to properly address the membership in attendance and/or to properly address the chair.

Except as provided herein only matters properly upon the agenda included in the notice of any regular or special meeting of the membership will be heard at any such meeting provided however, there shall be a 10 minute maximum time allowed to each person named on the agenda for presentation of their matter. Only matters upon which Voting Members are eligible to vote will be heard from the floor at any such meeting provided that the same are on the agenda therefor. In order to have a proper matter placed upon the agenda by the President for any given meeting, annual or special, a written request must be received by the President of the Board of Directors a minimum of thirty (30) days prior to the date of any such meeting. Such written request shall be signed by not less than five (5) eligible Voting Members provided a full disclosure has been made to each. Any request certified by the Board of Directors as proper matter for such meeting and eligible to be voted upon by the membership shall be placed upon the agenda for the meeting. Matters not on the agenda for any given meeting may nevertheless be heard during such meeting upon waiver of the agenda requirement by secret written ballot of a majority of the Board Members in attendance at such meeting. Anything contained herein to the contrary notwithstanding, nominations for directorship of the Association may be made from the floor during the annual meeting by

any eligible Voting Member. Write in candidates shall be accepted from eligible voters on the official proxy ballots provided the Members by the Board of Directors.

5.05. PASSAGE OF RESOLUTION

All action to be taken by the membership shall be upon resolution, preceded by motion duly seconded and supported by a majority of all eligible votes cast.

Only Voting Members shall have the right to address the chair during any meeting of the membership of the Association.

5.06 UNANIMOUS WRITTEN CONSENT

Subject to applicable law, any action required by the Texas Non-Profit Corporation Act to be taken at a meeting of the members or directors of the Association, or any action which may be taken at a meeting of the members or directors or of any committee, may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all members entitled to vote with respect to the subject matter thereof, or all of the directors, or all of the members of the committee, as the case may be.

Such consent shall have the same force and effect as a unanimous vote, and may be stated as such in any Articles or document filed with the Secretary of State of Texas under the Texas Non-Profit Corporation Action.

ARTICLE 6 - BOARD OF DIRECTORS

6.01. NUMBER AND ELEGIBILITY

The Board of Directors shall consist of seven (7) Directors, selected as hereinafter set out, which includes the four (4) Officers of the Association.

Eligibility. At the time of nomination and election of any Director and at all times during such Director's term the following shall be the requirements for eligibility, to-wit:

- (a) An eligible Voting Member; and
- (b) No felony conviction or a conviction for a crime involving moral turpitude; and
- (c) Duly elected pursuant to these Bylaws.
- (d) To take the following oath of office which shall be administered by the President, or in the case of the President's oath, by the Vice President, at a ceremony called for that purpose. The oath of office shall read as follows:

"I hereby swear or affirm that in the exercise of my office I shall do my best to always do what is right and just, to always treat my neighbors fairly and charitably without favoritism or bias, and to always promote peace among the Members of this Association, so help me God."

Provided however any director may cure a defect in eligibility under subparts (a) and (b) within 15 days notice from the Board of Directors of such deficiency. Upon the 16th day the directorship shall be declared vacant.

6.02. TERM

Each Board Member shall serve a three (3) year term. At each annual meeting of the members, Board members will be elected for the members whose term of office expires at that meeting, and they will hold office until the next third (3rd) annual meeting of members after their election, or until their successors are elected and qualified.

6.03. REMOVAL

Any Board Member may be removed from office by the Board of Directors, when in their judgment, the best interest of the Association shall be served by such removal. The director who is subject to a motion for removal shall abstain from voting thereon. Any Board Member removed from office pursuant to these Bylaws shall automatically cease to serve as officer.

6.04. VACANCIES

Any Board member whose term has expired must be elected by the owners who are members of the Association. A Board member may be appointed by the Board only to fill a vacancy caused by a resignation, death or disability, as provided in these bylaws. A Board member appointed to fill a vacant position shall serve the unexpired term of the predecessor Board member.

6.05. RESIGNATION

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

6.06. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. The Board of Directors shall be the governing body of the Association with full rights and authority to determine policy, outline, plan and carry into execution all business, activities, and policy, to enter into and execute all necessary agreements and instruments incident thereto in the name of the Association, and shall constitute, together with their proper delegates and agents, the exclusive representatives of the Association. In addition to the foregoing powers, the Board shall be authorized to institute, as well as settle or compromise, in the name of the Association or otherwise any necessary legal proceedings to carry into effect the purpose and policies of the Association whether against Members or others, or to enforce, or prevent violations of, the covenants or restrictions applicable to the Subdivision; and to employ legal counsel in connection with any of the foregoing, together with the power to do any and all things necessary and appropriate to achieving the purposes of the Association including but not limited to the following, to-wit:

- (a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) suspend the right to use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any type of assessment levied by the Association;

- (c) exercise for the Association all powers, duties and authorities vested in or delegated to this Association and not reserved to the Membership by other provisions of these Bylaws, the Articles of Incorporation or the recorded Restrictive Covenants. These powers shall include but not be limited to authorizing and expending the maintenance fund for the benefit of the Association as set forth in the Restrictive Covenants and these Bylaws;
- (d) declare 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;
- (e) employ managers, outside professional services, including but not limited to attorneys at law, certified public accountants, security guards, independent contractors and such other employees as the Board may deem necessary, and to prescribe their duties and authorities;
- (f) compromise, settle and defend claims and lawsuits on behalf of the Association whether against Members or others and to employ legal counsel for these purposes; and
- (g) accept properties, Lots, and reserve areas within the subdivision in lieu of payment of delinquent maintenance and similar fees, or other claims of the Association against Record Owners, in the negotiating, settlement, and compromising of claims and litigation on behalf of the Association.

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

- (a) cause to be kept a complete record of all its acts and corporate affairs and to make the same available pursuant to Article 15 of these Bylaws;
- (b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) fix the amount of any additional or increased fee, or similar cost against any Lot as provided in Article 6 hereof;
- (d) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not an assessment has been paid. A reasonable charge shall be required in advance by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (e) procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (g) cause the Common Area to be maintained;
- (h) promulgate reasonable rules and regulations regarding the use of all properties including, but not limited to, regulating the posting of "For Sale" signs on the properties;
- (i) timely collect or cause to be collected all fees, costs, charges, interest, claims, and accounts receivable owed to this Association resorting to all legal means necessary therefor;

- (j) perform all duties and exercise all lawful powers to guarantee a democratic governing of the Association and to preserve the peace and good will among its Members; and
- (k) perform any and all other duties imposed by applicable law.

Section 3. In no case shall any contract to use or dispose of any real or personal property belonging to the Association valued in excess of \$500.00 be made, without the affirmative vote of a majority of the eligible Voting Members present and voting in person or by proxy at a meeting of the Members.

Section 4. The President or the Board of Directors shall not sign any deed, mortgage, bond, obligation, or other documents transferring the rights or assets of the Association property valued in excess of \$500.00, without the affirmative vote of a majority of the eligible Voting Members present and voting in person or by proxy at a meeting of the Members.

Section 5. Contracts for purchase, repairs, restoration, or for any outside service in excess of \$1,500.00 shall, except in the case of actual emergencies, solicit three bids submitted to the Board of Directors for approval, rejection and/or selection of choice. All bids must be upon substantially the same plans, specifications, or request. Bids may be accepted only from Voting Members in good standing, provided however, the Board of Directors, may accept services, goods, or products, needed by or for the benefit of the Association in settlement of delinquent maintenance or similar fees. In such instance the bidding requirements shall be waived but such goods, services, or products must be certified by the Board of Directors as to their worth. This Section 5 shall not apply to professional services including, but not limited to, legal, accounting, and engineering services.

Section 6. Contracts for purchase, repairs, restoration, or for outside services of \$1,500.00 or less may be accepted by the Board of Directors for approval, rejection, and/or selection of choice without necessity of a bidding process.

6.07. FEES

Section 1. The monthly and special fees, together with cost and reasonable attorney's fees, shall be a charge on the land and a continuing lien on each Lot against which such assessment is made. Each such assessment, together with cost and reasonable attorney's fees, shall also be the personal obligation of the person or persons who own the Lot by recorded deed at the time the assessment fell due, but such personal obligation for past due maintenance fees shall not pass to the successors in title of such Record Owner unless expressly assumed by such successors in a subsequent Deed or Contract for Deed. In no event however, shall such express assumption eliminate, modify, or mitigate the personal obligation of the person or persons who owned the applicable Lot by recorded Deed at the time the assessment fell due.

Section 2. All Record Owners of Lots shall pay monthly fees and special fees as established and to be collected as hereinafter provided. The purpose of the monthly fees levied by the Board of Directors shall be used exclusively to promote the health, safety, welfare, and recreation of the residents in the subdivision, and for the improvement and maintenance of the common areas and the Lots situated in the subdivision. Monthly fees shall be for the following purposes and the Board of Directors shall acquire and pay for out of the funds derived from the monthly fees, the following:

- (a) Maintenance and repair of the common area; and
- (b) Water, sewer, garbage, electrical, lighting, telephone, gas, and other necessary utility service, all where and when applicable, for the common area; and

- (c) Acquisition of furnishings and equipment for the common area as may be determined by the Board of Directors, including with limitation all equipment, furnishings, and the personnel necessary or proper for the use of recreational facilities; and
- (d) Maintenance and repair of storm drains, and streets and roads within the subdivision not maintained by governmental authority; and
- (e) Fire Insurance covering the full insurable replacement value of the common area with extended coverage; and
- (f) Liability insurance insuring the Association against any and all liability to the public, to any owner, and to the invitees or tenants of any owner arising out of their occupation and/or use of the common area. The policy limit shall be set by the Board of Directors; and shall be reviewed at least annually and increased or decreased in the discretion of the Board of Directors; and
- (g) Workman's compensation insurance to the extent necessary to comply with applicable law and any other insurance deemed necessary by the Board of Directors of the Association; and
- (h) A standard fidelity bond covering all Members of the Board of Directors of the Association and all other employees of the Association in an amount to be determined by the Board of Directors if the same is deemed necessary; and
- (i) Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or fees which the Association is required to secure or pay pursuant to the terms of these bylaws, of the recorded restrictive covenants or by law, or which shall be necessary and proper in the opinion of the Board of Directors of the Association, subject to the limitations set forth in these Bylaws, for the operation of the common areas, for the benefit of the Lot owners, or for the enforcement of the restrictive covenants.

Section 3. The fee for regular maintenance (as distinguished from extraordinary) shall be in the amount as set by the Board of Directors, and such sum may be increased from time to time in accordance with the Restrictions and these Bylaws. In no event shall the Board of Directors increase any regular maintenance fee more than 10% in any six (6) month period.

Section 4. Any increase in the monthly fee, other than increases authorized above in Section 3, shall require prior approval of the Members voting in person or by proxy at the annual meeting of the Members, or at a special meeting thereof called for that purpose.

Section 5. To secure payment of delinquent fees (of any and all kind or character) and similar costs, the Board shall, after 10 days written notice and demand, cause a notice of lien to be filed against the Lot or Lots of each delinquent Record Owner. Said lien shall secure payment of all unpaid fees, costs, attorney fees, filing fees, similar costs, and related fees. If such fees are not collected upon the filing of such lien, the Board may proceed to collection of the same by applicable litigation.

Section 6. All fees shall be due in advance on the first (1st) day of the month and shall be delinquent after the sixth (6th) day of each month. All delinquent fees shall bear a \$10.00 late charge after each quarter.

Section 7. In addition to the monthly fees authorized above, the Board of Directors may levy in any assessment year, a special assessment applicable to that year only for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement on the common area, including fixtures and personal property related thereto. Any such assessment must be approved by a simple majority of the eligible Voting Members, voting in person or by proxy, at the annual meeting of the Members, or at a special meeting thereof called for that purpose.

ARTICLE 7 - NOMINATION OF DIRECTORS; ELECTION OF BOARD OF DIRECTORS

7.01. The four (4) elected officers of the Board of Directors shall appoint a Nominating Committee of five (5) Voting Members not less than sixty (60) days prior to the annual meeting of the membership each year. The Nominating Committee so appointed shall elect a slate of qualified nominees for the elective offices of directorship and shall file a written report thereof with the President and Secretary not less than thirty (30) days before the date of the annual meeting who shall certify and post the same in one (1) public place within the Subdivision.

7.02. Subject to Article 6 hereof, the election of the Directors shall be held at the annual meeting of the Membership and shall in all cases be by signed, written ballot. The nominees for each open position of the Board receiving the highest number of the eligible votes, cast in person or by proxy at the annual meeting, or by written ballot (including absentee and electronic ballots), shall be declared elected.

ARTICLE 8 - MEETINGS OF DIRECTORS

Robert's Rule of Order shall be followed at all meetings of the Board of Directors.

8.01 OPEN MEETINGS

Regular and special Board meetings shall be open to Members, subject to the right of the Board to adjourn a meeting and reconvene in closed executive session to consider actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with the property 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 any executive session, any decision made in the executive session shall 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. The oral summary shall include a general explanation of any expenditures approved in executive session.

8.02 NOTICE OF MEETINGS

Members shall be given notice of the date, hour, place, and general subject of a regular or special meeting of the Board, 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 tenth (10th) day or earlier than the sixtieth (60th) day before the date of the meeting; or (b) provided at least seventy-two (72) hours before the start of the meeting by (i) posting the notice in a conspicuous manner reasonably designed to provide notice to the members in a place located on the Association's common property, or on conspicuously located private property within the subdivision, or (ii) by posting the notice on an Internet

website maintained by the Association; and (iii) by sending the notice by e-mail to each owner who has registered an e-mail address with the Association.

8.03 MEETINGS WITHOUT NOTICE

The Board, by any method of communication, including electronic and telephonic meetings, may meet without prior notice to Members, if each director may hear and be heard by every other director, or the Board may take action by unanimous written consent to consider routine and administrative matters or a reasonably unforeseen emergency or urgent necessity that requires immediate Board attention. The action taken without notice to the Members must be summarized orally, including an explanation of any known actual or estimated expenditures approved at the meeting, and documented in the minutes at the next regular or special meeting of the Board. Notwithstanding the authority to meet without notice to the Members, the Board may not, without prior notice to the Members, consider or vote on fines; damage assessments; initiation of foreclosure actions; initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety; increases in assessments; levying of special assessments; appeals from a denial of architectural control approval; or the suspension of a right of a particular Member before the Member has an opportunity to attend a Board meeting to present the Member's position, including any defense on the issue.

8.01. REGULAR MEETINGS

The regular monthly meeting of the Board of Directors shall be held on the first Tuesday of each month at 7:00 PM at such place as is from time to time designated by the Board in the notice therefor which shall be placed in one public place within the subdivision. The President shall be authorized to postpone and reschedule a meeting of the Board of Directors, if necessary, with written or electronic mail notice to all Directors.

8.02. SPECIAL MEETINGS

Special meetings of the Board of Directors may be called by the President or in the President's absence, the Vice President or by any three (3) directors, to be held at the time and place designated in the notice thereof, which notice shall be given to the directors, not less than two (2) days before the date of such meeting, by telephone call, personal delivery, or personal communication.

Emergency meetings of the Board of Directors shall be held in the same manner as special meetings except that the notice requirement shall be 2 hours.

8.03. QUORUM

A Majority of the members then constituting the Board of Directors personally present shall constitute a quorum for any meeting of the Board.

Attendance of a Director at a meeting, regular or special, 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 on the ground that the meeting was not lawfully called or convened.

8.04. VOTING REQUIREMENT

All action to be taken by the Board of Directors shall be upon resolution, preceded by motion duly seconded and supported by a majority vote of all non-interested Directors. The President shall abstain from voting except for tie-breaking.

ARTICLE 9 - COMMITTEES

9.01. APPOINTED BY BOARD OF DIRECTORS

Section 1. The newly elected Board of Directors shall promptly appoint an Architectural Control Committee consisting of up to three (3) members, one (1) of whom shall be a Director.

Section 2. In addition, the Board of Directors shall appoint other committees as they deem necessary and appropriate for carrying out the purposes of the Association. All members of all committees shall at all times during the term of their service have and maintain the same qualifications for such appointment as Directors have for the office of directorship pursuant to Article 6 hereof. All other committees shall serve at the pleasure of the Board of Directors but in no event shall the term of such committee, or any member thereof, be appointed for longer than two (2) years. Any committee with any authorization to manage the corporation shall consist of three (3) or more persons, one of whom shall be a Director. Any committee with any authorization to manage the Corporation, shall consist of at least one (1) Director.

9.02. AUTHORITY OF COMMITTEES

Whenever approval of the Architectural Control Committee is required, such approval shall be in writing. In the event the Architectural Control Committee fails to approve or disapprove within 20 days after a receipt of an acceptable request, with all accompanying plans, specifications, and the like, to do so, approval will be deemed to have been given, and compliance with the terms of these provisions conclusively presumed.

9.03. DISCHARGE OF COMMITTEES AND COMMITTEEMEN

Any committee member may be removed by the Board of Directors when, in their judgment, the best interest of the Association shall be served by such removal. All committees are responsible to the Board of Directors.

ARTICLE 10 - OFFICERS OF THE BOARD OF DIRECTORS

10.01. ENUMERATION OF OFFICERS

The officers of the Board of Directors shall consist of a President, Vice President, Secretary, and Treasurer at a minimum. Other officers may be elected by a simple majority of the Board of Directors as and when the Board deems it necessary, provided, no nominee for such appointment may vote for himself.

10.02. TERM

The term of office of each officer shall be concurrent with his or her term on the Board of Directors.

In case a vacancy occurs among the officers, the Board of Directors shall appoint a successor to serve during the unexpired term of the office vacated.

10.03. RESIGNATION AND REMOVAL

Any Officer may be removed from office by a simple majority of the remaining Board of Directors when, in their judgment, the best interest of the Association shall be served by such removal. Any Officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

10.04. MULTIPLE OFFICES

Any two or more offices may be held by the same person, except the offices of President and Secretary.

10.05. COMPENSATION

The salary of the Secretary shall be determined from time to time by the Board of Directors; provided, however, the Secretary must refrain from voting thereon.

The salary of the Treasurer shall be determined from time to time by the Board of Directors; provided, however, the Treasurer must refrain from voting thereon.

Members of the Board of Directors shall be reimbursed for incidental expenses incurred in handling the business of the association. Such expense reimbursement will follow then standard business practices for employee reimbursement.

ARTICLE 11 - PRESIDENT

11.01. DUTIES

The President shall preside at all meetings of the Board of Directors and of the Members, prepare the agenda for such meeting, preserve order, and exercise supervision of the affairs of the Association and the Board; and shall decide all questions of procedure of the meeting of the Board of Directors and the Association, and with the advice and consent of the Board of Directors shall appoint all committees, unless otherwise provided for in these Bylaws, and shall be an ex-officio member of all such committees; and further, shall perform such other and additional duties as are customarily required of this office.

ARTICLE 12 - VICE PRESIDENT

12.01. DUTIES

The Vice President shall assist the President in the discharge of these duties, and in the absence of the President, shall preside at all meetings of the Association and of the Board of Directors and shall perform the duties of the President during the latter's absence. Further, the Vice President shall perform any and all additional duties which may be delegated by the President or the Board of Directors.

ARTICLE 13 - SECRETARY

13.01. DUTIES

The Secretary shall cause a full and correct record of all proceedings of this Association to be kept; have charge of all records of the Association; conduct the correspondence, and mail all reports, bulletins and

notices and keep a record of all the foregoing; answer all letters from Voting Members; and otherwise comply with these Bylaws and the restrictive covenants for the subdivision.

ARTICLE 14 – TREASURER

14.01. DUTIES

The Treasurer shall cause the following tasks to be done: collect all mail (at least twice weekly); prepare all bank deposits, reconcile all bank statements; post all receipts to proper accounts; deposit all such funds in the bank as designated by the Board of Directors; draw all checks on the Association's funds, which checks so drawn shall be countersigned by the President and the Vice President or Secretary. The Treasurer shall keep a full, true and correct record of all funds and all financial transactions of the Association, keep all books of account of the Association, and render a complete report to the Association at its annual meetings, or more often as required by the President or the Board of Directors. The Treasurer shall procure all office supplies; and otherwise comply with these Bylaws and the restrictive covenants for the subdivision.

ARTICLE 15 - BOOKS AND RECORDS

15.01. MAINTENANCE

The Association shall keep correct and complete books and records of account and shall keep the minutes of the proceedings of its members, Board of Directors, and committees having any authority of the Board of Directors and shall keep at its registered office or principal office in this state a record of the names and addresses of its members entitled to vote.

15.02. INSPECTION

The books, records and papers of the Association shall be subject to inspection by any member. The time and place of any such inspection shall be upon written request and upon mutual agreement of the Secretary and/or Treasurer of the Board. Copies requested shall be at the sole cost and expense of the Member requesting the same. The initial charge for such copies shall be not less than \$.50 per sheet paid cash in advance and shall be charged at the discretion of the Secretary, in accordance with the Association's records production policy.

ARTICLE 16 – AMENDMENTS

These Bylaws may be altered, repealed, or amended by a majority of the votes cast by eligible Voting Members voting in person or by proxy, at the annual meeting of the members, or at a special meeting thereof called for that purpose. A true copy of any proposed revision, change, or amendment, together with notification of the time and place of the meeting where the same is to be considered shall be delivered or mailed to each member at least thirty (30) days before the date of such meeting, and shall be posted in one (1) public place within the subdivision. The Board is authorized to incorporate any such alteration, change, or amendment into the Bylaws by a full restatement of the same without further vote of the membership.

ARTICLE 17 - INDEMNIFICATION

17.01. DEFINITIONS (in this article)

- (a) **“Indemnitee”** means (i) any present or former Director or Officer of the Association; and (ii) any person appointed by the President or the Board of Directors, or elected, to serve on any committee of the Association.
- (b) **“Official Capacity”** means (i) when used with respect to a Director, the Office of Director of the Association; and (ii) when used with respect to a person other than a Director, the elective or appointive Office of the Association held by such person or the employment or agency relationship undertaken by such person on behalf of the Association, but in each case does not include service for any other foreign or domestic corporation or any partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise.
- (c) **“Proceeding”** means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative, any appeal in such an action, suit or proceeding, and any inquiry or investigation that could lead to such an action, suit or proceeding.

17.02. INDEMNIFICATION

- (a) The Association shall indemnify every Indemnitee against all judgments, penalties (including excise and similar taxes), fines, amounts paid in settlement and reasonable expenses actually incurred by the Indemnitee in connection with any Proceeding in which he was, is or is threatened to be named defendant or respondent, or in which he was or is a witness without being named a defendant or respondent, or in which he was or is a witness without being named a defendant or respondent, by reason, in whole or in part, of his service or having served or having been nominated or designated to serve, in any of the capacities referred to in 17.01 (a), if it is determined in accordance with 17.04 that the Indemnitee (i) conducted himself in good faith, (ii) reasonably believed, in the case of conduct in his Official Capacity, that his conduct was in the Association’s best interests and, in all other cases, that his conduct was at least not opposed to the Association’s best interests, and (iii) in the case of any criminal proceeding, had no reasonable cause to believe that his conduct was unlawful.
- (b) Provided, however, that in the event that an Indemnitee is found liable to the Association or is found liable on the basis that personal benefit was improperly received by the Indemnitee in connection with the Proceeding the indemnification (i) is limited to reasonable expenses actually incurred by the Indemnitee in connection with the proceeding, and (ii) shall not be made in respect to any Proceeding in which the Indemnitee shall have been found liable for willful or intentional misconduct in the performance of his duty to the Association. Except as provided in the immediately preceding provision no indemnification shall be made under this 17.02 in respect of any Proceeding in which such Indemnitee shall have been (x) found liable on the basis that personal benefit was improperly received by him whether or not the benefit resulted from an action taken in the Indemnitee’s Official Capacity, or (y) found liable to the Association.
- (c) The termination of any Proceeding by judgment, order, settlement or conviction, or on a plea of “nolo contendere” or its equivalent, is not of itself determinative that the Indemnitee

did not meet the requirements set forth in clauses (i), (ii) or (iii) in 17.02(a). An Indemnitee shall be deemed to have been found liable in respect of any claim, issue or matter only after the Indemnitee shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom. Reasonable expenses shall include, without limitation, all court costs and all fees disbursements of attorneys for the Indemnitee.

17.03. SUCCESSFUL DEFENSE

Without limitation of 17.02 and in addition to the indemnification provided for in 17.02, the Association shall indemnify every Indemnitee against reasonable expenses incurred by such person in connection with any Proceeding in which he is a witness or a named defendant or respondent because he served in any of the capacities referred to in 17.01 (a), if such person has been wholly successful, on the merits or otherwise, in defense of the Proceeding.

17.04. DETERMINATIONS

Any indemnification under 17.02 (unless ordered by a court of competent jurisdiction) shall, except as provided in 17.05 hereof, be made by the Association only upon a determination that indemnification of the Indemnitee is proper in the circumstances because he has met the applicable standard of conduct. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of Directors who, at the time of such vote, are not named defendants or respondents in the Proceeding; (b) if such a quorum cannot be obtained, then by a majority vote of a committee of the Board of Directors designated to act in the matter by a majority vote of all directors (in which designation Directors who are named defendants or respondents in the Proceeding may participate), such committee to consist solely of two (2) or more Directors who, at the time of the committee vote, are not named defendants or respondents in the Proceeding; (c) by special legal counsel selected by the Board of Directors or a committee of the Board of Directors by vote as set forth above in this 17.04 or (d) by the eligible Voting Members in a vote that excludes Directors that are named defendants or respondents in the Proceeding. Determination as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible. Except that if the determination that indemnification is permissible is made by special legal counsel, determination as to reasonableness of expenses must be made in the manner specified in clause (c) of the preceding sentence for the selection of special legal counsel. In the event a determination is made under this 17.04 that the Indemnitee met the applicable standard of conduct as to some matters but not as to others, amounts to be indemnified may be reasonable prorated.

17.05. ADVANCEMENT OF EXPENSES

Reasonable expenses (including court costs and attorney's fees) incurred by an Indemnitee who was or is a subpoenaed witness or was, is or is threatened to be made a named defendant or respondent in a Proceeding shall be paid by the Association at reasonable intervals in advance of the final disposition of such Proceeding, and without making any of the determinations specified in 17.04, after receipt by the Association of (a) a written affirmation by such Indemnitee of his good faith belief that he has met the standard of conduct necessary for indemnification by the Association under this 17.05, and (b) a written undertaking by or on behalf of such Indemnitee to repay the amount paid or reimbursed by the Association if it shall ultimately be determined that he is not entitled to be indemnified by the Association as authorized in this Section. Such written undertaking shall be an unlimited obligation of the Indemnitee but need not be secured and it shall be accepted without reference to financial ability to make repayment. Notwithstanding any other provision of this 17.05, the Association shall pay or reimburse expenses incurred by an Indemnitee in connection with his appearance as a subpoenaed witness or other participation in a Proceeding at a time when he is not named a defendant or respondent in the Proceeding.

17.06. EMPLOYEE BENEFIT PLANS

For purpose of this Article 17, the Association shall be deemed to have requested an Indemnitee to serve an employee benefit plan whenever the performance by him of his duties to the Association also imposes duties on or otherwise involves service by him to the plan or participants or beneficiaries of the plan. Excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall be deemed fines. Action taken or omitted by an Indemnitee with respect to an employee benefit plan in the performance of his duties for a purpose reasonably believed by him to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the beset interests of the Association.

17.07. OTHER INDEMNIFICATION AND INSURANCE

The indemnification provided by this Article 17 shall (a) not be deemed exclusive of, or to preclude, any other rights to which those seeking indemnification may at any time be entitled under the Association's Articles of Incorporation, any law, agreement or vote of members or disinterested Directors, or otherwise, or under any policy or policies of insurance purchased and maintained by the Association on behalf of any Indemnitee, both as to action in his Official Capacity and as to action in any other capacity, (b) continue as to a person who has ceased to be in the capacity by reason of which he was an Indemnitee with respect to matters arising during the period he was in such capacity, and (c) inure to the benefit of the heirs, executors and administrators of such a person.

17.08. NOTICE

An indemnification of or advance of expenses to an Indemnitee in accordance with this Article 17 shall be reported in writing to the members of the Association with or before the notice or waiver of notice of the next members' meeting or with or before the next submission to members of a consent to action without a meeting and, in any case, within the twelve-month period immediately following the date of the indemnification or advance.

17.09. CONSTRUCTION

The indemnification provided by this Article 17 shall be subject to all valid and applicable laws, including, without limitation, Article 1396-2.22 of the Texas Non-Profit Corporation Act, and, in the event this Article 17 or any of the provisions hereof or the indemnification contemplated hereby are found to be inconsistent with or contrary to any such valid laws, the latter shall be deemed to control and this Article shall be regarded as modified accordingly, and, as so modified, to continue in full force and effect.

17.10. CONTINUING OFFER, RELIANCE, ETC.

The provisions of this Article 17: (a) are for the benefit of, and may be enforced by, each Indemnitee of the Association, the same as if set forth in their entirety in a written instrument duly executed and delivered by the Association and such Indemnitee; and (b) constitute a continuing offer to all present and future Indemnitees; and (c) are retroactive in application. The Association, by its adoption of these Bylaws, acknowledges and agrees that each Indemnitee of the Association has relied upon and will continue to rely upon the provisions of this Article 17 in becoming, and serving in any of the capacities referred to in Section 17.01 (a) of this Article 17, waives reliance upon, and all notices of acceptance of, such provisions by such Indemnitees and acknowledges and agrees that no present or future Indemnitee shall be prejudiced in his right to enforce the provisions of this Article 17 in accordance with its terms by any act or failure to act on the part of the Association or on the basis of when any claim or cause of action arose.

17.11. EFFECT OF AMENDMENT

No amendment, modification or repeal of this Article 17 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitees to be indemnified by the Association, nor the obligation of the Association to indemnify any such Indemnitees, under and in accordance with the provisions of the Section as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.


ARTICLE 18 - CORPORATE SEAL

The Association may have a seal in circular form having within its circumference the words: COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC.; however, the use of such seal shall not be required for validity of any act of the Association.

Attestation

Adopted by the Board of Directors on this 5TH day of JUNE, 2012.

**COMMUNITY IMPROVEMENT ASSOCIATION OF
SHADOW BAY, INC.**

By: 
DAN PIERCE, President

FILED FOR RECORD

06/06/2012 3:40PM




COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF MONTGOMERY

I hereby certify this instrument was filed in file number
sequence on the date and at the time stamped herein
by me and was duly RECORDED in the Official Public
Records of Montgomery County, Texas.

06/06/2012



County Clerk
Montgomery County, Texas



5

CORPORATE CERTIFICATE
COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC.

The undersigned certifies that he/she is the President of Community Improvement Association of Shadow Bay, Inc. (the "Association"). The Association is the property owners' association for Shadow Bay Section One, a subdivision in Montgomery County, Texas, according to the map or plat thereof recorded in the Map Records of Montgomery County, Texas (the "Subdivision").

The Association is a Texas non-profit corporation, and a true and correct copy of the **Payment Plan Policy of Community Improvement Association of Shadow Bay, Inc.** is attached to this certificate as Exhibit "A."

Signed this 5TH day of JUNE, 2012.

COMMUNITY IMPROVEMENT ASSOCIATION
OF SHADOW BAY, INC.

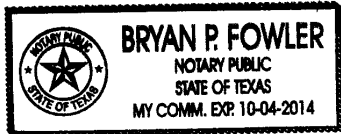
By: *Dan Pierce*
DAN PIERCE, President

STATE OF TEXAS §

COUNTY OF MONTGOMERY §

SWORN TO AND SUBSCRIBED BEFORE ME on the 5th day of June, 2012, by DAN PIERCE, President of COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC., a Texas non-profit corporation, on behalf of said corporation.

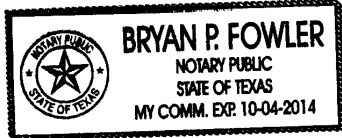
BPF
NOTARY PUBLIC, State of Texas



THE STATE OF TEXAS §

COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on the 5th day of June, 2012, by DAN PIERCE, President of COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC., a Texas non-profit corporation, on behalf of said corporation.





NOTARY PUBLIC, State of Texas

AFTER RECORDING RETURN TO:
Bryan P. Fowler
The Fowler Law Firm
300 West Davis, Suite 510
Conroe, Texas 77301

**PAYMENT PLAN POLICY OF
COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC.**

WHEREAS, the property affected by this Payment Plan Policy is subject to certain dedications, covenants and restrictions (the "Declaration") set out in instruments recorded in the Official Public Records of Real Property at Montgomery County, Texas, as follows:

- "*Corrected Amendment of Restrictions*" dated October 31, 1979 – Volume 1170, Page 566, *et seq.*, of the Deed Records of Montgomery County, Texas; and
- "*Corrected Amendment of Restrictions*" dated March 27, 1995 – Clerk's File No. 9516125 and Film Code No. 052-00-1019, *et seq.*, of the Official Public Records of Real Property of Montgomery County, Texas; and

WHEREAS, pursuant to the authority vested in Community Improvement Association of Shadow Bay, Inc. (the "Association") in the Declaration and as required by the TEXAS PROPERTY CODE, the Board of Directors of the Association (the "Board") hereby promulgates the following Payment Plan Policy.

NOW, THEREFORE, BE IT RESOLVED that the following conditions and requirements are hereby established for Association Payment Plans:

1. Subject to Section 12 below, owners are entitled to make partial payments for delinquent amounts owed to the Association under a Payment Plan in compliance with this Policy.
2. Late fees, penalties and delinquent collection related fees will be not be added to the owner's account while the Payment Plan is active. The Association may impose a fee for administering a Payment Plan. Such fee, if any, will be listed on the Payment Plan form and may change from time-to-time. Interest will continue to accrue during a Payment Plan as allowed under the Declarations. The Association can provide an estimate of the amount of interest that will accrue under any proposed plan.
3. All Payment Plans must be in writing on the form provided by the Association and signed by the owner.
4. The Payment Plan becomes effective and is designated as "active" upon:
 - a. receipt of a fully completed and signed Payment Plan form; and
 - b. receipt of the first payment under the plan; and
 - c. acceptance by the Association as compliant with this Policy.

5. A Payment Plan may be as short as three (3) months and as long as eighteen (18) months based on the guidelines below. The durations listed below are provided as guidelines to assist owners in submitting a Payment Plan.
 - a. Total balance up to 2 times annual assessment ... up to 6 months;
 - b. Total balance up to 3 times annual assessment ... up to 12 months;
 - c. Total balance greater than 3 times annual assessment ... up to 18 months.
6. On a case-by-case basis and upon request of the owner, the Board may approve more than one Payment Plan to be executed in sequence to assist the owner in paying the amount owed. The individual Payment Plans may not exceed eighteen (18) months.
7. A Payment Plan must include sequential monthly payments. The total of all proposed payments must equal the current balance plus Payment Plan administrative fees, if any, plus the estimated accrued interest.
8. If an owner requests a Payment Plan that will extend into the next assessment cycle, the owner will be required to pay future assessments by the due date in addition to the payments specified in the Payment Plan.
9. If an owner defaults on the terms of the Payment Plan, the Payment Plan will be voided. The Association will provide written notice to the owner that the Payment Plan has been voided. It is considered a default of the Payment Plan, if the owner:
 - a. fails to return a signed Payment Plan form with the initial payment; or
 - b. misses a payment due in a calendar month; or
 - c. makes a payment for less than the agreed upon amount; or
 - d. fails to pay a future assessment by the due date in a Payment Plan which spans additional assessment cycles.

In the absolute discretion of the Association, the Association may waive default under item b, c or d above if the owner makes up the missed or short payment on the immediate next calendar month payment. The Association may, but has no obligation to, provide a courtesy notice to the owner of the missed or short payment.
10. On a case-by-case basis, the Association may agree, but has no obligation, to reinstate a voided Payment Plan once during the original duration of the Payment Plan if all missed payments are made up at the time the owner submits a written request for reinstatement.
11. If a Payment Plan is voided, the full amount due by the owner shall immediately become due. The Association will resume the process for collecting amounts owed using all remedies available under the Declarations and the law.

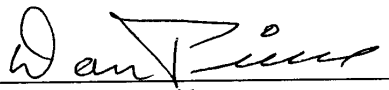
12. The Association has no obligation to accept a Payment Plan from any owner who has defaulted on the terms of a Payment Plan within the last two (2) years.

This is to certify that the foregoing Payment Plan Policy was adopted by the Board of Directors by unanimous consent, effective as of June 5, 2012, until such date as it may be modified, rescinded or revoked.

The Board of Directors hereby approves and authorizes the above Policy.

Signed this 5TH day of JUNE, 2012.

**COMMUNITY IMPROVEMENT ASSOCIATION
OF SHADOW BAY, INC.**

By: 
DAN PIERCE, President

FILED FOR RECORD

06/06/2012 3:40PM



COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF MONTGOMERY

I hereby certify this instrument was filed in file number
sequence on the date and at the time stamped herein
by me and was duly RECORDED in the Official Public
Records of Montgomery County, Texas.

06/06/2012



County Clerk
Montgomery County, Texas



10

CORPORATE CERTIFICATE
COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC.

The undersigned certifies that he/she is the President of Community Improvement Association of Shadow Bay, Inc. (the "Association"). The Association is the property owners' association for Shadow Bay Section One, a subdivision in Montgomery County, Texas, according to the map or plat thereof recorded in the Map Records of Montgomery County, Texas (the "Subdivision").

The Association is a Texas non-profit corporation, and a true and correct copy of the **Architectural Control Guidelines and Regulations of Community Improvement Association of Shadow Bay, Inc.** is attached to this certificate as Exhibit "A."

Signed this 5TH day of JUNE, 2012.

COMMUNITY IMPROVEMENT ASSOCIATION
OF SHADOW BAY, INC.

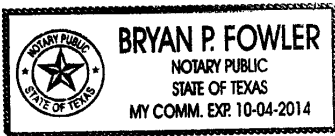
By: Dan Pierce
DAN PIERCE, President

STATE OF TEXAS §

COUNTY OF MONTGOMERY §

SWORN TO AND SUBSCRIBED BEFORE ME on the 5th day of June, 2012,
by DAN PIERCE, President of COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC., a
Texas non-profit corporation, on behalf of said corporation.

Bryan P. Fowler
NOTARY PUBLIC, State of Texas



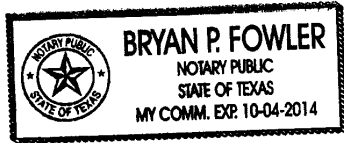
THE STATE OF TEXAS §

COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on the 5th day of June, 2012, by DAN PIERCE, President of COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC., a Texas non-profit corporation, on behalf of said corporation.



NOTARY PUBLIC, State of Texas



AFTER RECORDING RETURN TO:
Bryan P. Fowler
The Fowler Law Firm
300 West Davis, Suite 510
Conroe, Texas 77301

**ARCHITECTURAL CONTROL GUIDELINES AND REGULATIONS
OF
COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC.**

WHEREAS, the property affected by these Architectural Control Guidelines and Regulations is subject to certain dedications, covenants and restrictions (the "Declaration") set out in instruments recorded in the Official Public Records of Real Property at Montgomery County, Texas, as follows:

- "*Corrected Amendment of Restrictions*" dated October 31, 1979 – Volume 1170, Page 566, *et seq.*, of the Deed Records of Montgomery County, Texas; and
- "*Corrected Amendment of Restrictions*" dated March 27, 1995 – Clerk's File No. 9516125 and Film Code No. 052-00-1019, *et seq.*, of the Official Public Records of Real Property of Montgomery County, Texas; and

WHEREAS, pursuant to the authority vested in Community Improvement Association of Shadow Bay, Inc. (the "Association") in the Declaration and as required by the TEXAS PROPERTY CODE, the Board of Directors of the Association (the "Board") has determined that, in order to provide clear and definitive guidance for maintaining the aesthetics and architectural harmony of the community, it is appropriate to adopt guidelines toward that end. Therefore, the Board hereby promulgates the following Architectural Control Guidelines and Regulations.

NOW, THEREFORE, BE IT RESOLVED that the following conditions and requirements are hereby established for Association Architectural Control Guidelines and Regulations:

GUIDELINES AND REGULATIONS

The following are guidelines adopted by the Board to specify their standards, requirements and thought process used in evaluating various exterior improvements. These guidelines may be amended from time-to-time as circumstances, conditions or opinions of the Board dictate. The Architectural Control Committee of the Association (the "ACC") has the right to deny approval for a similar improvement based on the proximity of a property to a main boulevard or the visual relativity of the site to the overall development. As an example, a home located on the perimeter of the development may be permitted to have a certain styled storage building, whereas on a main entry boulevard and depending on the configuration of the lot, this same item may not be approved. The intent being to maintain overall integrity within areas of higher visual impact.

It should be noted that the ACC approval is required prior to the installation or construction of the improvement or change. If an improvement is made without ACC approval, the Board of Directors has the legal right to enforce its removal.

The following guidelines shall be applicable to all properties under the jurisdiction of the Association. These guidelines shall also encumber any future property which may be brought within the jurisdiction of the Association. These guidelines supercede and take the place of any previous architectural control guidelines for the Association.

A. DISPLAY OF FLAGS:

1. These Guidelines apply to the display of (“Permitted Flags”):
 - a. the flag of the United States; and
 - b. the flag of the State of Texas; and
 - c. the official flag of any branch of the United States armed forces.
2. These Guidelines do not apply to any flags other than the Permitted Flags listed in Section 1 above including, but not limited to:
 - a. flags for schools, sports teams, businesses or foreign countries; or
 - b. flags with marketing, seasonal, historical, commemorative, nautical, political or religious themes; or
 - c. historical versions of flags permitted in section 1 above.
3. Permitted Flags may be displayed subject to these guidelines. Advance written approval of the ACC is required for any free-standing flagpole and any additional illumination associated with the display of Permitted Flags.
4. Permitted Flags must be displayed in a respectful manner in accordance with the current relevant federal, state or military code.
5. Permitted Flags must be displayed from a pole attached to a structure or to a free-standing pole. Permitted Flags may not be draped over or directly attached to structures. For example, a Permitted Flag may not be laid across a fence or stapled to a garage door.
6. Permitted Flags shall be no larger than three foot (3’) by five foot (5’) in size.
7. Only one Permitted Flag may be displayed on a flagpole attached to a structure. Up to two Permitted Flags may be displayed on an approved free-standing flagpole that is at least fourteen feet (14’) tall.
8. Flagpoles must be constructed of permanent, long-lasting materials with an appropriate finish that is harmonious with the dwelling.

9. A flagpole attached to a structure may be up to six feet (6') long and must be securely attached with a bracket with an angle of 30 to 45 degrees down from vertical. The flagpole must be attached in such a manner as to not damage the structure. One attached flagpole is allowed on any portion of a structure facing a street and one attached flagpole is allowed on the rear or backyard portion of a structure. Brackets which accommodate multiple flagpoles are not allowed.
10. Free-standing flagpoles may be up to twenty feet (20') tall, including any ornamental caps. Free-standing flagpoles must be permanently installed in the ground according to manufacturer's instructions. One free-standing flagpole is allowed in the portion of the owner's property between the main residential dwelling and any street and one free-standing flagpole is allowed in the rear or backyard portion of a property.
11. Free-standing flagpoles may not be installed in any location described below:
 - a. in any location other than the Owner's property; or
 - b. within a ground utility easement or encroaching into an aerial easement; or
 - c. beyond the side or rear setback lines (for example, on a lot with a 10' side setback line, a flagpole may not be installed closer than 10' from the side property line); or
 - d. beyond half the distance of the front setback line (for example, on a lot with a 30' front setback line, a flagpole may not be installed closer than 15' from the front property line); or
 - e. closer to a dwelling on an adjacent lot than the height of the flagpole (for example, a 20' flagpole cannot be installed closer than 20' from an adjacent house).
12. Lighting may be installed to illuminate Permitted Flags if they will be displayed at night and if existing ambient lighting does not provide proper illumination. Flag lighting must:
 - a. be ground mounted in the vicinity of the flag; and
 - b. utilize a fixture that screens the bulb and directs light in the intended direction with minimal spillover; and
 - c. point towards the flag and face the main structure on the property or to the center of the property if there is no structure; and
 - d. provide illumination not to exceed the equivalent of a 60 watt incandescent bulb.
13. Flagpoles must not generate unreasonable noise levels which would disturb the quiet enjoyment of other residents. Each flagpole owner should take steps to reduce noise

levels by using vinyl or plastic snap hooks, installing snap hook covers or securing a loose halyard (rope) around the flagpole with a flagpole clasp.

14. Flagpoles are allowed solely for the purpose of displaying Permitted Flags. If a flagpole is no longer used on a daily basis, it must be removed.
15. All flags and flagpoles must be maintained in good condition. Deteriorated flags must be removed and promptly replaced. Deteriorated or structurally unsafe flagpoles must be promptly repaired, replaced or removed.

B. RAINWATER RECOVERY SYSTEMS:

1. Rainwater Recovery Systems may be installed with advance written approval of the ACC subject to these guidelines.
2. All such Systems must be installed on land owned by the property owner. No portion of the Systems may encroach on adjacent properties or common areas.
3. Other than gutters and downspouts conventionally attached to a dwelling or appurtenant structure, all components of the Systems, such as tanks, barrels, filters, pumps, motors, pressure tanks, pipes and hoses, must be substantially screened from public view from any street or common area. Screening may be accomplished by:
 - a. placement behind a solid fence, a structure or vegetation; or
 - b. by burying the tanks or barrels; or
 - c. by placing equipment in an outbuilding otherwise approved by the ACC.
4. A rain barrel may be placed in a location visible from public view from any street or common area only if the configuration of the guttering system on the structure precludes screening as described above with the following restrictions:
 - a. the barrel must not exceed 55 gallons; and
 - b. the barrel must be installed in close proximity to the structure on a level base with the guttering downspout leading directly to the barrel inlet at a substantially vertical angle; and
 - c. the barrel must be fully painted in a single color to blend with the adjacent home or vegetation; and
 - d. any hose attached to the barrel discharge must be neatly coiled and stored behind or beside the rain barrel in the least visible position when not in use.
5. Overflow lines from the Systems must not be directed onto or adversely affect adjacent properties or common areas.

6. Inlets, ports, vents and other openings must be sealed or protected with mesh to prevent children, animals and debris from entering the barrels, tanks or other storage devices. Open top storage containers are not allowed, however, where space allows and where appropriate, ACC approved ponds may be used for water storage.
7. Harvested water must be used and not allowed to become stagnant or a threat to health.
8. All Systems must be maintained in good repair. Unused Systems should be drained and disconnected from the gutters. Any unused Systems in public view must be removed from public view from any street or common area.

C. DISPLAY OF RELIGIOUS ITEMS:

1. A property owner or resident may display or attach one or more religious items to each or any entry to their dwelling. Such items may include any thing related to any faith that is motivated by the resident's sincere religious belief or tradition.
2. Individually or in combination with each other, the items at any entry may not exceed 25 square inches total in size.
3. The items may only be displayed on or attached to the entry door or frame and may not extend beyond the outside edge of the door frame.
4. To the extent allowed by the Texas state constitution and the United States constitution, any such displayed or affixed religious items may not:
 - a. threaten public health or safety; or
 - b. violate any law; or
 - c. contain language, graphics or any display that is patently offensive to a passerby.
5. Approval from the ACC is not required for displaying religious items in compliance with these guidelines.
6. As provided by Section 202.018 of the TEXAS PROPERTY CODE, the Association may remove any items displayed in violation of these guidelines.

D. ROOFING MATERIALS:

1. All buildings shall be roofed with composition shingles unless otherwise approved in writing by the ACC. Wood shingles are specifically prohibited for safety reasons.

2. Composition shingles must weigh at least 230 pounds per square and have a stated warranty of at least 25 years. Shingles must have a laminated design. Three-tab shingles are specifically prohibited except for use as a starter and cap rows.
3. Roof shingles must be in colors approved by the ACC.
4. Roof overlays are not allowed. Prior to roofing, all existing materials must be removed down to clean decking. Any damaged or deteriorated decking must be replaced.
5. Ridge vent are encouraged, to improve ventilation, reduce attic temperature and reduce cooling costs, but are not required.
6. All roof protrusions, such as vents, roof jacks, must be painted to match the shingles.
7. Subject to Section 8 below and with advance written approval from the ACC, an owner may install shingles ("Alternative Shingles") which are designed primarily to:
 - a. be wind and hail resistant; or
 - b. provide heating or cooling efficiencies greater than traditional composition shingles; or
 - c. provide solar energy capture capabilities.
8. Once installed, any such Alternative Shingles must:
 - a. resemble the shingles used or authorized to be used on other structures within the Association; and
 - b. be more durable than and of equal or superior quality to the shingles used or authorized to be used on other structures within the Association; and
 - c. match the aesthetics of properties surrounding the owner's property.

E. SOLAR ENERGY DEVICES:

1. These guidelines apply to solar energy devices ("Devices") as defined in Section 171.107(a) of the Texas Tax Code. A solar energy device means a system or series of mechanisms designed primarily to provide heating or cooling or to produce electrical or mechanical power by collecting and transferring solar-generated energy. The term includes a mechanical or chemical device that has the ability to store solar-generated energy for use in heating or cooling or in the production of power.
2. Such Devices may only be installed with advance written approval of the ACC subject to these guidelines.

3. Any such Device must be installed on land or structures owned by the property owner. No portion of the Devices may encroach on adjacent properties or common areas.
4. Such Devices may only be installed in the following locations:
 - a. on the roof of the main residential dwelling; or
 - b. on the roof of any other approved structure; or
 - c. within a fenced yard or patio.
5. For Devices mounted on a roof, the Device must:
 - a. have no portion of the Device higher than the roof section to which it is attached; and
 - b. have no portion of the Device extend beyond the perimeter boundary of the roof section to which it is attached; and
 - c. conform to the slope of the roof; and
 - d. be aligned so the top edge of the Device is parallel to the roof ridge line for the roof section to which it is attached; and
 - e. have a frame, brackets and visible piping or wiring that is a color to match the roof shingles or a silver, bronze or black tone commonly available in the marketplace; and
 - f. be located in a position on the roof which is least visible from any street or common area, so long as such location does not reduce estimated annual energy production more than 10% over alternative roof locations (as determined by a publically available modeling tool provided by the National Renewable Energy Laboratory [www.nrel.gov] or equivalent entity).
6. For Devices located in a fenced yard or patio, no portion of the Device may extend above the top of the fence. If the fence is not a solid fence which blocks view of the Device, the Association may require the Device be placed in a location behind a structure or otherwise require visual screening. The Association may consider installation of Devices on properties without a fenced yard if there is adequate screening from public view from any street or common area.
7. All Devices must be installed in compliance with manufacturer's instruction and in a manner which does not void material warranties. Licensed craftsmen must be used where required by law. Permits must be obtained where required by law.
8. Installed Devices may not:


- a. threaten public health or safety; or
 - b. violate any law; or
 - c. substantially interfere with the use and enjoyment of land by causing unreasonable discomfort or annoyance to any adjoining property owner.
9. All Devices must be maintained in good repair. Unused or inoperable Devices must be removed.

This is to certify that the foregoing Architectural Control Guidelines and Regulations was adopted by the Board of Directors, effective as of June 5, 2012, until such date as it may be modified, rescinded or revoked.

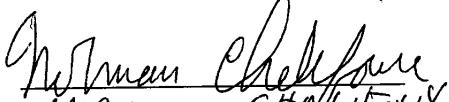
The Board of Directors hereby approves and authorizes the above Policy.

Signed this 5TH day of JUNE, 2012.

**COMMUNITY IMPROVEMENT ASSOCIATION
OF SHADOW BAY, INC.**

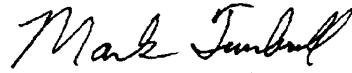
By: 
DAN PIERCE, President

**ARCHITECTURAL CONTROL COMMITTEE
FOR COMMUNITY IMPROVEMENT
ASSOCIATION OF SHADOW BAY, INC.**

By: 
Name: NORMAN CHALIFOUX
Title: ACC CHAIRMAN

FILED FOR RECORD

06/06/2012 3:40PM



COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS

COUNTY OF MONTGOMERY

I hereby certify this instrument was filed in file number sequence on the date and at the time stamped herein by me and was duly RECORDED in the Official Public Records of Montgomery County, Texas.

06/06/2012



County Clerk
Montgomery County, Texas



CORPORATE CERTIFICATE
COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC.

The undersigned certifies that he/she is the President of Community Improvement Association of Shadow Bay, Inc. (the "Association"). The Association is the property owners' association for Shadow Bay Section One, a subdivision in Montgomery County, Texas, according to the map or plat thereof recorded in the Map Records of Montgomery County, Texas (the "Subdivision").

The Association is a Texas non-profit corporation, and a true and correct copy of each of the following instruments is attached to this certificate:

1. **Permit for All Outside Improvements** (*Exhibit "A"*);
2. **Owner's Acceptance of Requirements for Installation of a Mobile Home in Shadow Bay Subdivision** (*Exhibit "B"*);
3. **Owner's Acceptance of Requirements for Installation of Stick Built or Modular Home** (*Exhibit "C"*);
4. **Final Permit Required AFTER Move-in for Mobile Homes** (*Exhibit "D"*);
5. **Acceptance of Requirements for Removal of a Mobile/Manufactured Home** (*Exhibit "E"*);
6. **Permit Required PRIOR to Move-In for Mobile Homes** (*Exhibit "F"*);
7. **New Stick Built or Modular Home Permit PRIOR to Construction** (*Exhibit "G"*); and
8. **New Stick Built or Modular Home AFTER Move-In Permit** (*Exhibit "H"*).

Signed this 24th day of July, 2012.

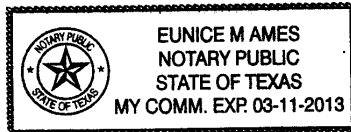
COMMUNITY IMPROVEMENT ASSOCIATION
OF SHADOW BAY, INC.

By: *Dan Pierce*
DAN PIERCE, President

STATE OF TEXAS §

COUNTY OF MONTGOMERY §

SWORN TO AND SUBSCRIBED BEFORE ME on the 24th day of July, 2012, by DAN PIERCE, President of COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC., a Texas non-profit corporation, on behalf of said corporation.

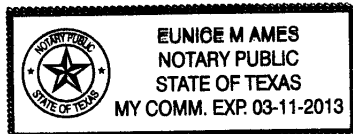



Eunice M. Ames
NOTARY PUBLIC, State of Texas

THE STATE OF TEXAS §

COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on the 24th day of July, 2012, by DAN PIERCE, President of COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC., a Texas non-profit corporation, on behalf of said corporation.





NOTARY PUBLIC, State of Texas

AFTER RECORDING RETURN TO:

Bryan P. Fowler
The Fowler Law Firm
300 West Davis, Suite 510
Conroe, Texas 77301

Community Improvement Association of Shadow Bay, Inc.
14475 West Leeshore Drive, Willis, Texas 77318
936-856-4793

PERMIT FOR ALL OUTSIDE IMPROVEMENTS

Property Owner's Name _____
(Print Name)

(Written Signature)

Property Address _____

Property Owner's Phone Number _____

Block: _____ Lot(s): _____

Requested Improvement _____

Note: Color(s) of outside Paint and Trim, Shingle or Metal roofing needed for approval of repainting or new roof.

- * Permit is good for 90 days from approved date unless otherwise stated.
- * Property owner is responsible for locating property lines and easements.
- * Load limits for Shadow Bay streets: **NO EXCEPTIONS!**
Dirt, sand or gravel – 8 (eight) yards per truckload
Concrete – 6 (six) yards per truckload

Is a variance being granted with this permit? Yes _____ No _____

If yes, please write variance details

Three Architectural Control Committee member signatures required:

1. _____
2. _____
3. _____

APPROVED _____ NOT APPROVED _____
(Date) (Date)

EXHIBIT "A"

Community Improvement Association of Shadow Bay, Inc
14475 West Leeshore Dr., Willis, Texas 77318
936-856-4793

Owner's Acceptance of Requirements for
Installation of a Mobile Home in Shadow Bay Subdivision

Owner's Name: _____
(Print Name)

Property Address: _____

Block: _____ Lot(s): _____

This is to confirm that I have received the PRIOR TO MOVE-IN PERMIT for Mobile Homes, the FINAL PERMIT AFTER MOVE-IN for Mobile Homes and the three page SUMMARY OF REQUIREMENTS FOR MOBILE, MANUFACTURED OR CONVENTIONAL HOME CONSTRUCTION coming into Shadow Bay Subdivision.

I understand that prior to moving the mobile home into Shadow Bay Subdivision, I must pay a \$1000.00 refundable deposit. The \$1000's will be repaid to me if the required work spelled out in the above listed permits, has been completed within 90 days of the permit date and approval of the work has been given in writing, by the Shadow Bay Architectural Control Committee. The check will be issued to the permit holder within 15 days of ACC approval date.

I understand and agree that I will meet all of the above permit requirements within 90 days allowed by the permit. If I fail to meet all of the requirements within the time allowed, I understand that I may forfeit part or all of the \$1000 refundable deposit. If I encounter delays beyond my control, I am allowed to request one additional 90-day extension to complete the work and receive my refund. The Architectural Control Committee will not unreasonably withhold consent to a request for extension of time.

Owner's Signature Date

EXHIBIT "B"

Community Improvement Association of Shadow Bay, Inc.
14475 West Leeshore Dr., Willis, Tx 77318
936-856-4793

Owner's Acceptance of Requirements for Installation of
Stick Built or Modular Home

Owner's Name _____

Property Address _____

Owner's Phone Number _____

Block _____ Lot(s) _____

This is to confirm that the Owner has received the new Stick Built or Modular Home permit Prior to construction and the new Stick Built or Modular Home After Move-In permit on the property listed above.

I understand that prior to starting construction of a new home in Shadow Bay, I must pay a \$1000 refundable deposit. The \$1000 deposit will be repaid to the permit holder if the required work listed in the above mentioned permits have been satisfactorily completed in the agreed to completion time frame. This construction time frame to be agreed to by the Architectural Control Committee and the owner at the start of the construction work. Upon approval, by the ACC, of all the permit requirements, a check will be issued to the owner within 15 days.

I understand and agree that I will meet all of the permit requirements within the construction time frame agreed to by the owner and the ACC. If I fail to meet all of the requirements within the construction time frame, I understand that I may forfeit part or all of the \$1000 refundable deposit. If I encounter delays beyond my control, I am allowed to request 1(one) additional construction time extension to complete the work and

EXHIBIT "C"

receive my refund. The ACC will not unreasonably hold consent to a request a time extension.

Owner's Signature

Date

Community Improvement Association of Shadow Bay, Inc.
14475 W. Leeshore Dr., Willis, Texas 77318
936-856-4793

Final Permit Required AFTER Move-in for Mobile homes

Owner's Name _____

Property Address _____

Owner's Phone Number _____

Block _____ Lot(s) _____

Yes/No/NA (non applicable) to be checked by members of the A.C.C.

- _____ 1. Is the proper size culvert installed with proper cover material at least 4 inches thick over top of culvert?
- _____ 2. Is ditch drainage provided to properly drain water to and from the culvert?
- _____ 3. Is the driveway a minimum 16 feet wide, and properly installed with approved covering material per permit?
- _____ 4. Does finish grade of lot or lots, prevent water drainage onto adjoining lots?
- _____ 5. Is sod or grass seed laid for appearance and erosion control purposes?
- _____ 6. Are all structures located beyond the 20 foot front building line.
- _____ 7. Is the front porch a minimum of 36 Sq ft, have an approved cover, railings and steps with hand railings: per the permit?
- _____ 8. Are there back door steps and landing with wood safety rail?
- _____ 9. Is the Mobile Home skirting installed per approved type and color according to the permit?
- _____ 10. Are the House numbers installed in as easy to read manner from the street?
- _____ 11. Is the Mobile Home color a pre approved color in the permit?
- _____ 12. Is the Mobile Home located per approved location in the permit?

Owners Signature: _____ Date: _____

Note: Owner is to fill in Name, Address and Phone Number and sign and date. Owner to keep a copy of this permit for **Final** Requirements. The ACC will fill in the rest of the permit after the owner calls the office for a **Final Inspection**. The \$1000.00 check will be refunded at the time of **Acceptance** of all Final Permit Requirements by the ACC.

Inspection Date: _____ Approval Date: _____

Signature of 3 ACC Members approval of the permit.

- 1. _____
- 2. _____
- 3. _____

Note: Final approved copy to be sent to the homeowner along with the check for \$1000.00 refund.

EXHIBIT "D"

**Community Improvement Association of Shadow Bay, Inc.
Architectural Control Committee
14475 W. Leeshore Dr., Willis, Texas 77318
936-856-4793**

Acceptance of Requirements for Removal of a Mobile/Manufactured Home

Property Owner: _____

Print Name

Property Address: _____

Owner's Phone Number: _____

Block _____ Lot(s) _____

This form is for the express purpose of covering the requirements of moving a mobile or manufactured home out of Shadow Bay Subdivision.

No mobile home may be removed from the subdivision without the written consent of the ACC. Consent will be granted on request to the Owner of the Lot, or the Owner of the mobile home. The request must be accompanied by a "clean-up" deposit of \$500.00 (cash or check), which will be refunded after inspection of the empty Lot by representatives of the ACC. The request for consent must be submitted a minimum of seven (7) days prior to the day of anticipated removal. The deposit will insure that the premises from which the mobile home is removed are in an acceptable condition after the removal. The Board may waive this requirement with a vote of simple majority.

The property owner further understands that they are responsible for any damage done to CIA of Shadow Bay property or that of any other property owner caused by the move out process of the mobile/manufactured home. The property owner agrees to replace or repair any such damage. If any damage has occurred all corrections shall be made by the property owner within 90 days notice by the ACC in order for the owner to receive the \$500. The property owner understands that they are responsible for the full cost of any above mentioned damage.

If the mobile/manufacture home move out is the result of a foreclosure by a lien holder, the property owner will be notified by certified letter and the lien holder must provide proof of foreclosure to CIA of Shadow Bay prior to move out. All other terms and conditions remain the same.

(Property owner's signature)

(Date of signing)

EXHIBIT "E"

**Community Improvement Association of Shadow Bay, Inc.
14475 W. Leeshore Dr., Willis, Texas 77318
936-856-4793**

Permit Required PRIOR to Move-In for Mobile Homes

Owner's Name: _____

Property Address: _____

Owner's Phone Number: _____

Block: _____ Lot(s): _____

Yes/No/NA(Not Applicable)

- _____ 1. Is the \$1,000 move-in fee paid?
- _____ 2. Are all liens and maintenance fees paid as of move in date?
- _____ 3. Is permit applicant owner of the property per Shadow Bay files?
- _____ 4. Is the mobile home 8 years old or newer & approved by ACC?
- _____ 5. Submitted Plot plan, Color Selections of Siding, Roof and Skirting and Skirting material.
- _____ 6. Are buildings, porches or steps proposed outside the 20 ft. building line?
- _____ 7. Are Home location, Porches and Steps 3 feet from property line?
- _____ 8. Are all property stakes visible and marked with orange paint including location of home, Porches and Steps?
- _____ 9. Are all trees to be removed marked?
- _____ 10. Does Homeowner know that Shadow Bay is a NO Burning Subdivision?
- _____ 11. Is initial grading required prior to home installation in order to meet final grade requirements?
- _____ 12. No Final Grading can cause water to drain on other lots.
- _____ 13. Is a 16 foot wide Driveway proposed and what kind of material will be used?
- _____ 14. Was the homeowner informed that the county requires a permit?
- _____ 15. Does the homeowner have a copy of the **final permit required AFTER** move-in FOR Mobile Homes and has the owner signed it.
- _____ 16. Does the new Homeowner have a copy of the New Comer Packet?

EXHIBIT "F"

- _____ 17. Does the Homeowner have Garbage Pickup?
- _____ 18. Homeowner to notify Office of Mobile Home delivery date.

Owner's Signature _____ Date: _____

Note: Homeowner to submit the required information to the Shadow Bay Subdivision office. Please sign the permit and keep a copy for Requirements. The Architectural Control Committee will review the permit and all the required data. Once the permit is signed by the ACC members, and the owner has a signed copy, the owner may proceed with the new Mobile Home installation.

Suggestions:

1. Install a Backflow Preventer in your sewer line, to prevent sewage from backing up into your home when the Sewage Treatment Plant has a problem. (Doesn't work)
2. Install a Emergency water Shut-Off valve rather than use the Aqua Texas street shut-off valve with a special wrench requirement.

Updated 01/11

**Community Improvement Association of Shadow Bay, Inc.
14475 W. Leeshore Dr., Willis, Texas 77318
936-856-4793**

New Stick Built or Modular Home Permit PRIOR to Construction

Owners Name: _____

Property Address: _____

Owner's Phone Number: _____

Block: _____ **Lot(s)** _____

Yes/No/NA non applicable

- _____ 1. Are All Liens and Maintenance Fees paid?
- _____ 2. Is Permit Applicant owner of the property per Shadow Bay Files?
- _____ 3. Does an existing Mobile home have to be removed?
- _____ 4. Are all property stakes visible and marked with orange paint, including the location of the New Home, along with porches and steps?
- _____ 5. Are all trees to be removed marked?
- _____ 6. Are buildings, porches or steps proposed inside of the 20 foot building line and a minimum of 3 feet from the property lines?
- _____ 7. All plans, specifications and colors of siding or brick, ROOF color and trim colors are to be submitted to the ACC committee, for their approval, prior to any work starting.

EXHIBIT "G"

- _____ 8. Is initial grading required prior to the new foundation installation?
- _____ 9. Are there any final grading requirements to keep water from draining on any other lot?
- _____ 10. Was the homeowner informed that the county requires a permit?
- _____ 11. Is the foundation full slab or pier and beam?
- _____ 12. Is the minimum 36 square foot, front door porch and cover with hand rails and steps met?
- _____ 13. Does the back door have a landing, steps and hand rail?
- _____ 14. If the garage is attached to the home, there must be an interior door between the garage and the home.
- _____ 15. Is a Pod required for storage while the new home is being built?
- _____ 16. All plumbing, electrical and wood framing plans must meet Montgomery county specifications.
- _____ 17. If a L.P. Gas tank is required, it must be a minimum of 10 feet from the home.
- _____ 18. No Burning is allowed in Shadow Bay Subdivision. Dumpsters are required for all trash material removed.
- _____ 19. The lot is to be left in a neat condition when all construction work is completed. Sodding of the disturbed finish grade is preferred.
- _____ 20. Culverts and 16 foot wide driveways are required. (material for driveways must be Stone mix, Concrete or Blacktop).

- _____ 21. The home owner is required to Deposit a \$1000.00 check at the Shadow Bay office. The full amount will be refunded upon the approval by the ACC committee, of the AFTER Move-In Permit.
- _____ 22. A letter of approval from the Architectural Control Committee will be sent to the homeowner prior to the start of construction.
- _____ 23. Does the homeowner have a signed copy of the AFTER move in permit required to get the refund of the \$1000.00?
- _____ 24. Does the new homeowner have a copy of the new comer packet?
- _____ 25. Does the homeowner have Garbage pickup?
- _____ 26. Homeowner to notify the Shadow Bay office when the final inspection is ready.

Owner's signature _____ Approval date: _____

Note: The property owner is to fill out the permit and sign. The ACC will check the information on the permit, sign and return to the owner.

Signature of 3 ACC members approval of permit

Final approved copy to be sent to the homeowner before construction starts,

Suggestions:

1. Install a backflow preventer in your sewer line to prevent sewage from backing up into your home when the sewage treatment plant has a problem. (Doesn't work)
2. Install a emergency water shut-off valve rather than use the Aqua Texas street shut-off valve with a special wrench requirement.

**Community Improvement Association of Shadow Bay, Inc.
14475 W. Leeshore Dr., Willis, Texas 77318
936-856-4793**

New Stick Built or Modular Home AFTER move-in Permit

Owner's Name: _____

Property Address: _____

Owner's phone number: _____

Block: _____ **Lot(s):** _____

The following items are to be checked by members of the ACC

Yes/No/NA (non-applicable)

- _____ 1. Are the proper porch and porch cover (minimum of 36 sq. ft.) and back door landing steps with railings installed?
- _____ 2. Is the new home located in the proper place according to the permit drawing. (20 foot setback line and 3 foot minimum off all property lines)?
- _____ 3. Are the siding or brick colors, trim colors and roof colors according to the permit?
- _____ 4. Is sod placed over any new fill to prevent wash outs?
- _____ 5. Does any final grading cause water to flow on any neighbors property?
- _____ 6. Is the proper size culvert installed for the driveway?
- _____ 7. Does the water drain to and from the culvert properly?
- _____ 8. Does the driveway have proper material installed over the

EXHIBIT "H"

culvert and length of the driveway? (At least 4 inches of material)?

_____ 9. Can the house numbers be readily seen from the road?

_____ 10. Is grass installed over the disturbed grading work?

_____ 11. If there is a garage attached to the new home, is there a Interior door between the garage and the house?

_____ 12. If there is an L.P. tank , is it located a minimum of 10 feet from any structure?

Owner's signature_____ **Date:**_____

Note: Owner is to fill in the name, address and phone numbers and sign. A copy is to be given to the homeowner, so the owner is aware of the Final Inspection requirements by the ACC.

Inspection Date:_____

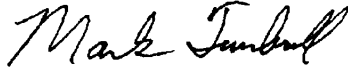
Approval Date:_____

Signature of 3 ACC members approval of the permit:

Note: Final approved copy to be sent to the homeowner along with the \$1000.00 check.

FILED FOR RECORD

07/25/2012 10:10AM



COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

RECORDER'S MEMORANDUM:

At the time of recordation, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discolored paper, etc. All black-outs, additions and changes were present at the time the instrument was filed and recorded.

STATE OF TEXAS
COUNTY OF MONTGOMERY

I hereby certify this instrument was filed in file number sequence on the date and at the time stamped herein by me and was duly RECORDED in the Official Public Records of Montgomery County, Texas.

07/25/2012



County Clerk
Montgomery County, Texas

21




**CORPORATE CERTIFICATE
COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC.**

The undersigned certifies that he is the Attorney-in-Fact for Community Improvement Association of Shadow Bay, Inc. (the "Association"). The Association is the property owners' association for Shadow Bay Section One, a subdivision in Montgomery County, Texas, according to the maps or plats thereof recorded in the Map Records of Montgomery County, Texas.

The Association is a Texas non-profit corporation, and attached to this certificate is a true and correct copy of the **BYLAWS OF COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC. (Amended September 2015)** .

Signed this 15th day of September, 2015.



BRYAN P. FOWLER, *Attorney-in-Fact for the Association*

STATE OF TEXAS §

COUNTY OF MONTGOMERY §

SWORN TO AND SUBSCRIBED BEFORE ME on the 15th day of September, 2015, by **BRYAN P. FOWLER**, Attorney-in-Fact for COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC., a Texas non-profit corporation.



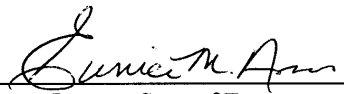
NOTARY PUBLIC, State of Texas

THE STATE OF TEXAS §

COUNTY OF MONTGOMERY §

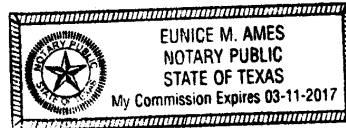


This instrument was acknowledged before me on the 15th day of September, 2015, by **BRYAN P. FOWLER**, Attorney-in-Fact for COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC., a Texas non-profit corporation, on behalf of said corporation.



NOTARY PUBLIC, State of Texas

AFTER RECORDING RETURN TO:
The Fowler Law Firm
300 West Davis, Suite 510
Conroe, Texas 77301



BYLAWS
of
COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC.
(Amended September 2015)

ARTICLE 1 - GENERAL

1.01. OFFICES

The name of the corporation is COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located within the Shadow Bay Subdivision which is located at 14475 West Leeshore Dr., Willis, Texas. The mailing address shall be 14475 West Leeshore Dr., Willis, Texas 77318.

1.02. PURPOSE

This Association shall be a non-profit organization whose purpose shall be promoting civic and community welfare and pride among the residents of Shadow Bay, Section One, encouraging and enforcing the restrictive regulations and covenants of said Subdivision conducive to good planning and the sustaining of property values therein, securing desirable improvements and benefits for the Subdivision; fostering and assisting in the general civic and social enterprises and activities which may be beneficial to the community and such other purposes, express or implied, as is contained in the Articles of Incorporation. The Association shall have such powers as are necessary or required to carry out its purposes, together with the powers conferred upon a property owners association by Chapter 204 of the Texas Property Code.

1.03. FISCAL YEAR

The fiscal year of the Association shall begin on July 1st of each calendar year and extend through June 30th of the following year.

ARTICLE 2 - DEFINITIONS

- 2.01. "Association" shall mean and refer to COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC., its successors and assigns.
- 2.02. "Properties" shall mean and refer to all or any part of that certain real property located in Shadow Bay, Section one, a subdivision in Montgomery County, Texas, according to the Replat thereof filed for record Cabinet C, Sheet 72a of the Map Records of Montgomery County, Texas.
- 2.03. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners, including, but not limited to, boat ramps and parking areas.
- 2.04. "Lot" shall mean and refer to any numbered or lettered Lot shown on the recorded Replat of the subdivision and any further subdivision of any reserve area.

- 2.05. **“Record Owner”** for any given Lot in the subdivision shall mean that person with the most recent recorded deed in the Real Property Records of Montgomery County, Texas for such Lot in such person’s name.
- 2.06. **“Restrictive Covenants”** shall mean and refer to the most current restrictions applicable to the Properties as recorded in the Deed and/or Real Property Records of Montgomery County Texas.
- 2.07. **“Voting Member”** shall mean and refer to those persons entitled to voting Membership as provided in Article 3 herein.

ARTICLE 3 - QUALIFICATIONS FOR MEMBERSHIP

Subject to all eligibility requirements there shall be one vote for each Lot in the subdivision.

3.01. VOTING MEMBERSHIP

The “Voting Member” entitled to vote each Lot in the subdivision shall, subject to all eligibility requirements contained herein, be either the Record Owner as provided in subpart (a) hereafter, or the Purchaser under a Contract for Deed as provided in subpart (b) hereafter, but not both. When more than one person is the Record Owner or Purchaser under a Contract for Deed, the vote for such Lot shall be exercised as such Voting Members may determine among themselves, but in no event shall more than one vote be cast with respect to any Lot owned by Voting Members.

3.02. PROOF OF MEMBERSHIP

- (a). The Record Owner who has provided a true copy of the applicable and most recently recorded Deed in his name together with the mailing address and telephone number of each Record Owner to the Secretary of the Board of Directors who has endorsed the same “officially accepted” for registration; or
- (b). The Purchaser named in a “Contract for Deed” with such Record Owner as is named in subpart (a) above, for the purchase of such Lot under such Contract for Deed, a true copy of the applicable and most recent Contract for Deed in his name, together with the mailing address and telephone number of such Purchaser to the Secretary of the Board of Directors who has endorsed the same “officially accepted” for registration.

The Secretary and the Board of Directors shall be entitled to rely fully upon the last of such “officially accepted” filings for all purposes including notice pursuant to Article 5.03, hereof and sending maintenance fees statements and past due notices.

ARTICLE 4 - VOTING RIGHTS

4.01. VOTING - NUMBER OF VOTES.

Each Eligible Voting Member duly registered pursuant to Article 3 hereof shall be allowed one (1) vote for each respective Lot so registered on each matter submitted to a vote at a meeting of the Membership held therefor. When more than one person is the Record Owner or Purchaser under a Contract for Deed, the vote for such Lot shall be exercised as such Voting Members may determine among themselves, but in no event shall more than one vote be cast with respect to any Lot owned by Voting Members.

4.02. PROXIES

Proxy vote shall be allowed only by signature of the person so designated in an "officially accepted" deed registration and filing with the secretary and only on official proxy forms provided by the Board of Directors.

4.03. QUORUM

Subject to Article 5, hereof, business may be conducted at any meeting of the Members, annual, quarterly, or special, provided four (4) Directors are present in person, plus one-twentieth (1/20) of all eligible voters present, in person or by proxy. Absentee and electronic ballots, as permitted herein, shall count as a member present for establishing a quorum, for items appearing on the ballot.

In the absence of a quorum at a meeting of Members, the meeting may be adjourned and immediately reconvened for the sole purpose of conducting Director elections. The quorum required for election of Directors at the reconvened meeting shall be the number of votes cast in person, by proxy, by absentee ballot, or electronic ballot.

4.04 VOTING RIGHTS

The voting rights of a Member may be cast or given:

- (1) in person or by proxy at a meeting of the Association;
- (2) by absentee ballot; or
- (3) by electronic ballot by electronic mail or facsimile.

Absentee ballots may not be counted, even if properly delivered, if the Member attends any meeting to vote in person so that any vote cast at a meeting by the Member supersedes any vote submitted by absentee or electronic ballot previously submitted for that proposal. Absentee or electronic ballots may not be counted on the final vote of a proposal if the motion was amended at a meeting of the Members to be different from the exact language on the absentee or electronic ballot. Any solicitation for votes by absentee ballot by the Association must include an absentee ballot that contains each proposed action and provides an opportunity to vote for or against the proposed action, instructions for delivery of the completed absentee ballot, including the delivery location, all of which are required by Section 209.00592 of the TEXAS PROPERTY CODE.

4.05 RECOUNT PROCEDURES

A Member may, not later than the fifteenth (15th) day after the date of a meeting at which an election was held, require a recount of votes in accordance with Section 209.0057 of the TEXAS PROPERTY CODE.

4.06 ELECTION VOTE TABULATORS:

A person who is a candidate in an Association election or who is otherwise the subject of an Association vote, or a person related to that person within the third degree of consanguinity or affinity, as determined under Chapter 573 of the TEXAS GOVERNMENT CODE, may not tabulate or otherwise be given access to the ballots cast in the election or vote.

ARTICLE 5 - MEETINGS OF MEMBERS

Robert's Rule of Order shall be followed at all meetings of the Members.

5.01. ANNUAL MEETINGS

The Annual meeting of the membership shall be held on the third (3) Sunday in October of each year or at such other time as may be determined by the Board of Directors.

5.02. SPECIAL MEETINGS

Special meetings of the membership may be called by the President, The Board of Directors, or upon written request submitted to the President or Secretary and signed by no less than 10% of the total voting membership eligible to vote, certified by the Secretary as of the date of the request (the record date). Such request shall state the reason therefor. Such reason must be a matter which can properly be voted on by the voting membership. Whether or not such matter, which is the reason given for the request, is a matter properly subject to the vote of the membership shall be determined by the Board of Directors who shall certify any proper request to the President. The President, or in the President's absence, the Vice President, upon receipt of such certified request shall call a special meeting within thirty (30) days of such receipt.

5.03. NOTICE OF MEETINGS

The Secretary shall give, or cause to be given, by First Class Mail postage prepaid at the last best address, as of ten (10) days prior to mailing date (the record date), shown on the records of the Secretary of the Corporation, to all eligible Voting Members, written notice of any such regular or certified and called special meeting of the membership not less than 10 days nor more than 50 days prior to the date of such meeting. In addition such notice shall be posted in one (1) public place in the Subdivision. All such notices shall state the place, day, and hour of the meeting, the purpose of the meeting called, including the agenda thereof, and where applicable the slate of any nominees for directorships.

5.04. PURPOSE OF MEMBERSHIP MEETING

The express purpose of membership meetings, annual or special, is to provide an opportunity for eligible Voting Members to properly address the membership in attendance and/or to properly address the chair.

Except as provided herein only matters properly upon the agenda included in the notice of any regular or special meeting of the membership will be heard at any such meeting provided however, there shall be a 10 minute maximum time allowed to each person named on the agenda for presentation of their matter. Only matters upon which Voting Members are eligible to vote will be heard from the floor at any such meeting provided that the same are on the agenda therefor. In order to have a proper matter placed upon the agenda by the President for any given meeting, annual or special, a written request must be received by the President of the Board of Directors a minimum of thirty (30) days prior to the date of any such meeting. Such written request shall be signed by not less than five (5) eligible Voting Members provided a full disclosure has been made to each. Any request certified by the Board of Directors as proper matter for such meeting and eligible to be voted upon by the membership shall be placed upon the agenda for the meeting. Matters not on the agenda for any given meeting may nevertheless be heard during such meeting upon waiver of the agenda requirement by secret written ballot of a majority of the Board Members in attendance at such meeting. Anything contained herein to the contrary notwithstanding, nominations for directorship of the Association may be made from the floor during the annual meeting by

any eligible Voting Member. Write in candidates shall be accepted from eligible voters on the official proxy ballots provided the Members by the Board of Directors.

5.05. PASSAGE OF RESOLUTION

All action to be taken by the membership shall be upon resolution, preceded by motion duly seconded and supported by a majority of all eligible votes cast.

Only Voting Members shall have the right to address the chair during any meeting of the membership of the Association.

5.06 UNANIMOUS WRITTEN CONSENT

Subject to applicable law, any action required by the Texas Non-Profit Corporation Act to be taken at a meeting of the members or directors of the Association, or any action which may be taken at a meeting of the members or directors or of any committee, may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all members entitled to vote with respect to the subject matter thereof, or all of the directors, or all of the members of the committee, as the case may be.

Such consent shall have the same force and effect as a unanimous vote, and may be stated as such in any Articles or document filed with the Secretary of State of Texas under the Texas Non-Profit Corporation Action.

ARTICLE 6 - BOARD OF DIRECTORS

6.01. NUMBER AND ELEGIBILITY

The Board of Directors shall consist of seven (7) Directors, selected as hereinafter set out, which includes the four (4) Officers of the Association.

Eligibility. At the time of nomination and election of any Director and at all times during such Director's term the following shall be the requirements for eligibility, to-wit:

- (a) An eligible Voting Member; and
- (b) No felony conviction or a conviction for a crime involving moral turpitude, except such convictions occurring more than 20 years before the election; and
- (c) Duly elected pursuant to these Bylaws.
- (d) To take the following oath of office which shall be administered by the President, or in the case of the President's oath, by the Vice President, at a ceremony called for that purpose. The oath of office shall read as follows:

"I hereby swear or affirm that in the exercise of my office I shall do my best to always do what is right and just, to always treat my neighbors fairly and charitably without favoritism or bias, and to always promote peace among the Members of this Association, so help me God."

Provided however any director may cure a defect in eligibility under subparts (a) and (b) within 15 days notice from the Board of Directors of such deficiency. Upon the 16th day the directorship shall be declared vacant.

6.02. TERM

Each Board Member shall serve a three (3) year term. At each annual meeting of the members, Board members will be elected for the members whose term of office expires at that meeting, and they will hold office until the next third (3rd) annual meeting of members after their election, or until their successors are elected and qualified.

6.03. REMOVAL

Any Board Member may be removed from office by the Board of Directors, when in their judgment, the best interest of the Association shall be served by such removal. The director who is subject to a motion for removal shall abstain from voting thereon. Any Board Member removed from office pursuant to these Bylaws shall automatically cease to serve as officer.

6.04. VACANCIES

Any Board member whose term has expired must be elected by the owners who are members of the Association. A Board member may be appointed by the Board only to fill a vacancy caused by a resignation, death or disability, as provided in these bylaws. A Board member appointed to fill a vacant position shall serve the unexpired term of the predecessor Board member.

6.05. RESIGNATION

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

6.06. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. The Board of Directors shall be the governing body of the Association with full rights and authority to determine policy, outline, plan and carry into execution all business, activities, and policy, to enter into and execute all necessary agreements and instruments incident thereto in the name of the Association, and shall constitute, together with their proper delegates and agents, the exclusive representatives of the Association. In addition to the foregoing powers, the Board shall be authorized to institute, as well as settle or compromise, in the name of the Association or otherwise any necessary legal proceedings to carry into effect the purpose and policies of the Association whether against Members or others, or to enforce, or prevent violations of, the covenants or restrictions applicable to the Subdivision; and to employ legal counsel in connection with any of the foregoing, together with the power to do any and all things necessary and appropriate to achieving the purposes of the Association including but not limited to the following, to-wit:

- (a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) suspend the right to use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any type of assessment levied by the Association;

- (c) exercise for the Association all powers, duties and authorities vested in or delegated to this Association and not reserved to the Membership by other provisions of these Bylaws, the Articles of Incorporation or the recorded Restrictive Covenants. These powers shall include but not be limited to authorizing and expending the maintenance fund for the benefit of the Association as set forth in the Restrictive Covenants and these Bylaws;
- (d) declare 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;
- (e) employ managers, outside professional services, including but not limited to attorneys at law, certified public accountants, security guards, independent contractors and such other employees as the Board may deem necessary, and to prescribe their duties and authorities. The Association may enter into an enforceable contract with a current Association board member, a person related to a current Association board member within the third degree by consanguinity or affinity, as determined under Chapter 573, GOVERNMENT CODE, a company in which a current Association board member has a financial interest in at least 51 percent (51%) of profits, or a company in which a person related to a current Association member within the third degree by consanguinity or affinity, as determined under Chapter 573, GOVERNMENT CODE, has a financial interest in at least 51 percent (51%) of profits, if the following conditions are satisfied: (a.) the board member, relative, or company bids on the proposed contract and the Association has received at least two other bids for the contract from persons not associated with the board member, relative, or company, if reasonably available in the community; and (b.) the board member: (1.) is not given access to the other bids; (2.) does not participate in any board discussion regarding the contract; and (3.) does not vote on the award of the contract.
- (f) compromise, settle and defend claims and lawsuits on behalf of the Association whether against Members or others and to employ legal counsel for these purposes; and
- (g) accept properties, Lots, and reserve areas within the subdivision in lieu of payment of delinquent maintenance and similar fees, or other claims of the Association against Record Owners, in the negotiating, settlement, and compromising of claims and litigation on behalf of the Association.

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

- (a) cause to be kept a complete record of all its acts and corporate affairs and to make the same available pursuant to Article 15 of these Bylaws;
- (b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) fix the amount of any additional or increased fee, or similar cost against any Lot as provided in Article 6 hereof;
- (d) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not an assessment has been paid. A reasonable charge shall be required in advance by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

- (e) procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (g) cause the Common Area to be maintained;
- (h) promulgate reasonable rules and regulations regarding the use of all properties including, but not limited to, regulating the posting of "For Sale" signs on the properties;
- (i) timely collect or cause to be collected all fees, costs, charges, interest, claims, and accounts receivable owed to this Association resorting to all legal means necessary therefor;
- (j) perform all duties and exercise all lawful powers to guarantee a democratic governing of the Association and to preserve the peace and good will among its Members; and
- (k) perform any and all other duties imposed by applicable law.

Section 3. In no case shall any contract to use or dispose of any real or personal property belonging to the Association valued in excess of \$2,000.00 be made, without the affirmative vote of a majority of the eligible Voting Members present and voting in person or by proxy at a meeting of the Members.

Section 4. The President or the Board of Directors shall not sign any deed, mortgage, bond, obligation, or other documents transferring the rights or assets of the Association property valued in excess of \$2,000.00, without the affirmative vote of a majority of the eligible Voting Members present and voting in person or by proxy at a meeting of the Members. Notwithstanding anything herein to the contrary, the Board of Directors of the Association is expressly authorized to market and/or sell any property acquired by foreclosure of the Association's assessment lien or by deed in lieu of foreclosure without approval of the Association membership; provided however, such sale shall be for a sales price which equals the approximate fair market value of the property.

Section 5. Contracts for purchase, repairs, restoration, or for any outside service in excess of \$5,000.00 shall, except in the case of actual emergencies, solicit three bids submitted to the Board of Directors for approval, rejection and/or selection of choice. All bids must be upon substantially the same plans, specifications, or request. Bids may be accepted only from Voting Members in good standing, provided however, the Board of Directors, may accept services, goods, or products, needed by or for the benefit of the Association in settlement of delinquent maintenance or similar fees. In such instance the bidding requirements shall be waived but such goods, services, or products must be certified by the Board of Directors as to their worth. This Section 5 shall not apply to professional services including, but not limited to, legal, accounting, and engineering services.

Section 6. Contracts for purchase, repairs, restoration, or for outside services of \$5,000.00 or less may be accepted by the Board of Directors for approval, rejection, and/or selection of choice without necessity of a bidding process.

6.07. FEES

Section 1. The monthly and special fees, together with cost and reasonable attorney's fees, shall be a charge on the land and a continuing lien on each Lot against which such assessment is made. Each such assessment, together with cost and reasonable attorney's fees, shall also be the personal obligation of the

person or persons who own the Lot by recorded deed at the time the assessment fell due, but such personal obligation for past due maintenance fees shall not pass to the successors in title of such Record Owner unless expressly assumed by such successors in a subsequent Deed or Contract for Deed. In no event however, shall such express assumption eliminate, modify, or mitigate the personal obligation of the person or persons who owned the applicable Lot by recorded Deed at the time the assessment fell due.

Section 2. All Record Owners of Lots shall pay monthly fees and special fees as established and to be collected as hereinafter provided. The purpose of the monthly fees levied by the Board of Directors shall be used exclusively to promote the health, safety, welfare, and recreation of the residents in the subdivision, and for the improvement and maintenance of the common areas and the Lots situated in the subdivision. Monthly fees shall be for the following purposes and the Board of Directors shall acquire and pay for out of the funds derived from the monthly fees, the following:

- (a) Maintenance and repair of the common area; and
- (b) Water, sewer, garbage, electrical, lighting, telephone, gas, and other necessary utility service, all where and when applicable, for the common area; and
- (c) Acquisition of furnishings and equipment for the common area as may be determined by the Board of Directors, including with limitation all equipment, furnishings, and the personnel necessary or proper for the use of recreational facilities; and
- (d) Maintenance and repair of storm drains, and streets and roads within the subdivision not maintained by governmental authority; and
- (e) Fire Insurance covering the full insurable replacement value of the common area with extended coverage; and
- (f) Liability insurance insuring the Association against any and all liability to the public, to any owner, and to the invitees or tenants of any owner arising out of their occupation and/or use of the common area. The policy limit shall be set by the Board of Directors; and shall be reviewed at least annually and increased or decreased in the discretion of the Board of Directors; and
- (g) Workman's compensation insurance to the extent necessary to comply with applicable law and any other insurance deemed necessary by the Board of Directors of the Association; and
- (h) A standard fidelity bond covering all Members of the Board of Directors of the Association and all other employees of the Association in an amount to be determined by the Board of Directors if the same is deemed necessary; and
- (i) Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or fees which the Association is required to secure or pay pursuant to the terms of these bylaws, of the recorded restrictive covenants or by law, or which shall be necessary and proper in the opinion of the Board of Directors of the Association, subject to the limitations set forth in these Bylaws, for the operation of the common areas, for the benefit of the Lot owners, or for the enforcement of the restrictive covenants.

Section 3. The fee for regular maintenance (as distinguished from extraordinary) shall be in the amount as set by the Board of Directors, and such sum may be increased from time to time in accordance with the Restrictions and these Bylaws. In no event shall the Board of Directors increase any regular maintenance fee more than 10% in any six (6) month period.

Section 4. Any increase in the monthly fee, other than increases authorized above in Section 3, shall require prior approval of the Members voting in person or by proxy at the annual meeting of the Members, or at a special meeting thereof called for that purpose.

Section 5. To secure payment of delinquent fees (of any and all kind or character) and similar costs, the Board shall, after 10 days written notice and demand, cause a notice of lien to be filed against the Lot or Lots of each delinquent Record Owner. Said lien shall secure payment of all unpaid fees, costs, attorney fees, filing fees, similar costs, and related fees. If such fees are not collected upon the filing of such lien, the Board may proceed to collection of the same by applicable litigation.

Section 6. All fees shall be due in advance on the first (1st) day of the month and shall be delinquent after the sixth (6th) day of each month. All delinquent fees shall bear a \$10.00 late charge after each quarter.

Section 7. In addition to the monthly fees authorized above, the Board of Directors may levy in any assessment year, a special assessment applicable to that year only for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement on the common area, including fixtures and personal property related thereto. Any such assessment must be approved by a simple majority of the eligible Voting Members, voting in person or by proxy, at the annual meeting of the Members, or at a special meeting thereof called for that purpose.

ARTICLE 7 - NOMINATION OF DIRECTORS; ELECTION OF BOARD OF DIRECTORS

7.01. The Board of Directors shall appoint a Nominating Committee of Voting Members not less than sixty (60) days prior to the annual meeting of the membership each year. At least 10 days before the Association disseminates absentee ballots to Association members for the purpose of voting in a board member election, the Association must provide notice to the Association 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 herein. The Nominating Committee so appointed shall select a slate of qualified nominees for the elective offices of directorship and shall file a written report thereof with the President and Secretary not less than thirty (30) days before the date of the annual meeting who shall certify and post the same in one (1) public place within the Subdivision. In addition to candidates nominated by the Nominating Committee, the Association shall include on each absentee ballot for a board member election the name of each eligible candidate from whom the Association received a request to be placed on the ballot.

7.02. Subject to Article 6 hereof, the election of the Directors shall be held at the annual meeting of the Membership and shall in all cases be by signed, written ballot. The nominees for each open position of the Board receiving the highest number of the eligible votes, cast in person or by proxy at the annual meeting, or by written ballot (including absentee and electronic ballots), shall be declared elected.

ARTICLE 8 - MEETINGS OF DIRECTORS

Robert's Rule of Order shall be followed at all meetings of the Board of Directors.

8.01 OPEN MEETINGS

Regular and special Board meetings shall be open to Members, subject to the right of the Board to adjourn a meeting and reconvene in closed executive session to consider actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with the property 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 any executive session, any decision made in the executive session shall 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. The oral summary shall include a general explanation of any expenditures approved in executive session.

8.02 NOTICE OF MEETINGS

Members shall be given notice of the date, hour, place, and general subject of a regular or special meeting of the Board, 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 tenth (10th) day or earlier than the sixtieth (60th) day before the date of the meeting; or (b) provided at least seventy-two (72) hours before the start of the meeting by (i) posting the notice in a conspicuous manner reasonably designed to provide notice to the members in a place located on the Association's common property, or on conspicuously located private property within the subdivision, or (ii) by posting the notice on an Internet website maintained by the Association; and (iii) by sending the notice by e-mail to each owner who has registered an e-mail address with the Association.

8.03 MEETINGS WITHOUT NOTICE

A board meeting may be held by electronic or telephonic means provided that (1.) a board member may hear and be heard by every other board member, (2.) except for any portion of the meeting conducted in executive session, (a.) that all owners in attendance at the meeting may hear all board members, and (b.) Owners are allowed to listen using any electronic or telephonic communication methods used or expected to be used by the board member to participate, and (3.) notice of meeting includes instructions for owners to access any communication method required to be assessable hereunder. The Board may take action outside of a meeting, including voting by electronic and telephonic means, without prior notice to Members, if each Board member is given reasonable opportunity to express the Board's opinion to all other Board members and to vote. Any action taken without notice to the Members must be summarized orally, including an explanation of any known actual or estimated expenditures approved at the meeting, and documented in the minutes at the next regular or special meeting of the Board. Notwithstanding the authority to meet without notice to the Members, the Board may not, without prior notice to the Members, consider or vote on fines; damage assessments; initiation of foreclosure actions; initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety; increases in assessments; levying of special assessments; appeals from a denial of architectural control approval; or the suspension of a right of a particular Member before the Member has an opportunity to attend a Board meeting to present the Member's position, including any defense on the issue, lending or borrowing, the adoption of an amendment to any dedicatory instruments, the approval of an annual budget to an annual budget which raises the budget by more than 10%, sale or purchase of real property, the filing of a vacancy on the board, the construction of capital improvements other than the repair, replacement, or enhancement of existing capital improvements, or the election of an officer.

8.01. REGULAR MEETINGS

The regular monthly meeting of the Board of Directors shall be held on the first Tuesday of each month at 7:00 PM at such place as is from time to time designated by the Board in the notice therefor which shall be placed in one public place within the subdivision. The President shall be authorized to postpone and reschedule a meeting of the Board of Directors, if necessary, with written or electronic mail notice to all Directors.

8.02. SPECIAL MEETINGS

Special meetings of the Board of Directors may be called by the President or in the President's absence, the Vice President or by any three (3) directors, to be held at the time and place designated in the notice thereof, which notice shall be given to the directors, not less than two (2) days before the date of such meeting, by telephone call, personal delivery, or personal communication.

Emergency meetings of the Board of Directors shall be held in the same manner as special meetings except that the notice requirement shall be 2 hours.

8.03. QUORUM

A Majority of the members then constituting the Board of Directors personally present shall constitute a quorum for any meeting of the Board.

Attendance of a Director at a meeting, regular or special, 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 on the ground that the meeting was not lawfully called or convened.

8.04. VOTING REQUIREMENT

All action to be taken by the Board of Directors shall be upon resolution, preceded by motion duly seconded and supported by a majority vote of all non-interested Directors. The President shall abstain from voting except for tie-breaking.

ARTICLE 9 - COMMITTEES

9.01. APPOINTED BY BOARD OF DIRECTORS

Section 1. The newly elected Board of Directors shall promptly appoint an Architectural Control Committee consisting of up to three (3) members, one (1) of whom shall be a Director.

Section 2. In addition, the Board of Directors shall appoint other committees as they deem necessary and appropriate for carrying out the purposes of the Association. All members of all committees shall at all times during the term of their service have and maintain the same qualifications for such appointment as Directors have for the office of directorship pursuant to Article 6 hereof. All other committees shall serve at the pleasure of the Board of Directors and for a length of time as determined by the Board. Any committee with any authorization to manage the corporation shall consist of three (3) or more persons, one of whom shall be a Director. Any committee with any authorization to manage the Corporation, shall consist of at least one (1) Director.

9.02. AUTHORITY OF COMMITTEES

Whenever approval of the Architectural Control Committee is required, such approval shall be in writing. In the event the Architectural Control Committee fails to approve or disapprove within 20 days after a receipt of an acceptable request, with all accompanying plans, specifications, and the like, to do so, approval will be deemed to have been given, and compliance with the terms of these provisions conclusively presumed.

9.03. DISCHARGE OF COMMITTEES AND COMMITTEEMEN

Any committee member may be removed by the Board of Directors when, in their judgment, the best interest of the Association shall be served by such removal. All committees are responsible to the Board of Directors.

ARTICLE 10 - OFFICERS OF THE BOARD OF DIRECTORS

10.01. ENUMERATION OF OFFICERS

The officers of the Board of Directors shall consist of a President, Vice President, Secretary, and Treasurer at a minimum. Other officers may be elected by a simple majority of the Board of Directors as and when the Board deems it necessary, provided, no nominee for such appointment may vote for himself.

10.02. TERM

The term of office of each officer shall be concurrent with his or her term on the Board of Directors.

In case a vacancy occurs among the officers, the Board of Directors shall appoint a successor to serve during the unexpired term of the office vacated.

10.03. RESIGNATION AND REMOVAL

Any Officer may be removed from office by a simple majority of the remaining Board of Directors when, in their judgment, the best interest of the Association shall be served by such removal. Any Officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

10.04. MULTIPLE OFFICES

Any two or more offices may be held by the same person, except the offices of President and Secretary.

10.05. COMPENSATION

The salary of the Secretary shall be determined from time to time by the Board of Directors; provided, however, the Secretary must refrain from voting thereon.

The salary of the Treasurer shall be determined from time to time by the Board of Directors; provided, however, the Treasurer must refrain from voting thereon.

Members of the Board of Directors shall be reimbursed for incidental expenses incurred in handling the business of the association. Such expense reimbursement will follow then standard business practices for employee reimbursement.

ARTICLE 11 - PRESIDENT

11.01. DUTIES

The President shall preside at all meetings of the Board of Directors and of the Members, prepare the agenda for such meeting, preserve order, and exercise supervision of the affairs of the Association and the Board; and shall decide all questions of procedure of the meeting of the Board of Directors and the Association, and with the advice and consent of the Board of Directors shall appoint all committees, unless otherwise provided for in these Bylaws, and shall be an ex-officio member of all such committees; and further, shall perform such other and additional duties as are customarily required of this office.

ARTICLE 12 - VICE PRESIDENT

12.01. DUTIES

The Vice President shall assist the President in the discharge of these duties, and in the absence of the President, shall preside at all meetings of the Association and of the Board of Directors and shall perform the duties of the President during the latter's absence. Further, the Vice President shall perform any and all additional duties which may be delegated by the President or the Board of Directors.

ARTICLE 13 - SECRETARY

13.01. DUTIES

The Secretary shall cause a full and correct record of all proceedings of this Association to be kept; have charge of all records of the Association; conduct the correspondence, and mail all reports, bulletins and notices and keep a record of all the foregoing; answer all letters from Voting Members; and otherwise comply with these Bylaws and the restrictive covenants for the subdivision.

ARTICLE 14 – TREASURER

14.01. DUTIES

The Treasurer shall cause the following tasks to be done: collect all mail (at least twice weekly); prepare all bank deposits, reconcile all bank statements; post all receipts to proper accounts; deposit all such funds in the bank as designated by the Board of Directors; draw all checks on the Association's funds, which checks so drawn shall be countersigned by the President and the Vice President or Secretary. The Treasurer shall keep a full, true and correct record of all funds and all financial transactions of the Association, keep all books of account of the Association, and render a complete report to the Association at its annual meetings, or more often as required by the President or the Board of Directors. The Treasurer shall procure all office supplies; and otherwise comply with these Bylaws and the restrictive covenants for the subdivision.

ARTICLE 15 - BOOKS AND RECORDS

15.01. MAINTENANCE

The Association shall keep correct and complete books and records of account and shall keep the minutes of the proceedings of its members, Board of Directors, and committees having any authority of the Board of Directors and shall keep at its registered office or principal office in this state a record of the names and addresses of its members entitled to vote.

15.02. INSPECTION

The books, records and papers of the Association shall be subject to inspection by any member. The time and place of any such inspection shall be upon written request and upon mutual agreement of the Secretary and/or Treasurer of the Board. Copies requested shall be at the sole cost and expense of the Member requesting the same. The initial charge for such copies shall be not less than \$.50 per sheet paid cash in advance and shall be charged at the discretion of the Secretary, in accordance with the Association's records production policy.

ARTICLE 16 – AMENDMENTS

These Bylaws may be altered, repealed, or amended by a majority of the votes cast by eligible Voting Members voting in person or by proxy, at the annual meeting of the members, or at a special meeting thereof called for that purpose. A true copy of any proposed revision, change, or amendment, together with notification of the time and place of the meeting where the same is to be considered shall be delivered or mailed to each member at least thirty (30) days before the date of such meeting, and shall be posted in one (1) public place within the subdivision. The Board is authorized to incorporate any such

alteration, change, or amendment into the Bylaws by a full restatement of the same without further vote of the membership.

ARTICLE 17 - INDEMNIFICATION

17.01. DEFINITIONS (in this article)

- (a) **“Indemnitee”** means (i) any present or former Director or Officer of the Association; and (ii) any person appointed by the President or the Board of Directors, or elected, to serve on any committee of the Association.
- (b) **“Official Capacity”** means (i) when used with respect to a Director, the Office of Director of the Association; and (ii) when used with respect to a person other than a Director, the elective or appointive Office of the Association held by such person or the employment or agency relationship undertaken by such person on behalf of the Association, but in each case does not include service for any other foreign or domestic corporation or any partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise.
- (c) **“Proceeding”** means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitral or investigative, any appeal in such an action, suit or proceeding, and any inquiry or investigation that could lead to such an action, suit or proceeding.

17.02. INDEMNIFICATION

- (a) The Association shall indemnify every Indemnitee against all judgments, penalties (including excise and similar taxes), fines, amounts paid in settlement and reasonable expenses actually incurred by the Indemnitee in connection with any Proceeding in which he was, is or is threatened to be named defendant or respondent, or in which he was or is a witness without being named a defendant or respondent, or in which he was or is a witness without being named a defendant or respondent, by reason, in whole or in part, of his service or having served or having been nominated or designated to serve, in any of the capacities referred to in 17.01 (a), if it is determined in accordance with 17.04 that the Indemnitee (i) conducted himself in good faith, (ii) reasonably believed, in the case of conduct in his Official Capacity, that his conduct was in the Association's best interests and, in all other cases, that his conduct was at least not opposed to the Association's best interests, and (iii) in the case of any criminal proceeding, had no reasonable cause to believe that his conduct was unlawful.
- (b) Provided, however, that in the event that an Indemnitee is found liable to the Association or is found liable on the basis that personal benefit was improperly received by the Indemnitee in connection with the Proceeding the indemnification (i) is limited to reasonable expenses actually incurred by the Indemnitee in connection with the proceeding, and (ii) shall not be made in respect to any Proceeding in which the Indemnitee shall have been found liable for willful or intentional misconduct in the performance of his duty to the Association. Except as provided in the immediately preceding provision no indemnification shall be made under this 17.02 in respect of any Proceeding in which such Indemnitee shall have been (x) found liable on the basis that personal benefit was improperly received by him whether or not the

benefit resulted from an action taken in the Indemnitee's Official Capacity, or (y) found liable to the Association.

- (c) The termination of any Proceeding by judgment, order, settlement or conviction, or on a plea of "nolo contendere" or its equivalent, is not of itself determinative that the Indemnitee did not meet the requirements set forth in clauses (i), (ii) or (iii) in 17.02(a). An Indemnitee shall be deemed to have been found liable in respect of any claim, issue or matter only after the Indemnitee shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom. Reasonable expenses shall include, without limitation, all court costs and all fees disbursements of attorneys for the Indemnitee.

17.03. SUCCESSFUL DEFENSE

Without limitation of 17.02 and in addition to the indemnification provided for in 17.02, the Association shall indemnify every Indemnitee against reasonable expenses incurred by such person in connection with any Proceeding in which he is a witness or a named defendant or respondent because he served in any of the capacities referred to in 17.01 (a), if such person has been wholly successful, on the merits or otherwise, in defense of the Proceeding.

17.04. DETERMINATIONS

Any indemnification under 17.02 (unless ordered by a court of competent jurisdiction) shall, except as provided in 17.05 hereof, be made by the Association only upon a determination that indemnification of the Indemnitee is proper in the circumstances because he has met the applicable standard of conduct. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of Directors who, at the time of such vote, are not named defendants or respondents in the Proceeding; (b) if such a quorum cannot be obtained, then by a majority vote of a committee of the Board of Directors designated to act in the matter by a majority vote of all directors (in which designation Directors who are named defendants or respondents in the Proceeding may participate), such committee to consist solely of two (2) or more Directors who, at the time of the committee vote, are not named defendants or respondents in the Proceeding; (c) by special legal counsel selected by the Board of Directors or a committee of the Board of Directors by vote as set forth above in this 17.04 or (d) by the eligible Voting Members in a vote that excludes Directors that are named defendants or respondents in the Proceeding. Determination as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible. Except that if the determination that indemnification is permissible is made by special legal counsel, determination as to reasonableness of expenses must be made in the manner specified in clause (c) of the preceding sentence for the selection of special legal counsel. In the event a determination is made under this 17.04 that the Indemnitee met the applicable standard of conduct as to some matters but not as to others, amounts to be indemnified may be reasonable prorated.

17.05. ADVANCEMENT OF EXPENSES

Reasonable expenses (including court costs and attorney's fees) incurred by an Indemnitee who was or is a subpoenaed witness or was, is or is threatened to be made a named defendant or respondent in a Proceeding shall be paid by the Association at reasonable intervals in advance of the final disposition of such Proceeding, and without making any of the determinations specified in 17.04, after receipt by the Association of (a) a written affirmation by such Indemnitee of his good faith belief that he has met the standard of conduct necessary for indemnification by the Association under this 17.05, and (b) a written undertaking by or on behalf of such Indemnitee to repay the amount paid or reimbursed by the Association if it shall ultimately be determined that he is not entitled to be indemnified by the Association as authorized in this Section. Such written undertaking shall be an unlimited obligation of the Indemnitee

but need not be secured and it shall be accepted without reference to financial ability to make repayment. Notwithstanding any other provision of this 17.05, the Association shall pay or reimburse expenses incurred by an Indemnitee in connection with his appearance as a subpoenaed witness or other participation in a Proceeding at a time when he is not named a defendant or respondent in the Proceeding.

17.06. EMPLOYEE BENEFIT PLANS

For purpose of this Article 17, the Association shall be deemed to have requested an Indemnitee to serve an employee benefit plan whenever the performance by him of his duties to the Association also imposes duties on or otherwise involves service by him to the plan or participants or beneficiaries of the plan. Excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall be deemed fines. Action taken or omitted by an Indemnitee with respect to an employee benefit plan in the performance of his duties for a purpose reasonably believed by him to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Association.

17.07. OTHER INDEMNIFICATION AND INSURANCE

The indemnification provided by this Article 17 shall (a) not be deemed exclusive of, or to preclude, any other rights to which those seeking indemnification may at any time be entitled under the Association's Articles of Incorporation, any law, agreement or vote of members or disinterested Directors, or otherwise, or under any policy or policies of insurance purchased and maintained by the Association on behalf of any Indemnitee, both as to action in his Official Capacity and as to action in any other capacity, (b) continue as to a person who has ceased to be in the capacity by reason of which he was an Indemnitee with respect to matters arising during the period he was in such capacity, and (c) inure to the benefit of the heirs, executors and administrators of such a person.

17.08. NOTICE

An indemnification of or advance of expenses to an Indemnitee in accordance with this Article 17 shall be reported in writing to the members of the Association with or before the notice or waiver of notice of the next members' meeting or with or before the next submission to members of a consent to action without a meeting and, in any case, within the twelve-month period immediately following the date of the indemnification or advance.

17.09. CONSTRUCTION

The indemnification provided by this Article 17 shall be subject to all valid and applicable laws, including, without limitation, Article 1396-2.22 of the Texas Non-Profit Corporation Act, and, in the event this Article 17 or any of the provisions hereof or the indemnification contemplated hereby are found to be inconsistent with or contrary to any such valid laws, the latter shall be deemed to control and this Article shall be regarded as modified accordingly, and, as so modified, to continue in full force and effect.

17.10. CONTINUING OFFER, RELIANCE, ETC.

The provisions of this Article 17: (a) are for the benefit of, and may be enforced by, each Indemnitee of the Association, the same as if set forth in their entirety in a written instrument duly executed and delivered by the Association and such Indemnitee; and (b) constitute a continuing offer to all present and future Indemnitees; and (c) are retroactive in application. The Association, by its adoption of these Bylaws, acknowledges and agrees that each Indemnitee of the Association has relied upon and will continue to rely upon the provisions of this Article 17 in becoming, and serving in any of the capacities

referred to in Section 17.01 (a) of this Article 17, waives reliance upon, and all notices of acceptance of, such provisions by such Indemnitees and acknowledges and agrees that no present or future Indemnitee shall be prejudiced in his right to enforce the provisions of this Article 17 in accordance with its terms by any act or failure to act on the part of the Association or on the basis of when any claim or cause of action arose.

17.11. EFFECT OF AMENDMENT

No amendment, modification or repeal of this Article 17 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitees to be indemnified by the Association, nor the obligation of the Association to indemnify any such Indemnitees, under and in accordance with the provisions of the Section as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

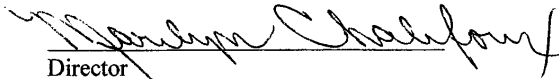
ARTICLE 18 - CORPORATE SEAL

The Association may have a seal in circular form having within its circumference the words: COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC.; however, the use of such seal shall not be required for validity of any act of the Association.

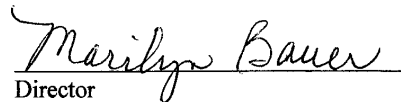
Attestation

Adopted by the Board of Directors on this 1st day of September, 2015.

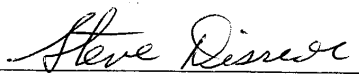
COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC.


Director


Director


Director



Director



Director



Director



Director

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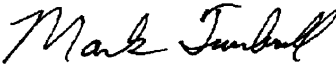


COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF MONTGOMERY

I hereby certify this instrument was filed in file number
sequence on the date and at the time stamped herein
by me and was duly RECORDED in the Official Public
Records of Montgomery County, Texas.

09/16/2015



County Clerk
Montgomery County, Texas