

BAY HARBOR IMPROVEMENT ASSOCIATION, INC.

GALVESTON, TEXAS

BY-LAWS AS AMENDED: JUNE 9, 2007

ARTICLE 1: Meetings of Membership:

1. PLACE: Meetings of the membership shall be held at the Bay Harbor Subdivision in the County of Galveston, State of Texas.

2. TIME OF MEETING: An annual meeting of the membership shall be held no later than the last day of June. Such date and time to be set by the incumbent Board of Directors at least sixty (60) days in advance of said meeting.

3. SPECIAL MEETINGS: Special meetings of the membership may be called by the President, The Board of Directors, or by petition of not less than fifty percent (50%) of the membership entitled to vote at the meeting so called. No questions may be voted upon at the special meeting of the membership except those specifically outlined in the notice.

4. NOTICE OF MEETINGS: Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed not less than twenty (20) days nor more than thirty (30) days before the date of the meeting, at the direction of the President, Secretary-Treasurer or the officer or persons calling the meeting, to each member entitled to vote at such meeting. When mailed, such notice shall be deemed to be delivered when deposited in the United States Postal service mail addressed to the member at his address as it appears on the membership books of the Corporation, with postage thereon paid.

5. DEFINITION OF A MEMBER: A member is a property owner in Bay Harbor, Bahia Azul, Bahia Azul-Orner or Bee-Gee Bay Subdivision who is current in his dues to the Association. Only one vote per membership shall be allowed. Members are entitled to use all services/facilities of the Association.

A. REINSTATEMENT: Property owners who are in arrears in dues shall be reinstated.

1. BAY HARBOR or BEE-GEE - By payment of dues for present or current year.

2. BAHIA AZUL and BAHIA AZUL/ORNER - By payment of back dues to present or current year.

B. BOAT BASIN: the boat basin is the private property of this Association and is for the use of its members. Keys to the launching docks are the property of the Association and must be returned annually to obtain a new key. Fee for a lost key is twenty-five (\$25.00) dollars. Boat slips are for temporary use only. No boats or barges shall be permanently moored in any slip belonging to this Association. Compliance will be enforced by the Board of Directors.

6. VOTING LIST: The officer or agent having charge of the Corporation's transfer books shall maintain a current list of all current members at all times.

7. QUORUM: Forty of the members entitled to vote, representing in person or by proxy, shall constitute a quorum at a meeting of the membership. The vote of a majority of the members entitled to vote and thus represented at the meeting at which a quorum is present shall be the act of the membership meeting.

8. METHOD OF VOTING: Voting on any question or in any election may be by voice or show of hands unless the presiding officer shall order that voting be by ballot.

9. RULES OF PROCEDURE: To the extent applicable, Robert's Rules of Order shall govern the conduct of any procedure at all membership meeting.

ARTICLE II. DIRECTORS:

1. MANAGEMENT: The business and affairs of the Corporation shall be managed by a Board of Directors.

2. NUMBER: The number of directors of the Corporation shall be at least ten (10). The number of directors may be increased or decreased at the will and pleasure of the Board.

3. QUALIFICATION: In order to be a director, a person must have the following qualifications; he shall, at the time of his election, be a property owner and be a member of the Association.

4. NOMINATING COMMITTEE: The board of Directors will constitute the nominating committee and shall present a list of names in nomination for the Board of Directors at the annual meeting. Additional nominations may be taken from the floor.

5. ELECTION: At the annual meeting of the membership and at each annual meeting, the membership shall elect the necessary number of directors each year for a term of two years.

6. TERM OF OFFICE: Unless removed in accordance with the By-Laws, each director shall hold office for a term of two (2) years or until his successor shall have been elected.

7. REMOVAL: Any director may be removed from his position as director, either with or without cause, at any special meeting of members, if notice of intention to act upon the question or removing such director shall have been stated as one of the purposes for the calling of such meeting.

8. NEW OFFICERS: The new Board of Directors shall meet as soon as possible after their election for the purpose of confirming their acceptance and should elect from the current board of directors a President, Vice President, Secretary-Treasurer and Chairmen of known working committees.

9. VACANCY: A particular directorship shall be considered to be vacant upon the happening of any one of the following events:

A. Death of the person holding such directorship.

B. Resignation of the person holding such directorship.

C. Refusal of a person elected to be a directorship to manifest his assent to serve.

D. Removal of a director at a special membership meeting as provided in Section 6 of this ARTICLE II of these By-Laws.

E. Sale or transfer of his property in Bay Harbor, BAHIA AZUL, or Bee-Gee Subdivisions.

10. FILLING OF VACANCY: Any vacancy occurring in the Board of Directors shall be addressed at the next meeting of the Board of Directors following the occurrence of such vacancy; or, if a vacancy occurs while a Board of Directors' meeting is in progress, such vacancy may be filled at such meeting. Such a vacancy shall be filled by the affirmative vote of a majority of the remaining directors though less than a quorum. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in such directorship.

11. ELECTION OF NEW DIRECTORSHIP: In the event of the creation of one or more new directorships by amendment of these By-Laws, then any directorship to be filled by reason of such an increase in the number of directors shall be filled by election at any annual meeting of the membership or a special meeting of the members called for that purpose.

12. QUORUM: Six (6) members of the Board of Directors constitute a quorum for the transaction of business. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

13. VOTE BY THE PRESIDENT: Only in the case of a split vote would the President be entitled to vote for a decision.

14. REGULAR MEETINGS: A regular meeting of the Board of Directors shall be held without other notice than this By-Law immediately after and at the same place as the annual meeting of the membership. The Board of Directors may provide, by resolution, the time and place, for the holding of additional regular meetings without other notice than such resolution. The President will set the time and place of all special, regular meetings and the directors will be notified in writing. Board of Directors meetings should be held at least once every ninety(90) days.

15. PLACE OF MEETING: Unless otherwise specifically provided in the By-Laws, meetings of the Board of Directors shall be held at a place mutually agreed upon by the Board members.

16. NO STATEMENT OF PURPOSE OF MEETING REQUIRED: Neither the business proposed to be transacted, nor the purpose of any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

ARTICLE III. OFFICERS:

1. NUMBER: The officers of the corporation shall be a President, one or more Vice Presidents (the number thereof to be determined by the board of Directors), a Secretary-Treasurer and other officers as may be elected by the Board of Directors. Any two(2) or more offices may be held by the same person, except the President and Secretary-Treasurer shall not be the same person. The President and Secretary-Treasurer shall both be full members of the Board of Directors for the year of their respective elections.

2. ELECTION AND TERM OF OFFICE: The principal officers of the Corporation shall be elected annually by the Board of Directors at the first meeting of the board of Directors held after each annual meeting of the membership. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner herein provided.

3. PRESIDENT: The President shall be the principal executive officer of the Corporation and shall, in general, supervise and control all of the business and affairs of the Corporation. He shall preside at all meetings of the membership and of the Board of Directors. He shall sign, with the Secretary-Treasurer, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed. In general, he shall perform all duties incidental

to the office of President and such other duties as may be described by the Board of Directors from time to time.

4. VICE PRESIDENT: In the absence of the President, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all restrictions upon the President. The Vice-President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

5. SECRETARY-TREASURER: If required by the Board of Directors, the Secretary-Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such safety or sureties as the Board of Directors shall determine. He shall (A) have charge and custody of and be responsible for all funds and securities of the Corporation; (B) in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors; (C) keep the minutes of the annual meetings of the membership and of the Board of Directors meetings in one or more books provided for that purpose; (D) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (E) be custodian of the Corporate records and of the seal of the Corporation; (F) keep a register of the mailing address of each membership; (G) in general, perform all duties incident to the office of Secretary-Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

ARTICLE IV. FISCAL YEAR:

1. The fiscal year of the Corporation shall begin on January 1st of each year and end at 11:59PM on December 31st of each year.

ARTICLE V. SEAL.

1. The Board of Directors shall provide a Corporation seal which shall be in the form of a circle and shall have inscribed thereon the name of the Corporation.

ARTICLE VI. AMENDMENT OF BY-LAWS:

1. These By-Laws may be amended by the membership at the annual meeting of the membership, or if notice of a proposal to amend these By-Laws and the respect in which they are proposed to be amended is given in any call of a special meeting of the membership for such special meeting.