

AMENDED BYLAWS OF

BAY MEADOWS TOWNHOME OWNERS ASSOCIATION, INC.

A NONPROFIT CORPORATION

ARTICLE I. NAME AND LOCATION

The name of the corporation is BAY MEADOWS TOWNHOME OWNERS ASSOCIATION, INC. The principal office of the corporation shall be located at Galveston, Galveston County, Texas, but meetings of members and directors may be held at such places within the State of Texas as may be designated by the Board of Directors.

ARTICLE II. DEFINITIONS

Section 1. "Association" shall mean and refer to Bay Meadows Townhome Owners Association, Inc., its successors and assigns.

Section 2. "Restricted Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the owners.

Section 3. "Declarant" shall mean and refer to Guaranty Federal Savings and Loan Association, Federal National Mortgage Association, Morris W. Wosnig and wife, Evelyn K. Wosnig, and Michael Curtis Smith, their successors and assigns if such successors or assigns should acquire more than one undeveloped or development lot from the declarant for the purpose of development or resale.

Section 4. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions applicable to the subdivision and recorded on December 10, 1984 in the Official Public Records of Real Property of Galveston County, Texas, under Film Code No. 003-52-2210, and as amended on February 6, 1996 and recorded under Film Code No. 011-74-

0161 in the Official Public Records of Real Property of Galveston County, Texas, as it may be amended from time to time.

Section 5. "Lot" shall mean and refer to any plot of land shown on the recorded subdivision plat with the exception of the restricted common area.

Section 6. "Member" shall mean and refer to those persons entitled to membership in the association as provided in the declaration.

Section 7. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot which is a part of the subdivision, including contract sellers, but excluding those holding title merely as security for the performance of an obligation.

Section 8. "Subdivision" shall mean and refer to those certain tracts of real property described in the declaration, and such additions thereto as may be brought within the jurisdiction of the association pursuant to the provisions of the declaration.

ARTICLE III. MEETINGS OF MEMBERS

Section 1. Annual Meetings. Annual meetings of members shall be held on the third Thursday of July of each year thereafter at the hour of 7 o'clock p.m. or such date and time as the board of directors may determine. If the day for the annual meeting falls on a legal holiday, then such meeting will be held at the same hour on the next following day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of members may be called at any time by the President or by the Board of Directors, or on written request of fifty-one percent (51%) of members who are entitled to vote.

Section 3. Notice of Meetings. Written notice of each meeting of members shall be given by, or at the direction of, the secretary or other person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) but not more than sixty (60) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the association, or supplied by such members to the association for the purpose of receiving notice. Such notice shall specify the day, hour and place of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting, in person or by proxy, of members entitled to cast fifty-one percent (51%) of the votes of the membership shall constitute a quorum for authorization of any action, except as may otherwise be provided in the declaration, the articles of incorporation or these bylaws. If a quorum is not present at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

Section 5. Order of Business. The order of business at all meetings of the owners of lots shall be as follows:

1. Roll call;
2. Proof of notice of meeting or waiver of notice;
3. Reading of minutes of preceding meeting;
4. Reports of officers;
5. Reports of committees;
6. Election of directors;
7. Unfinished business;
8. New business.

Roberts Rules of Order shall be observed at all meetings.

Section 6. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Proxies shall be revocable, and the proxy of any owner shall automatically terminate on conveyance by him of his lot.

**ARTICLE IV. BOARD OF DIRECTORS –
TERM OF OFFICE; FIRST ELECTION;
REMOVAL**

Section 1. Number. The affairs of the association shall be managed by a board of five (5) directors, all of whom shall be members of the association.

Section 2. Election and Term of Office. At the first annual meeting, the term of office of two directors shall be fixed for three (3) years. The term of office of two directors will be fixed for two (2) years, and the term of office of one director shall be fixed at one (1) year. At the expiration of the initial terms of office of each respective director, his successor shall be elected to serve a term of three (3) years. The five (5) persons acting as directors shall hold office until their successors have been elected and hold their first meeting, and shall serve without any pay or compensation for their services as such, except that should directors perform services and duties in connection with the operation and/or maintenance of the project, they may receive reasonable compensation for this work on the same basis as any other person employed.

Section 3. Removal. Any director may be removed from the board, with or without cause, by a majority vote of the members of the association. In the event of death, resignation, or removal of a director, his successor shall be selected by the remaining members of the board and shall serve for the unexpired term of the predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

**ARTICLE V. BOARD OF DIRECTORS –
NOMINATION AND ELECTION**

Section 1. Nomination. Nomination for election to the board of directors shall be by nominating committee. However, nominations may also be made from the floor at any annual meeting of members. The nominating committee shall consist of a chairman who shall be a member of the board of directors, and two or more members of the association who are not members of the board of directors. The committee shall be appointed by the board of directors prior to each annual meeting to serve from the close of such meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The nominating committee shall make as many nominations for election to the board of directors as it shall in its discretion determine, but in no event shall it nominate less than the number of vacancies to be filled.

Section 2. Election. Election to the board of directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the declaration. Persons receiving the largest number of votes shall be elected. Cumulative voting is expressly prohibited.

**ARTICLE VI. BOARD OF DIRECTORS –
MEETINGS**

Section 1. Regular Meeting. Regular meetings of the board of directors shall be held at least quarterly without notice, at such place and hour as may be fixed from time to time by

resolution of the board. In the event the regular date for a regular meeting falls on a legal holiday, such meeting shall be held at the same time on the following day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the board of directors shall be held when called by the president of the association, or by any two directors, after not less than five (5) days' notice to each director, unless such notice shall be waived by the directors.

Section 3. Quorum. Four (4) directors shall constitute a quorum for the transaction of business. Every act performed or decision made by a majority of the directors present at a duly held meeting in which a quorum is present shall constitute the act or decision of the board.

ARTICLE VII. BOARD OF DIRECTORS – POWER AND DUTIES

Section 1. Powers. The board of directors shall have power to:

(A) Adopt and publish rules and regulations governing the use of the restricted common areas and facilities including the personal conduct of the members and their guests thereon; and to establish penalties for infractions of such rules and regulations;

(B) Suspend the voting rights and right to use of the recreational facilities of any member during any period in which such member is in default in the payment of any assessment levied by the association. Such rights may also be suspended after notice and hearing, for a period not to exceed thirty (30) days for infraction of published rules and regulations;

(C) Exercise on behalf of the association all powers, duties, and authority vested in or delegated to the association and not specifically reserved to the membership by the declaration, articles of incorporation, or by other provisions of these bylaws;

(D) Declare the office of a member of the board of directors to be vacant in the event that such member is absent from three (3) consecutive regular meetings of the board of directors; and

(E) Employ a manager, independent contractors, and such other employees as they may deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the board of directors to:

(A) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at each annual meeting, or at any special meeting at which such a statement is requested in writing by one-fourth (1/4) of the members entitled to vote thereat;

(B) Supervise all officers, agents, and employees of the association and see to it that their duties are properly performed;

(C) As more fully provided in the declaration, to:

(1) Fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period;

(2) Send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) Foreclose the lien against any property for which assessments are not paid within 180 days after the due date, or to bring an action at law against the owner personally obligated to pay the same, if the directors deem such to be in the best interest of the association.

(D) Issue, or cause an appropriate officer to issue, on demand by any person, a certificate setting forth whether or not any assessment has been paid. A statement in a certificate to the effect that an assessment has been paid shall constitute conclusive evidence of such payment. The board may impose a reasonable charge for the issuance of these certificates;

(E) Procure and maintain adequate liability and hazard insurance on all property owned by the association;

(F) Procure and maintain adequate hazard insurance for all townhouses, insuring against loss or damage by fire or other hazards;

(G) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(H) Cause the restricted common area and townhome lawns to be maintained;

(I) Collect Campeche Cove Homeowners Association annual assessment and remit such assessment to the Campeche Cove Homeowners Association; and

(J) Issue a year-end financial statement to all owners as to the past year's income and expenses detailed in a balance sheet showing the financial condition of the Association.

ARTICLE VIII. OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the association shall be a president and vice president, who shall at all times be members of the board of directors, and a secretary, treasurer, and such other officers as the board may from time to time by resolution create.

Section 2. Election of Officers. The selection of officers shall take place at the first meeting of the board of directors following each annual meeting of members.

Section 3. Term. The officers of the association shall be elected annually by the board. Each shall hold officer for a term of one (1) year unless he shall sooner resign, or shall be removed or otherwise disqualified to serve.

Section 4. Special Appointments. The board may elect such other officers as the affairs in the association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office by the board at any time with or without cause. Any officer 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.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by a majority of the board. The officer appointed to such vacancy shall serve for the unexpired term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 4 of this article.

Section 8. Duties. The duties of the officers are as follows:

(A) President. The president shall preside at all meetings of the board of directors; shall see that orders and resolutions of the board are carried; shall sign all leases, mortgages, deeds, and other instruments, and shall co-sign all checks and promissory notes.

(B) Vice President. The vice president shall act in the place of the president in the event of his absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the board.

(C) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the board and of the members; keep the corporate seal of the association and affix it to all papers so requiring; serve notice of meetings of the board and of members; keep association together with their addresses; and perform such other duties as may be required by the board or by law.

Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all funds of the association, and shall disburse such funds as directed by resolution of the board of directors; shall sign all checks and promissory notes of the association; shall keep proper books of account; shall cause an annual audit of the association books to be made by certified public accountant at the completion of each fiscal year; and shall prepare an annual budget and statement of income and expenditures, a copy of which documents shall be delivered to each member, and a report on which shall be given at the regular annual meeting of members. If these duties have been delegated to a management company, the Treasurer is responsible for oversight and supervision of the financial affairs of the association.

ARTICLE IX. COMMITTEES

The association shall appoint an architectural committee, as provided in the declaration, and a nominating committee as provided in Article V of these bylaws. In addition, the board of directors may appoint such other committees as it may deem appropriate in the performance of its duties.

ARTICLE X. ASSESSMENTS

As more fully provided in the declaration, each member is obligated to pay to the association annual and special assessments which are secured by a continuing lien on the property against which such assessments are made. Any assessments which are not paid when due are considered delinquent. If an assessment is not paid within thirty (30) days after the due date, the assessment bears interest from the date of delinquency at such rate as may be set by the board of directors, from time to time, not to exceed the highest rate allowed by law, and the association may bring an action at law against the owner personally obligated to pay the same, and/or may foreclose the lien against his property. Interest, costs, and reasonable attorneys' fees of any such

action shall be added to the amount of any assessment due. No owner may waive or otherwise escape liability for assessments by nonuse of the common area or abandonment of his lot.

ARTICLE XI. BOOKS AND RECORDS; INSPECTION

The books, records and papers of the association shall be subject to the inspection by any member during ordinary business hours. The declaration, articles of incorporation, and bylaws of the association shall be available for inspection by any members at the principal office of the association, where copies shall be made available for sale at a reasonable price.

ARTICLE XII. CORPORATE SEAL

The association shall have a seal in circular form having within its circumference the words: BAY MEADOWS TOWNHOME OWNERS ASSOCIATION, INC.

ARTICLE XIII. FISCAL YEAR

The fiscal year of the association shall be the calendar year, except that the first fiscal period shall begin on the date of incorporation and shall end on December 31st of the year of incorporation.

ARTICLE XIV. AMENDMENTS

These bylaws may be amended, at a regular or special meeting of members, by vote of a majority of a quorum of members entitled to vote present either in person or by proxy.

ARTICLE XV. CONFLICTS

In the case of any conflict between the articles of incorporation and these bylaws, the articles shall control; in the case of any conflict between the declaration and these bylaws, the declaration shall control.

ADOPTED by its members on this the 6th day of February, 1996.