

BYLAWS OF SHELL BEACH HOMEOWNERS ASSOCIATION

Article I. NAME AND LOCATION

The name of the corporation is Shell Beach Homeowners Association.

Meetings of members and directors may be held at the places within Denton County, Texas, as designated by the Board of Directors.

Article II. DEFINITIONS

Section 1. The term “Association” refers to Shell Beach Homeowners Association.

Section 2. The term “Addition” refers to the real property commonly known as the Shell Beach Addition, an addition to Denton County, Texas.

Section 3. The term “Common Area” means all real property owned by the Association for the common use and enjoyment of the Owners.

Section 4. The term “Lot” refers to any plot of land shown on any recorded subdivision map of the Addition with the exception of the Common Area.

Section 5. The term “Owner” refers 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 Addition, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

Section 6. The term “Declaration” refers to the restrictive covenants applicable to the Addition recorded in the real property records of Denton County, Texas.

Section 7. The term “Member” refers to those persons entitled to membership as provided in the Declaration.

Article III. MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members will be during the month of March, 2009 and each subsequent regular annual meeting of the members will be held during the same month of each year thereafter.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of Directors, or on the written request of the members who are entitled to vote two-thirds (2/3rds) of all of the votes of the membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members will be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of the notice, postage prepaid, at least ten (10) days before the meeting to each member entitled to vote, addressed to the member's address last appearing on the books of the Association, or supplied by the member to the Association for the purpose of notice. Notice must specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, fifty percent (50%) of the votes of the membership will constitute a quorum for any action. If a quorum is not present or represented at a meeting, the members entitled to vote will have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies must be in writing and filed with the secretary. Every proxy will be revocable and will automatically cease on conveyance by the member of his or her Lot.

Article IV. BOARD OF DIRECTORS, SELECTION, TERM OF OFFICE

Section 1. Number. The affairs of this Association will be managed by a Board of three (3), who must be members of the Association.

Section 2. Term of Office. Each Director shall serve a term of three (3) years. The terms of the Directors shall be staggered so that the terms of no two (2) directors shall end at the same time.

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, a successor will be selected by the remaining members of the Board and will serve for the unexpired term of the predecessor.

Section 4. Compensation. No director may receive compensation for any service he or she renders to the Association. However, any director may be reimbursed for actual expenses incurred in the performance of duties.

Section 5. Action Taken Without a Meeting. The directors will have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved will have the same effect as though taken at a meeting of the directors.

Article V. NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors will be made from the floor at the annual meeting of the members.

Section 2. Election. Election to the Board of Directors will be by secret written ballot. At the 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. The persons receiving the largest number of votes will be elected. Cumulative voting is not permitted.

Article VI. MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors will be held from time to time as the directors shall determine.

Section 2. Special Meetings. Special meetings of the Board of Directors will be held when called by the president of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors will constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present will be regarded as the act of the Board.

Article VII. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors will have power to:

- (a) Exercise for the Association all powers, duties and authority vested in or delegated to this Association by the Declaration; and
- (b) Employ a manager, an independent contractor, or other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It will 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 to the members at the annual meeting of the members;
- (b) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) Enforce the rights and exercise the powers granted to the Association in the Declaration;
- (d) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate stating whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, the certificate will be conclusive evidence of payment;

(e) Procure and maintain adequate liability and hazard insurance on property owned by the Association; and

(f) Cause the Common Area to be maintained.

Article VIII. OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association will be a president, vice-president and treasurer, who will at all times be members of the Board of Directors, and a secretary.

Section 2. Election of Officers. The election of officers will take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association will be elected annually by the Board and each will hold office for the time period determined by the Board, unless he or she resigns, or is removed, or is otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect other officers as the affairs of the Association may require, each of whom will hold office for the period, have the authority, and perform the duties as the Board determines.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. A resignation will take effect on the date of receipt of the notice or at any later time specified, and unless otherwise specified, the acceptance of the resignation will not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to fill the vacancy will serve for the remainder of the term of the officer he or she replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person may 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:

President

(a) The president will preside at all meetings of the Board of Directors; will see that orders and resolutions of the Board are carried out; will sign all leases, mortgages, deeds and other written

instruments and will co-sign all checks and promissory notes.

Vice-President

(b) The vice-president will act for the president in the event of his or her absence, inability or refusal to act, and will exercise and discharge other duties as required by the Board.

Secretary

(c) The secretary will record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and perform other duties as required by the Board.

Treasurer

(d) The treasurer will receive and deposit in appropriate bank accounts all monies of the Association and disburse funds as directed by resolution of the Board of Directors; sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the members.

Article IX. COMMITTEES

The Association will appoint an Architectural Control Committee, as provided in the Declaration. In addition, the Board of Directors will appoint other committees as deemed appropriate in carrying out its purpose.

Article X. BOOKS AND RECORDS

The books, records and papers of the Association will at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, Certificate of Formation and the By-laws of the Association will be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

Article XI. AMENDMENTS

Section 1. These bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

Section 2. In the case of any conflict between the Certificate of Formation and these Bylaws, the Certificate of Formation will control; and in the case of any conflict between the Declaration and

these Bylaws, the Declaration will control.

Article XII. MISCELLANEOUS

The fiscal year of the Association will begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year will begin on the date of incorporation.

CERTIFICATION

I, the undersigned, certify:

That I am the duly elected and acting secretary of the Shell Beach Homeowners Association, a Texas nonprofit corporation; and

That the foregoing bylaws constitute the original Bylaws of the Association, as duly adopted at a meeting of the Board of Directors held on the 9th day of February, 2009.

In witness, I have subscribed my name this _____ day of February, 2009.

Secretary