

**Restrictions, Covenants and Conditions**

**SANDHILL SHORES SUBDIVISION**  
**Restrictions, Covenants**  
**and Conditions**

STATE OF TEXAS           §  
   §  
 COUNTY OF GALVESTON   §

WHEREAS, F.F.F. COMPANY ("Developer"), a Florida Corporation, is the owner of the following described property situated in Galveston County, Texas, to-wit:

All numbered lots (7-37) in SANDHILL SHORES SUBDIVISION in Galveston County, Texas, save and except Reserves 2 through 5 which reserves shall not be a part of the properties nor subject to the provisions hereof, a subdivision in Galveston County, Texas, according to the Plat thereof recorded in Plat Book 18, Page 860 of the Plat Records, Clerk's File No. 9910219 in the office of the County Clerk of Galveston County, Texas;

all of the hereinabove described property, being hereinafter sometimes referred to as "Said Lots", "the Property", or "the Subdivision"; and,

WHEREAS, it is the desire of the Developer to establish a uniform plan for the development, improvement and sale of the Property, and to insure the preservation of such uniform plan for the benefit of Developer as well as future owners of the Property:

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THAT F.F.F. COMPANY, a Florida Corporation, whose mailing address is P.O. Box 5317, Galveston, Texas, Galveston County, Texas, acting herein by and through its duly authorized officers, does hereby adopt, establish and impose the following reservations, restrictions, covenants and conditions upon the Property, which shall constitute covenants running with the title to the land and shall inure to the benefit of Developer, its successors and assigns, to the City of Galveston and to each and every purchaser of one or more lots in the Subdivision, their successors and assigns, and any one of said beneficiaries shall have the right to enforce these restrictions by any available legal process.

Restrictions, Covenants and Conditions

1. Land Use and Building Type. The Property shall be used for residential purposes only, and only one (1) detached, single-family dwelling shall be erected on any one lot. No commercial activity shall be conducted on or from any of Said Lots, except that a lot owner may from time to time rent his or her home to another for residential purposes. Notwithstanding anything contained herein to the contrary, until Developer, its successors or assigns has sold all the Property, any unsold lots may be used by Developer for the location and operation of a sales office.

2. Resubdivision. No lot may be resubdivided except between or among the owners of abutting lots and thereafter each owner's resulting oversize tract shall be considered as one lot. Nothing herein contained shall prohibit the construction of a single residence on portions of two (2) lots, in which case both such lots shall be considered as one lot for building purposes. Irrespective of the foregoing provisions of this paragraph, the annual maintenance charge hereinafter set forth shall be and remain applicable to all lots as originally platted.

3. Architectural Control and Construction Time. No structure or Improvement ("Improvement"), including but not limited to, buildings, fences, walls, piers, docks, trash enclosures, driveways, curb outs, culverts, decks, porches, patios, swimming pools, playground equipment, and outdoor cooking or eating facility of a permanent nature, shall be commenced, erected, or maintained upon any lot in the Subdivision, nor shall any exterior addition or change or alteration of the exterior be made until the plans and change or alteration of the exterior be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing by the Architectural Control Committee ("The Committee") composed of three (3) or more representatives from time to time appointed by Developer. The persons serving from time to time on the Committee may be removed, with or without cause, by Developer

at such times and for such reasons as Developer may determine in the exercise of its sole discretion. In the event of the removal or resignation of one or more members of the Committee, the Developer shall promptly designate other persons to replace those who are removed.

Approval by the Committee shall be granted or withheld based upon conformity of the Improvement to both the general and specific intent of this instrument, adequacy of site dimensions, structural design, quality of materials, conformity and harmony of external design and location with neighboring structures and sites and relation of finished grades and elevations to neighboring sites, and such other relevant considerations as the Committee may, in the exercise of its sole discretion, determine to be of significance in such determinations ("Committee Considerations").

Each application made for architectural control approval shall be accompanied by the fee established by the Committee to defray expenses of the Committee and by complete plans and specifications of all proposed Improvements. The plans and specifications to be so submitted and approved shall include the following:

- a) A topographical plat showing existing contour grades and showing the location of all proposed Improvements. Existing and finished grades shall be shown at lot corners. Lot drainage provisions shall be indicated as well as cut and fill details if any appreciable change in the lot contours is contemplated.
- b) Exterior elevations.
- c) Exterior materials and colors.
- d) Structural design.
- e) Landscaping plan, including walkways, fences and walls (if permitted), elevation changes, watering systems, lighting, vegetation and ground cover.
- f) Parking area and driveway plan.
- g) Screening, including size, location and method.
- h) Exterior illumination, if any, including location and method.
- i) Design and materials for construction of interconnect (including any culvert (size and type) or related facility) between driveways and any walkway, and the street or roadway.

When approval is sought for Improvements within the "Sand Dune Easement" as described in paragraph 7. below, the submittal shall indicate the location of such Easement within the lot, the median height of the dunes under the proposed structure, and the plan for site drainage after installation of all improvements.

If the plans and specifications are approved by the Committee, an approved application shall be issued authorizing construction of the proposed Improvements in accordance with the plans and specifications so approved. In the event the Committee fails to approve or disapprove the plans within forty-five (45) days after same have been submitted to it, approval will be presumed and this paragraph will be deemed to have been fully complied with.

Following approval of the plans and specifications and prior to commencement of construction, owner shall obtain a licensed land surveyor or professional engineer to survey the lot and mark the lot corners and the location of the proposed structure on the ground to insure it conforms to the site plan as approved and lies within the building envelope as shown on the recorded plat of the Subdivision recorded in the Office of the County Clerk of Galveston County, Texas ("Plat"). The Committee must approve the survey in writing prior to commencement of construction.

After the commencement of construction, the lot owner shall have a maximum of six (6) months to complete or cause to be completed the exterior construction unless the Committee approves a written request from the owner for an extension of such time limit. Exterior construction shall be deemed complete when the structure or structures have been completed in accordance with the approved plans, and when all construction materials and debris have been cleaned up and removed from the site.

Approval by the Committee shall not relieve the owner from the responsibility of complying with applicable public ordinances or regulations, and the approval is not, nor is it intended to be, an indication of compliance with any such ordinances or regulations.

Neither the Developer, the Committee nor any of the members of such Committee shall be liable in damages or otherwise to anyone submitting plans and specifications for approval or to any owner of land affected by these restrictions, covenants and conditions, by reason of mistake of judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or to disapprove any plans and specifications.

The Committee shall have the right to promulgate and adopt rules and regulations necessary to implement these restrictions, covenants, and conditions, including but not limited to, an outline of minimum, acceptable construction standards and specifications. These rules and regulations may include submission requirements concerning the type of information, reports, plans and specifications and the like which need to be submitted with any application, payment of reasonable fees for processing or reviewing the application, and it may also include guidelines governing the development of each lot.

A member or agent of the Committee may enter on and inspect any lot and any Improvement thereon during regular business hours and following reasonable notice for the purpose of ascertaining whether such lot and the Improvements thereon are in compliance with these restrictions, covenants, and conditions. Neither the Developer, the Committee, nor the agent of any of them shall be deemed to have committed a trespass by reason of such entry for inspection, provided such inspection is carried out in accordance with the terms of this paragraph.

It shall be the responsibility of the lot owner during construction to remove in a timely manner all trash, lumber, and debris of any other description associated with such construction so as to preserve a neat and orderly appearance to his or her lot, and, upon completion of construction, to completely remove all remaining construction debris from his or her lot. If, in the opinion of the Committee, a lot owner fails to remove such construction debris in a timely manner, the Committee shall have the option to cause such debris to be removed from the lot, and the cost of such work shall be charged to the lot owner and shall be payable to the Committee upon demand. Any amounts owing to the Committee hereunder shall be secured by the vendor's lien hereinafter mentioned in paragraph 21.

No exterior aerial antenna, satellite dish, flag pole, or other structure of any kind (except a chimney) shall project above the uppermost roof line of any structure on any lot in the Property.

The Committee shall have the power and the authority, to be exercised in its sole discretion, to authorize variances and exemptions from the terms and provisions of any of the restrictions, covenants, and requirements set forth in this paragraph as to any one or more lots, except for those covenants, conditions, and restrictions contained in paragraph 7. below. The rights, powers and duties reserved to Developer by this instrument and by this paragraph 3, shall remain in force and effect so long as the restrictions, covenants, and conditions, set forth herein shall be and remain in force and effect. The terms and provisions of this paragraph 3. may be enforced in the same manner as the other terms and provisions hereof are enforced pursuant to paragraph 24. hereof.

4. Dwelling Size. Only one (1) detached single-family dwelling may be erected on any lot in the Property and each such dwelling shall contain not less than 1,800 square feet of living area; not less than 400 square feet of covered deck area; and not less than 250 square feet of garage or enclosed storage area.

5. Type of Construction, Materials and Landscape.

- a) Every structure, building or addition thereto shall be affixed to the ground in a permanent manner.
- b) All elevated structures shall be built on pilings or other type of elevated foundation designed so that the foundation will anesthetically conform to standards set by the Committee.
- c) No round pilings shall be permitted, unless the pilings are concrete.
- d) No angle bracing from pilings to floor stringers will be permitted. Elevated structures may be cross braced against the floor joists to prevent racking of structure, and floor joist stringers must be of adequate size to carry floor joists without angle bracing from the pilings to the stringers.
- e) All houses and other structures must be kept in good repair, and painted or stained when necessary to preserve the attractiveness thereof.
- f) No house, building or structure shall be more than two (2) stories of living area in height. Open decking will be permitted above the second level provided it is no more than forty (40) feet above mean sea level and

accessed by less than one hundred fifty (150) square feet of enclosed space. The open decking should also be less than forty percent (40%) of the square feet of the floor below. Notwithstanding anything contained herein, to the contrary, a house, building, or structure may be disapproved by the Committee because of excessive height, due to Committee Considerations described in paragraph 2. above.

- g) The minimum first floor elevation of a house must be at least in accordance with the requirements for insurance against storms and as required by the City of Galveston and County of Galveston, and any other governmental entity having jurisdiction.
- h) Toilet facilities of all houses shall be installed inside each house, and shall be connected before use with a sewage disposal system approved by the City of Galveston and the Galveston County Health Department. No other sewage disposal system will be permitted in the Subdivision other than a central sewage system serving the Subdivision. No septic tank or privy shall be installed, erected or maintained on the premises. Nothing herein contained to the contrary of seemingly to the contrary shall prevent the installation and use of sanitary sewer facilities by a water district or other governmental authority in the Subdivision. Each lot owner will, at his or her expense, extend his residence connection line to an outside perimeter of the lot as designated by Developer or a utility district, as the case may be.
- i) All pilings must be sunk to a depth of at least ten (10') feet.
- j) Walls attached to structural or vertical pilings below the living area of the house must be of a break away nature and may not be permanently or structurally affixed to the pilings.
- k) All construction must be in compliance with all laws, ordinances, rules and regulations of all government and municipal agencies having jurisdiction over construction of improvements on lots.

6. Location of Improvements. No portion of a building, (except dune walkovers), including porch or roof overhang, stairs, and air conditioning units, shall be located closer to the front, side and rear lot lines than the building lines as shown on the Plat.

Air conditioning units, and all other unsightly structures, above ground propane tanks, facilities, or equipment must be screened from public view by planting or decorative fencing.

No fence shall be erected in the front building setback line and no rear yard fencing shall be higher than four (4) feet. No building or structure of any type, except for dune walkovers as specified in paragraph 7., shall be built, placed or permitted to remain on any portion of a lot designated as "Sand Dune Easement" as described in paragraph 7. below. Driveway access shall be prohibited where access limits are designated on the Plat.

7. Sand Dune Easement. Developer and each lot owner understand and agree that the protection and maintenance of sand dunes which front on the beach facing the Gulf of Mexico is an important means of retarding beach erosion and of reducing the destructive energy of storm surges. Lot owners will be responsible for compliance with any and all City of Galveston ordinances governing the location and design of improvements and/or the alteration or improvement of lots which contain dunes, beach swales or other environmentally significant features.

In order to ensure the continuance, protection and maintenance of the dunes, a Sand Dune Easement ("Sand Dune Easement") has been designated on the Plat, and the following additional restrictions, covenants, and conditions shall be and are hereby imposed against those portions of said lots located within said Sand Dune Easement, as covenants running with the land. These additional covenants, conditions, and restrictions shall affect only those portions of the lots within the Sand Dune Easement, and shall be in addition to, and not in substitution for, the remainder of the restrictions, covenants and conditions herein contained. Said additional restrictions, covenants and conditions are as follows:

- a) Prohibition Against Construction.
  - (i) Building or Structures No building or structure of any type, except for dune walkovers, may be built, placed, or permitted to remain within any portion of the Sand Dune Easement.
  - (ii) Dune Walkovers One elevated walkway, set on piers at a minimum spacing of not less than three (3) feet and with open decking not more than four (4) feet in width and at a height above dunes equal to its deck width is permitted for each lot. Such a "walkover" of approved design must extend from any portion of the lot outside the Sand Dune Easement over the dunes to beyond the toe of the

dune facing the beach and shall be aligned perpendicular to the rear or the beach front lot line. Placement of such a walkover within the Sand Dune Easement facing the beach is permitted. After construction of the walkover, the surrounding site must be restored and revegetated.

b) Prohibited Activities.

Any activity or construction which will result in the loss or disruption of sand, silt, shell, sediment, vegetation or any other geologic or biological component of the natural terrain within the Sand Dune Easement is prohibited, including, but not limited to the following:

- (i) Parking or operation of automobiles, trailers or other vehicles.
- (ii) Storage of any kind or walled enclosure of any building substructure.
- (iii) Grading, paving of any kind, or construction of any auxiliary structures.
- (iv) Grazing of any animal or the erection of any pen, enclosure, or attachment for keeping of any animals.
- (v) Mowing of vegetation.
- (vi) Horseback riding.
- (vii) Pedestrian activities that will alter the terrain and/or damage vegetation, including, but not limited to, the creation of foot paths.
- (viii) Use or placement of playground equipment, showers, barbecue pits or apparatus.

c) Site Improvements and Maintenance.

- (i) Landscaping No landscaping within the Sand Dune Easement is permitted which involves alteration of the existing terrain or removal of any native vegetation.
- (ii) Drainage and Maintenance The general maintenance and repair of dunes within each owner's lot shall be the responsibility of the lot owner, except that the City of Galveston shall have right, but not the obligation, to maintain and repair those portions of the dune area located within the Sand Dune Easement. Each lot owner shall restore and revegetate any breaches or alterations in the dunes within his lot which occur either as a result of building construction, site improvements, the owner's activities, or of natural drainage and erosion. Restoration of the terrain should be effected as soon as practical after an alteration or breach occurs. Revegetation, using a 50/50 mix of *Spartina patens* and *Panicum amarum* in the Sand Dune Easement, and 100% of *Panicum amarum* between the Sand Dune Easement and the beach front lot line shall be accomplished as soon as possible during the period between March 1st and September 30th of any calendar year. In dry seasons, after sprigging, restored areas should be thoroughly soaked with water at least twice at two week intervals.

8. Electrical Distribution System. An underground electric distribution system will be installed in the Subdivision, (which is designated as a Semi-Underground Residential Subdivision) which semi-underground service area embraces all of the Lots. The Owner of each Lot shall, at his own cost, furnish, install, own and maintain (all in accordance with the requirements of local governing authorities and the National Electrical Code) the underground service cable and appurtenances from the point of electric company's metering at the structure to the point of attachment at such company's installed transformers or energized secondary junction boxes, such point of attachment to be made available by the electric company at a point designated by the company at the property line of each Lot. The electric company furnishing service shall make the necessary connections at the point of attachment and at the meter.

Declarant has, either by designation on the Plat of the Subdivision or by separate instrument, granted necessary easements to the electric company providing for the installation, maintenance and operation of its electric distribution system and has also granted to the various homeowners reciprocal easements providing for access to the area occupied by and centered on the service wires of the various homeowners to permit installation, repair and maintenance of each homeowner's service wires. In addition, the Owner of each Lot shall at his own cost, furnish, install, own and maintain a

meter loop (in accordance with the then current standards and specifications of the electric company furnishing service) for the location and installation of the meter of such electric company for each dwelling unit involved. For so long as underground service is maintained in the Semi-Underground Residential Subdivision, the electric service to each dwelling unit therein shall be underground, uniform in character and exclusively of the type known as single phase, 120/240 volt, three wire, 60 cycle, alternating current. The electric company has installed the semi-underground electric distribution system at no cost to Declarant (except for certain conduits, where applicable, and except as hereinafter provided) upon Declarant's representation that the Semi-Underground Residential Subdivision is being developed for residential dwelling units, including homes, all of which are designed to be permanently for residential dwelling units, including homes, all of which are designed to be permanently located where originally constructed.

9. Easements. The Sand Dune Easement and easements for the installation and maintenance of utilities, drainage facilities, roads, streets and pedestrian access to the beach are granted and reserved as shown on the Plat. No utility company, water district or other authorized entity or political subdivision using the easements herein referred to shall be liable for any damage done by themselves, their successors, assigns, agents, employees, or servants, to shrubbery, trees or flowers or other property of the owner situated on the land covered by said easements. Developer reserves the right to grant (without the consent of any lot owner) such additional easements as may, in the opinion of Developer, be necessary to property serve the Subdivision's requirements.

10. Annoyances or Nuisances. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may become an annoyance or nuisance to the neighborhood or to a person of reasonable sensibilities.

11. Animals. Except as hereinafter provided, no animals, livestock, or poultry of any kind shall be kept, raised or bred on any lot in the Subdivision. Not more than two (2) dogs and/or cats may be kept on a lot, provided they are kept only for the use and pleasure of the owner and are not kept, bred or maintained for commercial purposes.

12. Drainage Structures. Drainage structures under private driveways shall be either of two types: (1) where the drainage ditch is of sufficient size to accommodate the culvert as described herein without causing the driveway to be elevated above the street level, drainage structures shall be buried underneath the private driveway, and shall have a net drainage opening area of sufficient size to permit the free flow of water without backwater, and shall be a minimum of 1-3/4 square feet (18-inch diameter pipe culvert); (2) where the drainage ditch is of insufficient size to accommodate the culvert above described, the drainage structure may be a dip in the private driveway that will allow the free flow of water over the driveway.

13. Condition of the Lot Surface. The cutting of grass and weeds, except in the Sand Dune Easement affecting beach front lots, and the collection of garbage, trash and rubbish shall be the responsibility of each lot owner, and may be handled by a third party or parties on an individual contract basis. The owner or occupant of each lot shall at all times maintain his or her lot in a sanitary, healthful and attractive manner. No owner or occupant of any lot shall in any event use his or her lot or any part thereof for the storage of materials or equipment except such materials and equipment as may be needed for normal, immediate residential building requirements, nor shall they permit the accumulation of garbage, trash, rubbish, or refuse of any kind thereon. IN the event of default on the part of the owner or occupant of any lot in observing any of the above requirements, or in the event any garbage, trash, rubbish or refuse is allowed to remain on the individual owner's premises for a longer period of time than one (1) week, with the exception that a maximum of thirty (30) days is granted to clear debris and repair damage due to hurricanes or other acts of God, Developer, (and the successors and assigns of Developer in a like capacity), without liability to such owner or occupant in trespass or otherwise, may enter upon such lot and cut or cause to be cut such weeds and grass and remove or cause to be removed such garbage, trash, rubbish or debris so as to place such lot in a neat, attractive, healthful and sanitary condition, in which case Developer shall bill the owner or occupant for such work. The owner or occupant, as the case may be, agrees by purchase or occupancy of any lot in the Subdivision, to pay such statement within fifteen (15) days of receipt thereof.

It is the responsibility of each owner to maintain the dunes located within his or her lot, to the extent possible to prevent any damage thereto, and to repair and restore any damage to or breaches of such dunes, all in accordance with applicable City and County of Galveston Laws.

14. Temporary Structures. No structure of a temporary character, including, but not limited to, trailers, tents, shacks, mobile homes, boats or motor vehicles of any type, shall ever be maintained or used on any lot at any time as a residence, either temporarily or permanently. No vehicles, boat trailers, boats, or boat riggings may be parked on those portions of lots within the Sand Dune Easement. Parking of automotive vehicles on road shoulders is prohibited.

15. Excavation or Filling. The excavation or the removal of any soil from any lot is prohibited except where

necessary in conjunction with landscaping or construction being done on such lot. No filling material which will have the effect of changing the grade level of any lot shall be placed on such lot without the prior approval in writing of the Committee, the City of Galveston, and any other governmental agencies having jurisdiction thereof, if any.

16. Signs and Billboards. No signs, advertisements, billboards or advertising structures of any kind may be erected or maintained on any lot without the prior consent in writing of the Committee. Developer of the Committee shall have the right to remove any such signs, advertisements, billboards or structures placed on any lot within the Subdivision without such consent, and in so doing shall not be liable for trespass or any damages in connection therewith or arising from such removal. Notwithstanding anything contained herein to the contrary, Developer reserves the right to construct and maintain such signs and advertising devices on the Property as in customary in connection with the general sale of property in the Subdivision.

17. Hunting. No hunting nor the discharge of firearms shall be permitted in, on, or from, any part of the Subdivision.

18. Treasures or Artifacts. Developer reserves a one-half (1/2) interest in all treasures and artifacts found on any lot within the Subdivision.

19. Maintenance Charge. Each lot within the Property, except as hereinafter provided, is hereby subject to a minimum annual maintenance charge of \$250.00 per year for the purpose of creating a fund to be known as a "Maintenance Fund". Said maintenance charge may be increased from time to time by the Committee in an annual amount not to exceed 10% of the maintenance charge for the previous year, up to a maximum charge of \$300.00 a lot per year, if in the sole discretion of the Committee, such action is required to satisfy funding requirements for those expenses enumerated in paragraph 20 below. After said maximum charge of \$300.00 per lot has been reached, thereafter the Committee shall have the right, in its sole discretion, to increase the annual maintenance charge by a percentage increase equal to the percentage increase in the Consumer Price Index - All Items, 1967 equals 100 (as defined by the U.S. Department of Labor, Bureau of Labor Statistics) for the year preceding the year for which the assessment is being made. Should the U.S. Department of Labor, Bureau of Statistics cease to publish the Consumer Price Index - All Items, 1967 equals 100, the Committee shall select such other indices which in its judgment reflect the then broad range of economic factors represented in the said Consumer Price Index - All Items, 1967 equals 100. Said maintenance charge shall be due and payable annually in advance on or before the first day of July of each year to the Committee at its offices in Galveston, Texas. The maintenance charge on any lot purchased after July 1st of any year (covering the period of time from the purchase thereof to June 30 of the ensuing year) shall be prorated in the proportion that the number of months remaining prior to July 1st of said ensuing year bears to a whole year. All maintenance charges referred to herein, together with any and all liens securing payment of the same, are hereby transferred, assigned and conveyed to the Committee. It is expressly agreed that all unsold lots owned by Developer and its successors and assigns, shall be excluded from such maintenance charge. The sole and only obligation of Developer in connection with the purposes for which said Maintenance Fund has been created is to keep the grass and weeds mowed on all unsold lots. Notwithstanding the foregoing, Developer may, at its sole option, assume and agree to pay other expenditures for the benefit of owners or occupants of lots in the Subdivision.

Notwithstanding anything contained herein to the contrary, in the event either the public and/or private roads and/or streets in SANDHILL SHORES SUBDIVISION (including, but not limited to, access roads) are damaged by hurricane, flood, storm or other act of nature, and the City or County of Galveston does not satisfactorily repair such roads, the annual maintenance charge may be increased annually during the next ensuing collection period or periods by an amount not to exceed one-half (1/2) of the then current annual maintenance charge in order to raise sufficient funds to pay the cost of restoring such roads or streets to their former condition and the funds collected by reason of such increase may be used to repair such damage and/or to reimburse Developer, its successors or assigns, for any expense, including interest, if any, which it may have incurred in connection with the repair of such damage. After the total cost of such repairs, including interest, if any, has been paid, the annual maintenance charge shall revert to such amount as may have been collected annually prior to such increase, subject to the right of the Committee, its successors or assigns, to increase the maintenance charge as herein provided.

20. Purpose of Maintenance Fund. All sums accruing to such Maintenance Fund shall be applied, so far as sufficient, towards the payment of maintenance expenses, of all sections of the Subdivision, including, but not limited to, the following: lighting, sidewalks and dunes and dune crossover walkways, if any, paths, public and/or private roads and/or streets (including, but not limited to, access roads), parks, playgrounds, lot owner facilities, esplanades, collecting and disposing of garbage, trash, and rubbish from common areas, and doing other things necessary or desirable in the opinion of the Committee to keep the Property neat and in good order, or which the Committee considers of a general benefit to the owners or occupants of lots in the Subdivision. IN this connection, it is understood that the judgment of the Committee in the expenditures of the Maintenance Fund shall be final so long as such judgment is exercised in good faith.



21. Maintenance Fund Lien. To secure the payment of the aforesaid maintenance charge, there is reserved in the deed or contract by which each lot is conveyed a vendor's lien for the benefit of the Committee, such reservation to be effective by a reference to this instrument contained in each such deed or contract, such lien to be enforceable by such beneficiary through the appropriate means at law, provided, however, that any lien securing the maintenance charge as to each lot is hereby specifically made secondary, subordinate and inferior to all liens, presently or in the future, given, granted and created at the instance or request of the owner of any such lot to secure the payment of monies advanced or to be advanced on account of the purchase price and/or the improvement of any such lot, and it is hereby further provided that as a condition precedent to any proceeding to enforce such lien upon any lot against which there is an outstanding valid and subsisting first mortgage lien, such beneficiary shall give the holder of such first mortgage lien sixty (60) days written notice of such proposed action, such notice to be sent to the nearest office of such mortgage holder by prepaid United States registered or certified mail, such notice to contain a statement of the delinquent maintenance charges upon which the proposed action is based. Upon the request of the owner of any such mortgage, said beneficiary shall acknowledge in writing to such owner its obligation to give the foregoing notice with respect to the particular property covered by such first mortgage lien. The purchaser of any lot in the Subdivision shall, at the request of Developer, its successors or assigns, execute and deliver (at the time the lot is conveyed to such purchaser) such instruments as Developer, its successors or assigns may require as additional security for payment of the maintenance charge.

22. Term of Maintenance Fund. The above described maintenance charge will remain in effect for the full term (and extended term or terms, if applicable) of the within restrictions, covenants, and conditions.

23. Use of Recreational Facilities. Lot owners in all sections of SANDHILL SHORES SUBDIVISION shall have the use of the combined recreational facilities within said subdivisions.

24. Terms and Enforcement. The restrictions, covenants, and conditions set forth in this instrument shall be deemed to run with all or any portion of the Property, and shall be a burden and benefit to Developer, its successors and assigns, and any grantees, successors, heirs, executors, administrators or assigns, and shall run with the land and shall be binding upon all parties and persons claiming under Developer until December 31, 2010, at which time these covenants shall be extended automatically for successive periods of ten (10) years each unless an instrument signed by the majority of the then owners of lots within the Property has been duly executed and acknowledged, changing said covenants, restrictions and conditions, in whole or in part, and filed for record in Galveston County, Texas. Enforcement of these restrictions, covenants, and conditions, including specifically but not limited to, the terms and provisions of paragraph 3. hereof, may be had by any proceedings at law or in equity against any person or persons so violating or attempting to violate any of the provisions hereof, including by means of actions to restrain or prevent such violation or attempted violation by injunction, prohibitive or mandatory. It shall not be a prerequisite to the granting of any such injunction that there be an inadequate remedy at law, or that there by any showing of irreparable harm or damage if such injunction is not granted. In addition, any person entitled to enforce the provisions hereof may recover such damages, either actual or punitive, as such person may show himself justly entitled by reason of such violation of the terms and provisions hereof. Such enforcement may be by the city of Galveston (by virtue of its ownership of the Sand Dune Easement within the Subdivision), by the owner of any lot within the Property, by Developer, or by any association of owners of lots in SANDHILL SHORES SUBDIVISION, as provided by law. Failure by any person or persons to enforce any restriction, covenant or condition herein contained, or acquiescence in any violation hereof, shall not be deemed the waiver of the right to enforce against the violator or others the provisions so violated or any other provision.

25. Property Owner's Association. Developer shall have the right, but not the duty, to create or cause to be created at any time within the duration of these restrictions a property owners' Association, to be incorporated as a Texas nonprofit corporation. IN the event a property owners' association is created, every person or entity who is a record owner of a lot within the Subdivision shall be a member of said corporation. Lot ownership shall be the sole qualification for membership, and membership shall be appurtenant to and may not be separated from lot ownership. Members shall be entitled to one (1) vote for each lot owned. If such property owners' association is formed, Developer shall have the right, but not the duty, and at its sole discretion, to transfer or sell the recreational facilities it owns, if any, and any or all reserves within the Subdivision, and to transfer its responsibilities under these restrictions, covenants, and conditions, including, but not limited to, the responsibility for collection and disbursement of the maintenance fund to the property owners' association, responsibility for enforcing the maintenance fund lien and the responsibilities for architectural control set out in paragraph 3. hereof.

26. Responsibility of Developer. It is expressly understood and agreed that Developer assumes no obligation, responsibility or liability in the execution of these reservations, restrictions, covenants and conditions, and further that any or all duties, responsibilities, maintenance charges, and/or rights contained, established or reserved herein may be assigned, transferred and conveyed to a civic club or similar organization at any time Developer is reasonably assured that said civic

013-91-0975

club or similar organization is able to function for the benefit of all owners of lots in the Subdivision.

27. Severability. Invalidation of any one of these covenants by judgment or other court order shall in no wise affect any of the other provisions, such other provisions to remain in full force and effect.

28. Amendments of These Restrictions, Covenants, and Conditions. Any part of all of these restrictions, covenants, and conditions (with the exception of restrictions, covenants and conditions set out in paragraph 7, above) may be amended, from time to time by an instrument duly executed and acknowledged and recorded in the office of the County Clerk of Galveston County, Texas, signed by the owners of a majority of the lots in the Subdivision, provided that only one vote shall be allowed for each lot in the Subdivision, regardless of whether more than one person owns a lot, and provided, further, that when one person or Developer owns more than one lot, he or she shall be entitled to one vote for each lot owned.

29. Headings. All sections and paragraph headings used herein are for convenience only and shall have no efficacy in construing any of the restrictions, covenants and/or conditions herein contained.

WITNESS the execution hereof this the 9<sup>th</sup> day of SEPTEMBER, 1999

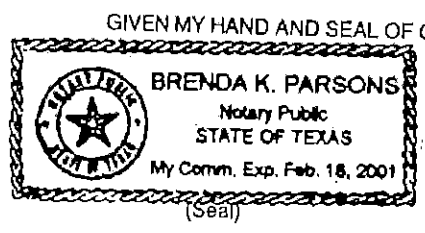
F. F. F. COMPANY

By: Dennis E. Verner  
Name: DENNIS E. VERNER  
Title: VICE-PRESIDENT

STATE OF TEXAS §  
  §  
COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on SEPTEMBER 9<sup>th</sup>, 1999 by DENNIS E. VERNER

Vice President of F.F.F. COMPANY a FLORIDA corporation  
on behalf of said corporation.



GIVEN MY HAND AND SEAL OF OFFICE this the 9<sup>th</sup> day of SEPTEMBER, 1999

Brenda K. Parsons  
Notary Public in and for the State of Texas

My commission expires: 2-16-2001

**FILED AND RECORDED**  
OFFICIAL PUBLIC RECORDS OF REAL PROPERTY

When Recorded Return To:  
F.F.F. Company  
P.O. Box 5317  
Galveston, Texas 77554  
**PAID**

Patricia Ritchie  
9-10-99 02:26 PM 9946819  
LONG\_D \$27.00  
Patricia Ritchie, County Clerk  
GALVESTON COUNTY, TEXAS

# SANDHILL SHORES SUBDIVISION

## FIRST AMENDMENT TO RESTRICTIONS, COVENANTS AND CONDITIONS

STATE OF TEXAS                   §  
  §  
COUNTY OF GALVESTON         §

WHEREAS, that certain Restrictions, Covenants and Conditions of Sandhill Shores Subdivision (Restrictions) dated September 9, 1999 was recorded in the Office of the County Clerk of Galveston County, Texas under Clerk's File No. 013-91-0966 – 013-91-0975 on September 10, 1999 at 2:26 p.m. and subjects real property known as Sandhill Shores Subdivision a subdivision in Galveston County Texas (the Subdivision) to the covenants, conditions, restrictions, easements charges and liens set forth in the Restrictions; and

WHEREAS, the undersigned Lot Owners constituting a majority of Lot Owners in the Subdivision have consented in writing to the amendment of the Restrictions as provided for in Paragraph 28;

NOW, THEREFORE, the undersigned Lot Owners hereby declare that the Restrictions, Covenants and Conditions of Sandhill Shores Subdivision are hereby amended as set forth herein by replacing Paragraph 1 of the Restrictions dated September 9, 1999 with the following:

1. Land Use and Building Type. The Property shall be used for residential purposes only, and only one (1) detached, single-family dwelling shall be erected on any one lot. No commercial activity shall be conducted on or from any of Said Lots, except that a lot owner may from time to time rent his or her home to another for residential or vacation rental purposes.

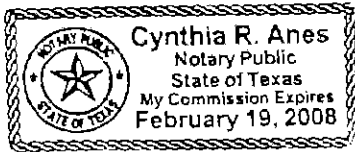
"Vacation rental purposes" is the renting of a home to another for a period of less than consecutive 14 days. The following regulations govern the rental of the home to another for vacation rental purposes:

- Minimum period of rental for each renter must be no less than seven days.
- Maximum period of rental for each renter must be no more that 14 days.
- Occupancy of the rental shall be limited to a maximum of two persons per bedroom during a rental period not to exceed ten persons.
- The renter will be allowed to entertain no more than four additional daytime visitors or guests.

- No renter shall have or allow more than five vehicles on the property. This violation will be nullified if any excess vehicles are removed from the property within 30 minutes of notification.
- Pets will not be allowed.
- The lot owner and/or his or her rental company will be required to evict the renters within three hours upon notification and verification of a rule violation.
- Renters will be required to sign an acknowledgement of these rules upon signing a renters' agreement.
- If a renter violates one of these rules, the lot owner must pay \$1,000 to the Sandhill Shores Property Owners Association.
- The lot owners will be required to use a rental company that knows the rules and agrees in writing to abide by them. This agreement shall be furnished to the Sandhill Shores Property Owners Association. The rental company will be required to have appropriate 24 hour security to enforce the rules. The 24 hour security and emergency rental phone numbers will be given to all residents so that they can report violations.

IN WITNESS WHEREOF, the undersigned have executed this FIRST AMENDMENT TO RESTRICTIONS, COVENANTS AND CONDITIONS this 14<sup>th</sup> day of March, 2007, on behalf of the Sandhill Shores Property Owners Association, Inc.

Sandhill Shores Property Owners Association, Inc.



By: *Joseph L. Edmunds*  
Joseph L. Edmunds, President

STATE OF TEXAS §  
 COUNTY OF Harris §

This instrument was acknowledged before me, on this 3-14 day of March, 2007 by Joseph L. Edmunds, President of the Sandhill Shores Property Owners Association, Inc., a Texas non-profit corporation, on behalf of said corporation.

*Cynthia R. Anes*  
 Notary Public, State of Texas

This FIRST AMENDMENT TO RESTRICTIONS, COVENANTS AND CONDITIONS shall be filed in the appropriate records of the Galveston County Clerk upon execution hereof by the requisite number (or more) of Lot Owners.



# SANDHILL SHORES SUBDIVISION

## SECOND AMENDMENT TO RESTRICTIONS, COVENANTS AND CONDITIONS

STATE OF TEXAS                   §  
  §  
COUNTY OF GALVESTON       §

WHEREAS, that certain Restrictions, Covenants and Conditions of Sandhill Shores Subdivision (Restrictions) dated September 9, 1999 was recorded in the Office of the County Clerk of Galveston County, Texas under Clerk's File No. 013-91-0966 - 013-91-0975 on September 10, 1999 at 2:26 p.m. and subjects real property known as Sandhill Shores Subdivision a subdivision in Galveston County Texas (the Subdivision) to the covenants, conditions, restrictions, easements charges and liens set forth in the Restrictions; and

WHEREAS, the undersigned Lot Owners constituting a majority of Lot Owners in the Subdivision have consented in writing to the amendment of the Restrictions as provided for in Paragraph 28;

NOW, THEREFORE, the undersigned Lot Owners hereby declare that the Restrictions, Covenants and Conditions of Sandhill Shores Subdivision are hereby amended as set forth herein by replacing Paragraph 6 of the Restrictions dated September 9, 1999 with the following:

- 6. Location of Improvements. No portion of a building, (except dune walkovers and plantings), including porch or roof overhang, stairs, and air conditioning units shall be located closer to the front, side and rear lot lines than the building lines as shown on the Plat. All side building lines are 10 feet.

Air conditioning units, and all other unsightly structures, above ground propane tanks, facilities, or equipment must be screened from public view by planting or decorative fencing.

No fence shall be erected in the front building setback line and no rear yard fencing shall be higher than four (4) feet. No building or structure of any type, except for dune walkovers as specified in paragraph 7, shall be built, placed or permitted to remain on any portion of a lot designated as "Sand Dune Easement" as described in paragraph 7, below. Driveway access shall be prohibited where access limits are designated on the Plat.

IN WITNESS WHEREOF, the undersigned have executed this SECOND AMENDMENT TO RESTRICTIONS, COVENANTS AND CONDITIONS this

21<sup>st</sup> day of May, 2007, on behalf of the Sandhill Shores  
Property Owners Association, Inc.

Sandhill Shores Property Owners  
Association, Inc.

By: *Paul White III*  
Paul White, President

STATE OF TEXAS

COUNTY OF Galveston

§  
§  
§

This instrument was acknowledged before me on this 21<sup>st</sup> day of  
May, 2007, by Paul White, President of the Sandhill  
Shores Property Owners Association, Inc., a Texas non-profit corporation, on behalf of  
said corporation.

*Emily A. Santos*  
Notary Public, State of Texas

This SECOND AMENDMENT TO RESTRICTIONS, COVENANTS AND  
CONDITIONS shall be filed in the appropriate records of the Galveston County Clerk  
upon execution hereof by the requisite number (or more) of Lot Owners.





# SANDHILL SHORES SUBDIVISION

## THIRD AMENDMENT TO RESTRICTIONS, COVENANTS AND CONDITIONS

STATE OF TEXAS

COUNTY OF GALVESTON

WHEREAS, that certain Restrictions, Covenants and Conditions of Sandhill Shores Subdivision (Restrictions) dated September 9, 1999 was recorded in the Office of the County Clerk of Galveston County, Texas under Clerk's File No. 013-91-0966--013-91-0975 on September 10, 1999 at 2:26 p.m. and subjects real property known as Sandhill Shores Subdivision a subdivision in Galveston County Texas (the Subdivision) to the covenants, conditions, restrictions, easement charges and liens set forth in the Restrictions; and

WHEREAS, the undersigned Lot Owners constituting a majority of Lot Owners in the Subdivision have consented in writing to the amendment of the Restrictions as provided for in Paragraph 28;

NOW, THEREFORE, the undersigned Lot Owners hereby declare that the Restrictions, Covenants and Conditions of Sandhill Shores Subdivision are hereby amended as set forth herein by adding the following Paragraph to the Restrictions dated September 9, 1999:

25A. Special Assessments of Property Owners' Association. Whereas, the Developer created the Sandhill Shores Property Owners Association, Inc.(the "Association"), the Board of Directors of the Association is hereby authorized and empowered, at any time and from time to time, to make special assessments of Members of the Association provided each such special assessment shall have first been authorized by majority vote of the votes represented at any annual meeting or special meeting of the Members of the Association called pursuant to notice as required by Article VIII of the By Laws of the Association, and provided each such notice of a special meeting shall specifically state that the matter of the proposed assessment is to be considered and acted upon at the meeting. Special assessments shall be apportioned among the Members in the same manner as the maintenance charge and the Board of Directors shall have the same powers and remedies to collect such special assessments as they have with regard to the maintenance charge, including the remedies provided for in Article XIII of the By Laws of the Association.

IN WITNESS WHEREOF, the undersigned have executed this THIRD AMENDMENT TO RESTRICTIONS, COVENANTS AND CONDITIONS this 29<sup>th</sup> day of May, 2007, on behalf of the Sandhill Shores Property Owners Association, Inc.

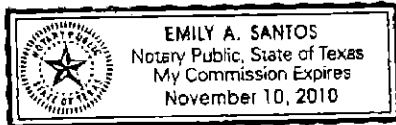
Sandhill Shores Property Owners Association, Inc.

By: Paul White III, President

STATE OF TEXAS

COUNTY OF Galveston

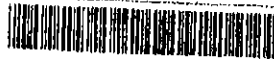
This instrument was acknowledged before me on this 29<sup>th</sup> day of May, 2007, by Paul White III, President of the Sandhill Shores Property Owners Association, Inc., a Texas non-profit corporation, on behalf of said corporation.



Emily A. Santos  
Notary Public, State of Texas

This THIRD AMENDMENT TO RESTRICTIONS, COVENANTS AND CONDITIONS shall be filed in the appropriate records of the Galveston County Clerk upon execution hereof by the requisite number (or more) of Lot Owners.





# SANDHILL SHORES SUBDIVISION

## FOURTH AMENDMENT TO RESTRICTIONS, COVENANTS AND CONDITIONS

STATE OF TEXAS

COUNTY OF GALVESTON

WHEREAS, that certain Restrictions, Covenants and Conditions of Sandhill Shores Subdivision (Restrictions) dated September 9, 1999 was recorded in the Office of the County Clerk of Galveston County, Texas at Clerk's File No. 013-91-0966 on September 10, 1999 and subjects real property known as Sandhill Shores Subdivision a subdivision in Galveston County Texas (the Subdivision) to the covenants, conditions, restrictions, easement charges and liens set forth the Restrictions; and

WHEREAS, the Restrictions have been amended three times, by documents recorded at Clerk's File Nos. 2007017812 (First Amendment), 2007033906 (Second Amendment), and 2007044379 (Third amendment); and

WHEREAS, the undersigned Lot Owners constituting a majority of Lot Owners in the Subdivision have consented in writing to the further amendment of the Restrictions as provided for in Paragraph 28 of the Restrictions;

NOW THEREFORE, the undersigned Lot Owners hereby declare that the Restrictions, Covenants and Conditions of Sandhill Shores Subdivision are hereby amended as set forth herein by amending Paragraph 25A of the Restrictions (as set forth in the Third Amendment) by replacing the words "Article VIII of the By Laws" with the words "Section A of the Bylaws" and by replacing the words "Article XIII of the By Laws" with the words "Section B of the Bylaws", and replacing the first paragraph of Paragraph 19 of the Restrictions, effective as of January 1, 2013, with the following:

"19. Maintenance Charge. Effective for the year 2013, each lot within the Property, except as hereinafter provided, is hereby subject to an annual maintenance charge of \$750.00 per year for the purpose of creating a fund to be known as a "Maintenance Fund". Said maintenance charge shall be due and payable to the Association annually in advance on or before the last day of January of each year. The maintenance charge on any lot purchased after January 1st of any year (covering the period of time from the purchase thereof to December 31st of said year) shall be prorated in the proportion that the number of months remaining prior to January 1st of said ensuing year bears to a whole year. Unpaid maintenance charges shall be subject to the same penalty and interest charge as unpaid assessments as provided for in Section B of the Bylaws of the Association."

Except as hereby amended, the Restrictions shall remain in full force and effect and without change.

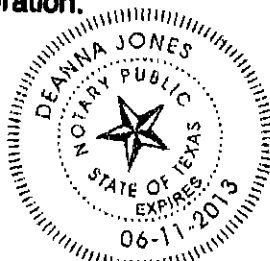
IN WITNESS WHEREOF, the undersigned, have executed this **FOURTH AMENDMENT TO RESTRICTIONS, COVENANTS AND CONDITIONS** this 6th day of August, 2012, on behalf of the Sandhill Shores Property Owners Association, Inc.

Sandhill Shores Property Owners Association, Inc.

By: Robert M. Dolgin  
Robert M. Dolgin, President

STATE OF Texas  
COUNTY OF Galveston

This instrument was acknowledged before me on this 6 day of August, 2012, by Robert M. Dolgin, President of the Sandhill Shores Property Owners Association, Inc., a Texas nonprofit corporation, on behalf of the corporation.



Deanna Jones  
Notary Public, State of Texas

This **FOURTH AMENDMENT TO RESTRICTIONS, COVENANTS AND CONDITIONS** shall be filed in the appropriate records of the Galveston County Clerk upon execution hereof by the requisite number (or more) of Lot Owners.



## Office of the Secretary of State

### CERTIFICATE OF INCORPORATION OF

SANDHILL SHORES PROPERTY OWNERS ASSOCIATION, INC.  
Filing Number: 800424942

The undersigned, as Secretary of State of Texas, hereby certifies that Articles of Incorporation for the above named corporation have been received in this office and have been found to conform to law.

Accordingly, the undersigned, as Secretary of State, and by virtue of the authority vested in the Secretary by law, hereby issues this Certificate of Incorporation.

Issuance of this Certificate of Incorporation does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 12/13/2004

Effective: 12/13/2004



A handwritten signature in black ink, appearing to read "G. Connor".

Geoffrey S. Connor  
Secretary of State

**ARTICLES OF INCORPORATION**

DEC 10 2004

**OF**

**Corporations Section**

**SANDHILL SHORES PROPERTY OWNERS ASSOCIATION, INC.**

**A NONPROFIT CORPORATION**

The undersigned natural person of legal age, a citizen of the United States of America and of the State of Texas, acting as incorporator of a corporation under the Texas Non-profit Corporation Act, does hereby adopt the following articles of incorporation for such corporation:

**ARTICLE I:**

The name of the corporation (hereinafter called the "Association") is **SANDHILL SHORES PROPERTY OWNERS ASSOCIATION, INC..**

**ARTICLE II:**

The association is a non-profit corporation.

**ARTICLE III:**

The period of its duration is perpetual.

**ARTICLE IV:**

The specific primary purposes for which the Association is formed are:

- (a) to assume and to exercise any and all such rights, duties, powers, and responsibilities of the Developer and Architectural Control Committee provided for in the "Restrictions, Covenants, and Conditions" (hereinafter called the "Covenants") for "Sandhill Shores Subdivision" recorded under Document No. GAC 9946819 and Microfilm Code No. 013-91-0966 in the Official Records of Real Property of Galveston County, Texas, as may be assigned to the Corporation by the said Developer and/or Architectural Control Committee;

(b) in connection with the said Covenants, to provide for the maintenance, architectural control, and regulation of the lots, structures, and improvements within the subdivision known as "Sandhill Shores" in Galveston, Galveston County, Texas, a plat or map of which is recorded at Book 18, Maps 860 - 861 of the Plat Records in the Office of the County Clerk of Galveston County, Texas;

(c) to provide for the construction and maintenance by the Association of recreational facilities and other structures or improvements within the said subdivision which may be necessary or desirable to keep the Subdivision in neat and good order or which may be of general benefit to the Subdivision or the owners or occupants of lots in the Subdivision; and

(d) to promote the health, safety, and welfare of the residents within the above-described subdivision and such additions thereto as may hereafter be brought within the jurisdiction of the Association for such purpose.

In furtherance of such purposes, the Association shall have power to:

(a) perform any and all of the duties and obligations of the Developer and Architectural Control Committee as set forth in the Declaration;

(b) affix, levy, and collect all charges and assessments pursuant to the terms of the Covenants, and enforce payment thereof by any lawful means; and pay all expenses in connection therewith;

(c) pay all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes, or governmental charges levied or imposed on the property of the Association;

(d) acquire (by gift, purchase, or otherwise), own, hold, improve, use, build upon, operate, maintain, convey, sell, lease, transfer, dedicate to public use, or otherwise dispose of real

and personal property in connection with the affairs of the Association, including recreational facilities and reserves, if any, owned by the Developer;

(e) borrow money and, subject to the consent by vote or written instrument of two-thirds of the members, to mortgage, pledge, convey by deed of trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(f) dedicate, sell, or transfer all or any part of the common areas to any municipality, public agency, authority, or utility, for such purposes and subject to such conditions as may be agreed upon by the members. No such dedication, sale, or transfer shall be effective unless approved by vote of two-thirds of the members of the Association;

(g) participate in mergers and consolidations with other nonprofit corporations organized for the same or similar purposes, or annex additional residential property and common areas, provided that any merger, consolidation, or annexation shall have been approved by vote of two-thirds of the members of the Association;

(h) have and exercise any and all powers, rights, and privileges that a corporation organized under the Texas Non-profit Corporation Act by law may now or hereafter have or exercise.

The Association is organized and shall be operated exclusively for the aforementioned purposes. The activities of the Association shall be financed by the maintenance charges as provided in the Covenants, and no part of any net earnings shall inure to the benefit of any member.

#### ARTICLE V:

The street address of the initial registered office of the Association is 2127 Broadway, Galveston, Texas 77550, and the name of its initial registered agent at such address is Robert E. Bastien.

**ARTICLE VI:**

The Association has members. Every person or entity who is a record owner of a lot within the Subdivision shall automatically be a member of the Association and, every person or entity who in future becomes the record owner of a lot which is subject to the Covenants shall become a member of the Association upon becoming an owner of such lot. Lot ownership shall be the sole qualification for membership. Membership shall be appurtenant to and may not be separated from lot ownership. Membership shall cease whenever any such person or entity ceases to be the record owner of a lot for any reason. All of the record owners of a lot shall be entitled to attend meetings of the members and to be heard upon all matters which come before the membership at such meetings. However, all of the record owners of a lot shall jointly be entitled to only one (1) vote upon any matter to be decided by a vote of the members of the Association. The By-Laws may provide for division of the vote to be cast on behalf of a lot into proportionate fractions.

**ARTICLE VII:**

Management of the affairs of the Association is to be vested in its board of directors. The number of directors constituting the initial board of directors of the Association is three (3), and the names and addresses of the persons who are to serve as the initial directors until the first annual meeting, or until their successors are elected and qualified, are:

Name: Paul G. White III  
Address: 21011 W. Sandhill Drive  
Galveston, Texas 77554

Name: Triston Mabry  
Address: 3606 Pecan Bluff  
Temple, Texas 76504

Name: Robert Nicholls  
Address: 2821 Amherst  
Houston, Texas 77005

**ARTICLE VIII:**

The Association shall make distributions at such time and in such manner as not to subject it to tax under Section 4942 of the Internal Revenue Code of 1986; the Association shall not engage in any act of self-dealing which would be subject to tax under Section 4941 of the Code; the Association shall not retain any excess business holdings which subject it to tax under Section 4943 of the Code; the Association shall not make any investments which would subject it to tax under Section 4944 of the Code; and the Association shall not make any taxable expenditures which would subject it to tax under Section 4945 of the Code.

**ARTICLE IX:**

No part of the net earnings of the Association shall inure to the benefit of, or be distributable to its members, directors, officers, or other private persons, except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its purposes.

**ARTICLE X:**

Upon dissolution of the Association, all assets of the Association remaining after payment of all the debts and other liabilities of the Association shall be distributed to an appropriate agency of the federal, state, or local government, to be used for public purposes similar to those for which the Association was created. In the event such proposed distributee refuses acceptance of any such assets, such assets shall be granted, conveyed, and assigned to any nonprofit corporation, association, trust, or other organization organized and operated for purposes similar to those for which this Association is created and which is exempt from federal taxation within the meaning of Section



501(c)(3) of the Internal Revenue Code or the corresponding section of any future federal tax code. Any assets not so disposed of shall be disposed of by a court of competent jurisdiction of Galveston County, Texas, exclusively for one or more exempt purposes under said Section (or corresponding future section) or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such exempt purposes.

ARTICLE XI:

The name and address of the incorporator is:

Name: Dennis E. Verner  
Address: P.O. Box 5317  
Galveston, Texas 77554

ARTICLE XII:

This document will become effective when it is filed by the Secretary of State.

Executed at Galveston, Texas on November 7, 2004.

Dennis E. Verner  
Dennis E. Verner, Incorporator

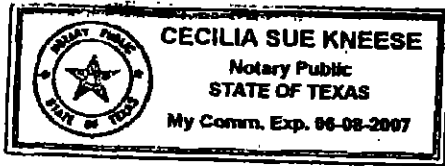
THE STATE OF TEXAS

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COUNTY OF GALVESTON

I, Quilia Sue Hines, a notary public, do hereby certify that on this 7<sup>th</sup> day of November, 2004, personally appeared before me, Dennis E. Verner, who being by me duly sworn, declared that he is the person who signed the foregoing document as incorporator, and that the statements therein contained are true.

In witness whereof, I have hereunto set my hand and seal the day and year above written.



*Cecilia Sue Kneese*  
\_\_\_\_\_  
Notary Public, State of Texas

**ARTICLES OF INCORPORATION**

DEC 10 2004

**OF**

**Corporations Section**

**SANDHILL SHORES PROPERTY OWNERS ASSOCIATION, INC.**

**A NONPROFIT CORPORATION**

The undersigned natural person of legal age, a citizen of the United States of America and of the State of Texas, acting as incorporator of a corporation under the Texas Non-profit Corporation Act, does hereby adopt the following articles of incorporation for such corporation:

**ARTICLE I:**

The name of the corporation (hereinafter called the "Association") is **SANDHILL SHORES PROPERTY OWNERS ASSOCIATION, INC.**

**ARTICLE II:**

The association is a non-profit corporation.

**ARTICLE III:**

The period of its duration is perpetual.

**ARTICLE IV:**

The specific primary purposes for which the Association is formed are:

- (a) to assume and to exercise any and all such rights, duties, powers, and responsibilities of the Developer and Architectural Control Committee provided for in the "Restrictions, Covenants, and Conditions" (hereinafter called the "Covenants") for "Sandhill Shores Subdivision" recorded under Document No. GAC 9946819 and Microfilm Code No. 013-91-0966 in the Official Records of Real Property of Galveston County, Texas, as may be assigned to the Corporation by the said Developer and/or Architectural Control Committee;

(b) in connection with the said Covenants, to provide for the maintenance, architectural control, and regulation of the lots, structures, and improvements within the subdivision known as "Sandhill Shores" in Galveston, Galveston County, Texas, a plat or map of which is recorded at Book 18, Maps 860 - 861 of the Plat Records in the Office of the County Clerk of Galveston County, Texas;

(c) to provide for the construction and maintenance by the Association of recreational facilities and other structures or improvements within the said subdivision which may be necessary or desirable to keep the Subdivision in neat and good order or which may be of general benefit to the Subdivision or the owners or occupants of lots in the Subdivision; and

(d) to promote the health, safety, and welfare of the residents within the above-described subdivision and such additions thereto as may hereafter be brought within the jurisdiction of the Association for such purpose.

In furtherance of such purposes, the Association shall have power to:

(a) perform any and all of the duties and obligations of the Developer and Architectural Control Committee as set forth in the Declaration;

(b) affix, levy, and collect all charges and assessments pursuant to the terms of the Covenants, and enforce payment thereof by any lawful means; and pay all expenses in connection therewith;

(c) pay all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes, or governmental charges levied or imposed on the property of the Association;

(d) acquire (by gift, purchase, or otherwise), own, hold, improve, use, build upon, operate, maintain, convey, sell, lease, transfer, dedicate to public use, or otherwise dispose of real

and personal property in connection with the affairs of the Association, including recreational facilities and reserves, if any, owned by the Developer;

(e) borrow money and, subject to the consent by vote or written instrument of two-thirds of the members, to mortgage, pledge, convey by deed of trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(f) dedicate, sell, or transfer all or any part of the common areas to any municipality, public agency, authority, or utility, for such purposes and subject to such conditions as may be agreed upon by the members. No such dedication, sale, or transfer shall be effective unless approved by vote of two-thirds of the members of the Association;

(g) participate in mergers and consolidations with other nonprofit corporations organized for the same or similar purposes, or annex additional residential property and common areas, provided that any merger, consolidation, or annexation shall have been approved by vote of two-thirds of the members of the Association;

(h) have and exercise any and all powers, rights, and privileges that a corporation organized under the Texas Non-profit Corporation Act by law may now or hereafter have or exercise.

The Association is organized and shall be operated exclusively for the aforementioned purposes. The activities of the Association shall be financed by the maintenance charges as provided in the Covenants, and no part of any net earnings shall inure to the benefit of any member.

#### ARTICLE V:

The street address of the initial registered office of the Association is 2127 Broadway, Galveston, Texas 77550, and the name of its initial registered agent at such address is Robert E. Bastien.

ARTICLE VI:

The Association has members. Every person or entity who is a record owner of a lot within the Subdivision shall automatically be a member of the Association and, every person or entity who in future becomes the record owner of a lot which is subject to the Covenants shall become a member of the Association upon becoming an owner of such lot. Lot ownership shall be the sole qualification for membership. Membership shall be appurtenant to and may not be separated from lot ownership. Membership shall cease whenever any such person or entity ceases to be the record owner of a lot for any reason. All of the record owners of a lot shall be entitled to attend meetings of the members and to be heard upon all matters which come before the membership at such meetings. However, all of the record owners of a lot shall jointly be entitled to only one (1) vote upon any matter to be decided by a vote of the members of the Association. The By-Laws may provide for division of the vote to be cast on behalf of a lot into proportionate fractions.

ARTICLE VII:

Management of the affairs of the Association is to be vested in its board of directors. The number of directors constituting the initial board of directors of the Association is three (3), and the names and addresses of the persons who are to serve as the initial directors until the first annual meeting, or until their successors are elected and qualified, are:

Name: Paul G. White III  
Address: 21011 W. Sandhill Drive  
Galveston, Texas 77554

Name: Triston Mabry  
Address: 3606 Pecan Bluff  
Temple, Texas 76504

Name: Robert Nicholls  
Address: 2821 Amherst  
Houston, Texas 77005

**ARTICLE VIII:**

The Association shall make distributions at such time and in such manner as not to subject it to tax under Section 4942 of the Internal Revenue Code of 1986; the Association shall not engage in any act of self-dealing which would be subject to tax under Section 4941 of the Code; the Association shall not retain any excess business holdings which subject it to tax under Section 4943 of the Code; the Association shall not make any investments which would subject it to tax under Section 4944 of the Code; and the Association shall not make any taxable expenditures which would subject it to tax under Section 4945 of the Code.

**ARTICLE IX:**

No part of the net earnings of the Association shall inure to the benefit of, or be distributable to its members, directors, officers, or other private persons, except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its purposes.

**ARTICLE X:**

Upon dissolution of the Association, all assets of the Association remaining after payment of all the debts and other liabilities of the Association shall be distributed to an appropriate agency of the federal, state, or local government, to be used for public purposes similar to those for which the Association was created. In the event such proposed distributee refuses acceptance of any such assets, such assets shall be granted, conveyed, and assigned to any nonprofit corporation, association, trust, or other organization organized and operated for purposes similar to those for which this Association is created and which is exempt from federal taxation within the meaning of Section

501(c)(3) of the Internal Revenue Code or the corresponding section of any future federal tax code. Any assets not so disposed of shall be disposed of by a court of competent jurisdiction of Galveston County, Texas, exclusively for one or more exempt purposes under said Section (or corresponding future section) or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such exempt purposes.

ARTICLE XI:

The name and address of the incorporator is:

Name: Dennis E. Verner  
Address: P.O. Box 5317  
Galveston, Texas 77554

ARTICLE XII:

This document will become effective when it is filed by the Secretary of State.

Executed at Galveston, Texas on November 7, 2004.

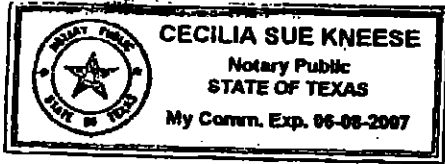
  
\_\_\_\_\_  
Dennis E. Verner, Incorporator

THE STATE OF TEXAS           §  
  §  
COUNTY OF GALVESTON       §

L. Cecilia Sue Lyness, a notary public, do hereby certify that on this 7<sup>th</sup> day of November, 2004, personally appeared before me, Dennis E. Verner, who being by me duly sworn, declared that he is the person who signed the foregoing document as incorporator, and that the statements therein contained are true.



In witness whereof, I have hereunto set my hand and seal the day and year above written.



*Cecilia Sue Kneese*  
Notary Public, State of Texas



**BYLAWS**  
**OF**  
**SANDHILL SHORES PROPERTY OWNERS ASSOCIATION, INC.**

**Basic Information**

- Name:** Sandhill Shores Property Owners Association, Inc. (the "Association"), established by the certificate of formation filed with the secretary of state of Texas on December 10, 2004, under file number 800424942.
- Principal Office:** Physical: 20911 West Sandhill Drive, Galveston, TX 77554. Mail: P.O. Box 5336, Galveston, Texas 77554. The Association may have other offices.
- Declaration:** The Declaration of Restrictions, Covenants and Conditions of Sandhill Shores, a Subdivision in Galveston County, Texas, recorded in the real property records of Galveston County, Texas under Film Code No. 013-91-0966, is incorporated by reference as if fully set forth herein.
- Definitions:** Capitalized terms used but not defined herein have the meaning set forth in the Declaration.
- Voting Members:** All Members are entitled to vote in person or by proxy.

**A. Members**

1. *Membership.* Every Owner is a Member of the Association. Membership is appurtenant to and may not be separated from ownership of a Lot. When more than one person is an Owner, each is a Member, but only one vote may be cast for a Lot.
2. *Place of Meeting.* Members meetings will be held at the Association's principal office or at another place designated by the Board.
3. *Annual Meetings.* The first Members meeting will be held within 12 months after the formation of the Association. Subsequent regular annual Members meetings will be held on a date in May of each year, to be selected by the Board.
4. *Special Meetings.* The president may call special meetings. The president must call a special meeting if directed by the Board or by a petition signed by ten percent of the Voting Members.
5. *Notice of Meetings.* Written notice stating the place, day, and hour of each Members meeting, other than a reconvened meeting, must be given to each Member not less than ten nor more than sixty days before the meeting. The special Members meeting notices must also state the meeting's purpose, and no business may be conducted except as stated in the notice. Notice to a Member is deemed given when hand delivered or mailed. If mailed, notice is

deemed given (whether actually received or not) when deposited with the United States Postal Service, postage prepaid. The Board may also notify the Members of a Member meeting by delivery of the notice by facsimile to a facsimile number or by electronic message to an electronic message address provided by the person, or to which the person consents, for the purpose of receiving notice. When more than one person owns a lot, a notice by electronic message to any one owner of the lot constitutes notice to all owners of the lot. The notification by facsimile or by electronic message is subject to the same requirements as the notification by mail.

6. *Waiver of Notice.* A Member may, in writing, waive notice of a meeting. Attendance at a meeting is a waiver of notice of the meeting, unless the Member objects to lack of notice when the meeting is called to order.

7. *Quorum.* There must be six member votes present in person or by proxy to constitute a quorum.

8. *Majority Vote.* Votes representing more than 50 percent of the Members present at a meeting at which a quorum is present are a majority vote.

9. *Proxies, Absentee Ballots, and Electronic Voting.* Members may vote by written proxy, electronic proxy, absentee ballot or electronic ballot under procedures established by the Board in accordance with Texas Property Code (TPC) Section 209.00593. The Board shall adopt procedures to insure that a Member may only execute an electronic proxy for the amount of votes that Member is entitled to, and to provide verification of the identity of the Member executing the electronic proxy. Members executing an electronic proxy must receive confirmation of transmission and receipt by the party acting as the proxy.

10. *Conduct of Meetings.* The president will preside over Members meetings. The secretary will keep minutes of the meetings and will record in a minutes book the votes of the members.

11. *Action without Meeting.* Any action that may be taken at a Members meeting may be taken without a meeting by written consent setting forth the action taken signed by a sufficient number of Members as would be necessary to take that action at a meeting.

12. *Vote allotment.* Members will be entitled to one vote per lot that the member owns. Members will not be entitled to fractional votes in the event that the Member has a fractional interest in a lot.

## **B. Board**

1. *Governing Body; Composition.* The affairs of the Association are governed by the Board. Each director has one vote. The initial Board is composed of the directors appointed in the certificate of formation. Each director must be a Member or, in the case of an entity Member, a person designated in writing to the secretary.

2. *Number of Directors.* The Board consists of not less than three nor more than five directors. Within those limits, the Board may change the number of directors. No decrease may shorten the term of a director.

3. *Term of Office.* The initial directors serve until the first annual meeting of Members. The terms of directors will be staggered. At least one-third of the Board will be elected each year. The initial Board will determine the initial term, not to exceed one year, of each director. At the expiration of the initial term of a director, each successor will have a term of two years. Directors may serve consecutive terms.

4. *Election.* At the first annual meeting of Members, the Members will elect directors to succeed the initial directors. At subsequent annual Members meetings, successors for each director whose term is expiring must be elected. Cumulative voting is prohibited. The candidate or candidates receiving the most votes will be elected. The directors elected by the Members will hold office until their respective successors have been elected.

5. *Removal of Directors and Vacancies*

- a. *Removal for cause.* If the Board is presented with written, documented evidence from a database or other record maintained by a governmental law enforcement authority that a Member has been convicted of a felony or crime involving moral turpitude, the Member is immediately ineligible to serve on the Board, automatically considered removed from the Board, and prohibited from future service on the Board.
- b. *Vacancies.* A director's position becomes vacant if the director dies, becomes incapacitated, resigns, or is no longer a Member.
- c. *Successors.* If a director is removed or a vacancy exists, a successor will be elected by the remaining directors for the remainder of the term.

6. *Compensation.* Directors will not receive compensation. A director may be reimbursed for expenses approved by the Board.

7. *Powers.* The Board has all powers necessary to administer the Association's affairs.

8. *Management.* The Board may employ a managing agent.

9. *Accounts and Reports.* Accounting and controls must conform to good accounting practices. Accounts will not be commingled with accounts of other persons. The following financial reports will be prepared at least annually:

- a. An income statement reflecting all income and expense activity for the

preceding period.

- b. A statement reflecting all cash receipts and disbursements for the preceding period.
- c. A variance report reflecting the status of all accounts in an "actual" versus "approved" budget format.
- d. A balance sheet as of the last day of the preceding period.
- e. A delinquency report listing all Owners who are delinquent by more than thirty days in paying any Assessment and describing the status of any action to collect those delinquent Assessments.

10. *Borrowing.* The Board may borrow money to maintain, repair, or restore the Common Area without the approval of the Members. If approved in advance by the Members in the same manner as approving a Special Assessment, the Board may borrow money for any other purpose.

11. *Rights of Association.* With respect to the Common Area, and in accordance with the Declaration, the Association will have the right to contract with any person for the performance of various duties and functions. Such agreements require the approval of the Board.

12. *Enforcement Procedures*

- a. *Notice.* Before the Board may (i) suspend an Owner's right to use a Common Area, (ii) file a suit against an Owner other than a suit to collect any Assessment, (iii) foreclose the Association's lien, (iv) charge an Owner for property damage, or (v) levy a fine for a violation of the Governing Documents, the Association or its agent must give written notice to the Owner by certified mail, return receipt requested. The notice must describe the violation or property damage that is the basis for the suspension action, charge, or fine and state any amount due the Association from the Owner. The notice also must inform the Owner that the Owner (i) is entitled to a reasonable period to cure the violation and avoid the fine or suspension unless the Owner was given notice and a reasonable opportunity to cure a similar violation within the preceding six months and (ii) may request a hearing on or before the thirtieth day after the date the Owner receives the notice.
- b. *Hearing.* If the Owner is entitled to an opportunity to cure the violation, the Owner has the right to submit a written request for a hearing to discuss and verify facts and resolve the matter in issue before a committee appointed by the Board or before the Board if the Board does not appoint a committee. If a hearing is to be held before a committee, the notice must state that the Owner has the right to appeal the committee's decision to the

Board by written notice to the Board.

The Association must hold a hearing under this section not later than the thirtieth day after the date the Board receives the Owner's request for a hearing and must notify the Owner of the date, time, and place of the hearing not later than the tenth day before the date of the hearing. The Board or the Owner may request a postponement, and, if requested, a postponement will be granted for a period of not more than ten days. Additional postponements may be granted by agreement of the parties. The Owner or the Association may make an audio recording of the meeting.

The hearing will be held in executive session affording the alleged violator a reasonable opportunity to be heard. Before any sanction hereunder becomes effective, proof of proper notice will be placed in the minutes of the meeting. Such proof will be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered the notice. The notice requirement will be satisfied if the alleged violator appears at the meeting. The minutes of the meeting will contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board may, but will not be obligated to, suspend any proposed sanction if the violation is cured within a thirty day period. Such suspension will not constitute a waiver of the right to sanction violations of the same or other provisions and rules by any person.

- c. *Appeal.* Following hearing before a committee, if any, the violator will have the right to appeal the decision to the Board. To perfect this right, a written notice of appeal must be received by the managing agent, if any, president, or secretary within five days after the hearing date.
- d. *Changes in Law.* The Board may change the enforcement procedures set out in this section to comply with changes in law.

13. *Unpaid Assessments.* If an assessment provided for in the Declaration applicable to an owners lot is unpaid 30 days after notice of the assessment Member shall be obligated to pay a one-time penalty of 10% on the outstanding debt unless the Member applies for a payment plan with the Association during such 30 day period. Assessment balances that are more than one year past due determined from the original due date will accrue interest at the rate of six percent per year.

### C. Board Meetings

1. *Regular Meetings.* Regular meetings of the Board will be held at such time and place as determined by the Board, but at least one such meeting will be held during each fiscal year. Notice of the time and place of the meeting will be given to directors not less than five

business days before the meeting.

2. *Special Meetings.* Special meetings will be held when called by written notice signed by the president or by any two directors. The notice will specify the time and place of the meeting and the matters to be covered at the meeting and will be given to directors not less than seven days before the meeting.

3. *Waiver of Notice.* The actions of the Board at any meeting are valid if (a) a quorum is present and (b) either proper notice of the meeting was given to each director or a written waiver of notice is given by any director who did not receive proper notice of the meeting. Proper notice of a meeting will be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of proper notice.

4. *Quorum of Board.* At all meetings, a majority of the Board will constitute a quorum, and the votes of a majority of the directors present at a meeting at which a quorum is present constitutes the decision of the Board. If the Board cannot act because a quorum is not present, a majority of the directors who are present may adjourn the meeting to a date not less than one nor more than ten days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business that may have been transacted at the meeting originally called may be transacted without further notice.

5. *Conduct of Meetings.* The president will preside at Board meetings. The secretary will keep minutes of the meetings and will record in a minute book the votes of the directors.

6. *Proxies.* Directors may vote by written proxy.

7. *Open Board Meetings.* All Board meetings are open to the Members, subject to the right of the Board to adjourn a Board meeting and reconvene in closed executive session to consider actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with the Association's attorney, matters involving the invasion of privacy of Members, or matters that are to remain confidential by request of the affected parties and agreement of the Board.

8. *Notice to Members.* Members shall be given notice of the date, time and place of all Board meetings. The notice must include the general subjects to be discussed at the Board meeting and must include a general description of any matters that will be brought up in executive session. Notice to the membership can be provided by (a) mail not later than ten nor more than sixty days before the meeting, by (b) posting a conspicuous notice on the Association's common property at least 72 hours before the meeting, or by (c) posting the notice on the Association's website and emailing Members who have provided an email address at least 72 hours before the meeting. If a Board meeting is recessed and continued on the next business day, no new notice is required.

9. *Action without Notice to Members.* The Board may meet by any method of communication, including electronic and telephonic, 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 Action. Any action taken without notice must be summarized orally, including an explanation of any expenditures approved at the meeting, and documented in the minutes of the next regular or special meeting of the Board. The Board may not, without prior notice to Owners, consider or vote on (a) fines, (b) damage assessments, (c) initiation of foreclosure actions, (d) initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety, (e) increases in assessments, (f) levying of special assessments, (g) appeals from a denial of architectural control approval, or (h) a suspension of a right of a Owner before the Owner has an opportunity to attend a Board meeting to present the Owner's position, including any defense, on the issue.

#### **D. Officers**

1. *Officers.* The officers of the Association are a president, secretary, and treasurer, to be elected from the Members. The Board may appoint vice presidents or other officers having the authority and duties prescribed by the Board. Any two or more offices may be held by the same person, except the offices of president and secretary.

2. *Election, Term of Office, and Vacancies.* Officers will be elected annually by the Board at the first meeting of the Board following each annual meeting of the Members. A vacancy in any office may be filled by the Board for the unexpired portion of the term.

3. *Removal.* The Board may remove any officer whenever, in the Board's judgment, the interests of the Association will be served thereby.

4. *Powers and Duties.* Officers have such powers and duties as are generally associated with their respective offices and as may be specifically conferred by the Board. The president is the chief executive officer of the Association. The treasurer has primary responsibility for the preparation of the budget and financial reports and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

5. *Delegation of Authority.* In the case of any absence of any officer of the Association or for any other reason that the directors may deem sufficient, the directors may delegate some or all of the powers or duties of such officer to any other officer, or to any director, employee, or agent for whatever period of time seems desirable.

6. *Resignation.* Any officer may resign at any time by giving written notice to the Board, the president, or the secretary. Resignation takes effect on the date of the receipt of the notice or at any later time specified in the notice.

#### **E. Committees**

The Board may establish committees by resolution and authorize the committees to



perform the duties described in the resolution.

#### **F. Miscellaneous**

1. *Fiscal Year.* The Board may establish the Association's fiscal year by resolution. In the absence of a Board resolution determining otherwise, the Association's fiscal year is a calendar year.

2. *Rules for Meeting.* The Board may adopt rules for the conduct of meetings of Members, Board, and committees.

3. *Conflict.* The Declaration controls over these Bylaws.

4. *Books and Records.*

a. *Inspection by Member.* After a written request to the Association, a Member may examine and copy, in person or by agent, any Association books and records relevant to that purpose. The Board shall establish a policy concerning the (i) written request; (ii) hours, days of the week, and place; and (iii) payment of costs related to a Member's inspection and copying of books and records. The policy shall comply with the requirements of Section 209.005, TPC.

b. *Inspection by Director.* A director has the right, at any reasonable time, and at the Association's expense, to (i) examine and copy the Association's books and records at the Association's Principal Office and (ii) inspect the Association's properties.

c. *Records Retention.* The Board shall adopt a records retention policy in accordance with section 209.005, TPC.

5. *Notices.* Any notice required or permitted by the Governing Documents must be in writing. Notices regarding enforcement actions must be given by certified mail, return receipt requested. All other notices may be given by regular mail, by facsimile or by electronic transmission at the registered electronic address with the Association. Notice given by regular mail is deemed delivered (whether actually received or not) when properly deposited with the United States Postal Service, addressed to (a) a Member at the Member's last known address according to the Association's records; and (b) the Association, the Board, or a managing agent at the Association's Principal Office or another address designated in a notice to the Members. Unless otherwise required by law or the Governing Documents, actual notice, however delivered, is sufficient.

6. *Payments.* All payments received by the Association will be applied in the order specified by Section 209.0063, TPC. The Board shall adopt a payment plan for delinquent assessments and shall record the plan in the Galveston County real property records in accordance with Section 209.0062, TPC.

7. *Recording and Posting of Instruments.* All dedicatory instruments pertaining to the Association shall be recorded in the official real property records of Galveston County, Texas and posted on any website maintained by or on behalf of the Association in accordance with Section 207.006, TPC.

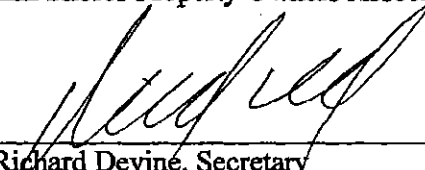
8. *Amendment.* These Bylaws may be amended at any time by the vote of a majority of the Board.

9. *Restrictive Covenant.* The Declaration of Restrictions, Covenants and Conditions for Sandhill Shores, a Subdivision in Galveston County, Texas as filed under Film Code No. 013-91-0966 in the Official Records of Real Property of Galveston County, Texas, as it may be from time to time amended, is hereby incorporated herein by reference, the same as if such document, as amended, were set out in full herein.

I hereby certify that I am the duly elected, qualified and acting Secretary of the Association and that the foregoing Bylaws of the Association was approved by the Board of Directors as set forth above and now appears in the books and records of the Association, to be effective upon recording in the Official Records of Real Property of Galveston County, Texas.

TO CERTIFY which witness my hand this 2 day of FEB, 2012.

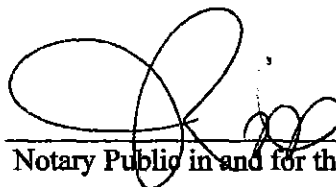
Sandhill Shores Property Owners Association, Inc.

By:   
Richard Devine, Secretary

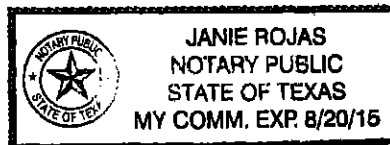
THE STATE OF TEXAS

COUNTY OF GALVESTON

BEFORE ME, the undersigned notary public, on this 2 day of February, 2012 personally appeared Richard Devine, Secretary of the Sandhill Shores Property Owners Association, Inc., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and in the capacity therein expressed.

  
Notary Public in and for the State of Texas

AFTER RECORDING PLEASE RETURN TO:  
Chris Cahill  
PO Box 1943  
Galveston, TX 77553-1943



**FILED AND RECORDED**



OFFICIAL PUBLIC RECORDS

*Dwight D. Sullivan* 2012006443

February 08, 2012 03:49:46 PM

FEE: \$48.00

Dwight D. Sullivan, County Clerk  
Galveston County, TEXAS



**RECORD RETENTION POLICY FOR  
SANDHILL SHORES PROPERTY OWNERS ASSOCIATION, INC.**

- Name:** Sandhill Shores Property Owners Association, Inc. (the "Association"), established by the certificate of formation filed with the secretary of state of Texas on December 10, 2004, under file number 800424942.
- Principal Office:** Physical: 20911 West Sandhill Drive. Galveston, TX 77554. Mail: P.O. Box 5336, Galveston, Texas 77554. The Association may have other offices.
- Declaration:** The Declaration of Restrictions, Covenants and Conditions of Sandhill Shores, a Subdivision in Galveston County, Texas, recorded in the real property records of Galveston County, Texas under Film Code No. 013-91-0966.
- Definitions:** Capitalized terms used but not defined herein have the meaning set forth in the Declaration.
- Voting Members:** All Members are entitled to vote in person or by proxy.

**A. Record Retention Time**

1. Certificates of formation, bylaws, restrictive covenants, and all amendments to the certificates of formation, bylaws, and covenants shall be retained permanently.
2. Financial books and records shall be retained for seven years.
3. Account records of current owners shall be retained for five years.
4. Contracts with a term of one year or more shall be retained for four years after the expiration of the contract term.
5. Minutes of meetings of the owners and the board shall be retained for seven years.
6. Tax returns and audit records shall be retained for seven years.

**B. Records Request Procedures**

1. The Association will only release information contained in its books and records to an owner or a person designated in a writing signed by the owner as the owner's agent, attorney, or certified public accountant.
2. An owner or the owners authorized representative as defined in subsection 1 of this section must submit a written request for access or information by certified mail with sufficient detail describing the Association's books and records requested, to the mailing address of the association or authorized representative as reflected on the most current management certificate filed with the county clerk.

The request must contain an election either to inspect the books and records before obtaining copies or to have the property owner's association forward copies of the requested books and records and:

- i. If an inspection is requested, the association, on or before the 10<sup>th</sup> business day after the date the association receives the request, shall send written notice of dates during normal business hours that the owner may inspect the requested books and records to the extent those books and records are in the possession, custody, or control of the association; or
  - ii. If copies of identified books and records are requested, the association shall, to the extent those books and records are in the possession, custody, or control of the association, produce the requested books and records for the requesting party on or before the 10<sup>th</sup> business day after the date the association receives the request, except as otherwise provided by this section.
3. If the association is unable to produce the books or records requested under subsection 2 of this section on or before the 10<sup>th</sup> business day after the association receives the request, the association must provide the requestor with written notice that:
  - i. Informs the requestor that the association is unable to produce the information on or before the 10<sup>th</sup> business day after the date the association received the request; and
  - ii. States a date by which the information will be sent or made available for inspection to the requesting party that is not later than the 15<sup>th</sup> business day after the date notice under this subsection is given.
4. If an inspection is requested or required, the inspection shall take place at a mutually agreed on time during normal business hours, and the requesting party shall identify the books and records for the property owners association to copy and forward to the requesting party.
5. The association reserves the right to produce requested books and records in any reasonable manner included but not limited to paper copies or electronic copies.

### **C. Requests That Will Not Be Granted**

1. Except as provided herein the association will not release or allow inspection of any books or records that identify the dedicatory instrument violation history of an individual owner of the association, an owner's personal financial information, including records of payment or nonpayment of amounts due the association, an owner's contact information other than the owner's address, or information related to an employee of the association, including personnel files. **Information may**

**be released in an aggregate or summary manner that will not identify an individual owner.**

2. The information described in subsection 1 of this section may be released if:
- i. The express written approval of the owner whose records are the subject of the request for inspection is provided to the property owners' association: or
  - ii. A court orders the release of the books and records or orders that the books and records be made available for inspection.

**D. Recording and Posting of Instruments.** All dedicatory instruments pertaining to the Association shall be recorded in the official real property records of Galveston County, Texas and posted on any website maintained by or on behalf of the Association in accordance with Section 207.006, TPC.

**E. Amendment.** These policies may be amended at any time by a majority vote of the board.

I hereby certify that I am the duly elected, qualified and acting Secretary of the Association and that the foregoing Record Retention Policy of the Association was approved by the Board of Directors as set forth above and now appears in the books and records of the Association, to be effective upon recording in the Official Records of Real Property of Galveston County, Texas.

TO CERTIFY which witness my hand this 2 day of FEB, 2012.

Sandhill Shores Property Owners Association, Inc.

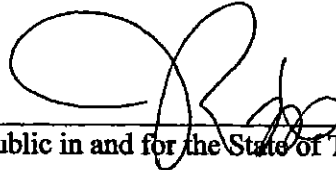
By: 

Richard Devine, Secretary

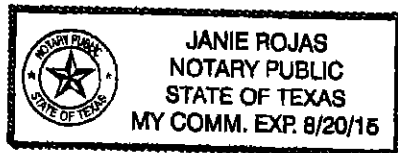
THE STATE OF TEXAS

COUNTY OF GALVESTON

BEFORE ME, the undersigned notary public, on this 2 day of Feb, 2012 personally appeared Richard Devine, Secretary of the Sandhill Shores Property Owners Association, Inc., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and in the capacity therein expressed.



Notary Public in and for the State of Texas



**FILED AND RECORDED**



OFFICIAL PUBLIC RECORDS

*Dwight D. Sullivan*

2012006441

February 08, 2012 03:49:46 PM

FEE: \$28.00

Dwight D. Sullivan, County Clerk  
Galveston County, TEXAS

AFTER RECORDING PLEASE RETURN TO:  
Chris Cahill  
PO Box 1943  
Galveston, TX 77553-1943



**SANDHILL SHORES RECORD PRODUCTION  
AND COPYING POLICY**

**Basic Information**

- Name:** Sandhill Shores Property Owners Association, Inc. (the "Association"), established by the certificate of formation filed with the secretary of state of Texas on December 10, 2004, under file number 800424942.
- Principal Office:** Physical: 20911 West Sandhill Drive, Galveston, TX 77554. Mail: P.O. Box 5336, Galveston, Texas 77554. The Association may have other offices.
- Declaration:** The Declaration of Restrictions, Covenants and Conditions of Sandhill Shores, a Subdivision in Galveston County, Texas, recorded in the real property records of Galveston County, Texas under Film Code No. 013-91-0966.
- Definitions:** Capitalized terms used but not defined herein have the meaning set forth in the Declaration.
- Voting Members:** All Members are entitled to vote in person or by proxy.

**A. Pricing**

1. For paper copies of books and records the price is \$.10/pg. Each side that has recorded information will be considered a page.
2. Data Cartridge- Actual Cost
3. Rewritable CD- \$1.00
4. Non-rewritable CD - \$1.00
5. Digital Video Disc (DVD) -\$1.00

**B. Labor Pricing**

1. The Association reserves the right to charge \$15/hour for time spent locating, compiling, manipulating data, and reproducing the requested documents.
2. Requests for 50 or fewer pages of paper records will not be subject to a labor charge.

**C. Overhead Charges**

1. The Association reserves the right to impose an overhead charge on production requests for books and records.



2. Requests for 50 or fewer pages will be exempt from an overhead charge.
3. The overhead charge will be (hourly labor rate) x (.20) = overhead charge.

**D. Cost Allocation**

1. The owner making the request, or on whose behalf the request is made, is responsible for the costs related to the compilation, production, and reproduction of requested information in the amounts set forth in this document.

**E. Advance Payment**

1. The association will provide an estimate of the cost to produce the records that the property owner requests.
2. The Association reserves the right to require advance payment from a party requesting copies of its books or records.
3. If the estimated costs are less or more than the actual costs the association will submit a final invoice to the owner on or before the 30<sup>th</sup> business day after the information is delivered.
  - i. If the final invoice includes additional amounts due from the owner, the additional amounts, not reimbursed to the association before the 30<sup>th</sup> business day after the invoice is sent to the owner, may be added to the owner's account as an assessment.
  - ii. If the estimated costs exceed the final invoice amount, the owner is entitled to a refund, and the refund will be issued to the owner no later than 30 business days after the invoice was sent to the owner.

**F. Recording and Posting of This Instrument.** This instrument shall be recorded in the official real property records of Galveston County, Texas in accordance with Texas Property Code § 209.005 (i). A current copy of this Instrument will be posted on the Association's website in accordance with Texas Property Code § 207.006. This instrument will have no effect until it is filed in the official real property records of Galveston County, Texas in accordance with Texas Property Code § 202.006

**G. Amendment.** These policies may be amended at any time by a majority vote of the board.

I hereby certify that I am the duly elected, qualified and acting Secretary of the Association and that the foregoing Record Production and Copying Policy of the Association was approved by

the Board of Directors as set forth above and now appears in the books and records of the Association, to be effective upon recording in the Official Records of Real Property of Galveston County, Texas.

TO CERTIFY which witness my hand this 2 day of FEB, 2012.


Sandhill Shores Property Owners Association, Inc.

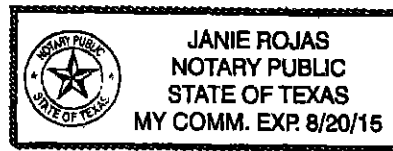
By:   
Richard Devine, Secretary

THE STATE OF TEXAS

COUNTY OF GALVESTON

BEFORE ME, the undersigned notary public, on this 2 day of Feb, 2012 personally appeared Richard Devine, Secretary of the Sandhill Shores Property Owners Association, Inc., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and in the capacity therein expressed.

  
Notary Public in and for the State of Texas

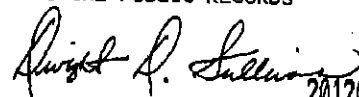


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OFFICIAL PUBLIC RECORDS

 2012006440

February 08, 2012 03:49:46 PM

FEE: \$24.00

Dwight D. Sullivan, County Clerk  
Galveston County, TEXAS

**SANDHILL SHORES PROPERTY OWNERS ASSOCIATION, INC.,****PARTIAL PAYMENT PLAN****Basic Information**

- Name:** Sandhill Shores Property Owners Association, Inc. (the "Association"), established by the certificate of formation filed with the secretary of state of Texas on December 10, 2004, under file number 800424942
- Principal Office:** Physical: 20911 West Sandhill Drive, Galveston, TX 77554. Mail: P.O. Box 5336, Galveston, Texas 77554. The Association may have other offices.
- Declaration:** The Declaration of Restrictions, Covenants and Conditions of Sandhill Shores, a Subdivision in Galveston County, Texas, recorded in the real property records of Galveston County, Texas under Film Code No. 013-91-0966.
- Definitions:** Capitalized terms used but not defined herein have the meaning set forth in the Declaration.
- Voting Members:** All Members are entitled to vote in person or my proxy.

**A. Payment Plan**

1. A property owner may enter into a payment plan with the Association for unpaid fees due to the Association.
2. The length of the payment plan may be between a minimum of three (3) months and a maximum of eleven (11) months.
3. A property owner must request from the association to enter into a payment plan for the payment of the property owners unpaid fees.

**B. Payment Schedule**

1. The default payment plan will be as follows:
  - i. Property owner will tender ten percent (10%) of the total amount due as an initial down payment.
  - ii. The property owner will have the option to choose the amount of months he or she wishes the payment plan to cover provided it is for a minimum of three (3) months and a maximum of eleven (11) months.
  - iii. The remaining amount due will be divided by the total amount of months that the payment plan will cover. The result of this equation will be the property owners monthly payment under the payment plan.

iv. The property owner will tender on the first of each month the amount due for that month.

2. Nothing in this section will operate to preclude the owner from proposing an alternative to the default plan provided the proposed plan is for a minimum of three (3) months and a maximum of eleven (11) months. The board is free at its discretion to accept or reject the plan.

**C. Monetary Penalties.** If a property owner enters into a payment plan with the association the property owner will no longer accrue additional monetary penalties for the unpaid debt. The association reserves the right to charge the property owner for reasonable costs associated with the maintenance of the payment plan and interest on the unpaid debt. The interest rate will be the (Wall Street Journal Prime Rate)+1 as recorded on the day the owner tenders the ten percent (10%) initial down payment on the payment plan.

**D. Exception.** The association is not required to enter into a payment plan with a property owner who has within the previous two (2) years defaulted on a previous payment plan with the association.

**E. Priority of Payment.** Payments received by the Association from a property owner will be applied to the owner's debt in the following priority:

1. Any delinquent assessment;
2. Any current assessment;
3. An attorneys' fees or third party collection costs incurred by the association associated only with the assessments or any other charge that could provide the basis of foreclosure.
4. Any attorney's fees incurred by the association that are not the subject of subsection 3 of this section.
5. Any fines assessed by the association;
6. Any other amount owed to the association.

**F. Default.** A property owner currently enrolled in a payment plan with the Association will be declared in default if any monthly payment is more than ten (10) days late.

1. If a property owner is in default under a payment plan the Association reserves the right to apply any subsequent payment in any manner the Association deems reasonable.

2. A fine assessed by the association will be given the lowest priority in applying the payment.

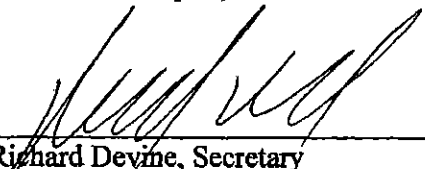
**G. Recording and Posting of Payment Plan Guidelines.** These guidelines for the Association's alternative payment plan shall be recorded in the official real property records of Galveston County, Texas and posted on any website maintained by or on behalf of the Association in accordance with Texas Property Code § 207.006.

**H. Amendment.** These policies may be amended at any time by a majority vote of the board.

I hereby certify that I am the duly elected, qualified and acting Secretary of the Association and that the foregoing Partial Payment Plan of the Association was approved by the Board of Directors as set forth above and now appears in the books and records of the Association, to be effective upon recording in the Official Records of Real Property of Galveston County, Texas.

TO CERTIFY which witness my hand this 2 day of FEB, 2012.

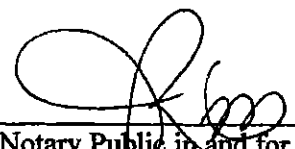
Sandhill Shores Property Owners Association, Inc.

By:   
Richard Devine, Secretary

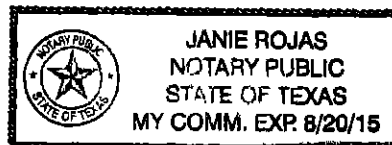
THE STATE OF TEXAS

COUNTY OF GALVESTON

BEFORE ME, the undersigned notary public, on this 2 day of Feb, 2012 personally appeared Richard Devine, Secretary of the Sandhill Shores Property Owners Association, Inc., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and in the capacity therein expressed.

  
Notary Public in and for the State of Texas

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Galveston, TX 77553-1943



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OFFICIAL PUBLIC RECORDS

*Dwight D. Sullivan*

2012006439

February 08, 2012 03:49:46 PM

FEE: \$24.00

Dwight D. Sullivan, County Clerk  
Galveston County, TEXAS



**PROCEDURES OF MEMBERS WHO VOTE BY PROXY,  
ELECTRONIC PROXY, ABSENTEE BALLOT OR ELECTRONIC  
BALLOT**

**SANDHILL SHORES PROPERTY OWNERS ASSOCIATION, INC.**

**Basic Information**

- Name:** Sandhill Shores Property Owners Association, Inc. (the "Association"), established by the certificate of formation filed with the secretary of state of Texas on December 10, 2004, under file number 800424942.
- Principal Office:** Physical: 20911 West Sandhill Drive, Galveston, TX 77554. Mail: P.O. Box 5336, Galveston, Texas 77554. The Association may have other offices.
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- Definitions:** Capitalized terms used but not defined herein have the meaning set forth in the Declaration.
- Voting Members:** All Members are entitled to vote in person or by proxy.

**A. Voting by Proxy, Electronic Proxy, Absentee Ballot or Electronic Ballot**

1. The voting rights of an owner may be cast or given: (a) in person or by proxy at a meeting of the Association; (b) by absentee ballot; or (c) by electronic ballot.
2. A proxy must be given in writing and may be given electronically either by e-mail or by facsimile.
  - i. A proxy may not be counted if the owner attends any meeting to vote in person.
  - ii. A proxy is revocable and expires eleven (11) months after the date of execution.
3. An absentee or electronic ballot may be counted as an owner present and voting for the purpose of establishing a quorum only for items appearing on the ballot.

- i. An absentee or electronic ballot not be counted if the owner attends any meeting to vote in person;
  - ii. May not be counted on the final vote of a proposal if the motion was amended at the meeting to be different from the exact language on the absentee or electronic ballot;
  - iii. A solicitation for votes by absentee ballot must include:
    - a. An absentee ballot that contains each proposed action and provides an opportunity to vote for or against each proposed action;
    - b. Instructions for delivery of the completed absentee ballot including the delivery location; and
    - c. The following language should be included: "By casting your vote via absentee ballot you forgo the opportunity to consider and vote on any action from the floor on these proposals, if a meeting is held."
4. An electronic ballot is any ballot given by (a) e-mail, (b) facsimile; or (c) posting on an internet website; for which the identity of the property owner submitting the ballot can be confirmed; and for which the property owner may receive a receipt of the electronic transmission and receipt of the owner's ballot. If an electronic ballot is posted on an internet website, a notice of the posting shall be sent to each owner that contains instructions on obtaining access to the posting on the website.

I hereby certify that I am the duly elected, qualified and acting Secretary of the Association and that the foregoing Procedures of Members Who Vote by Proxy, Electronic Proxy, Absentee Ballot or Electronic Ballot of the Association was approved by the Board of Directors as set forth above and now appears in the books and records of the Association, to be effective upon recording in the Official Records of Real Property of Galveston County, Texas.

TO CERTIFY which witness my hand this 2 day of FEB, 2012.

Sandhill Shores Property Owners Association,

By: 

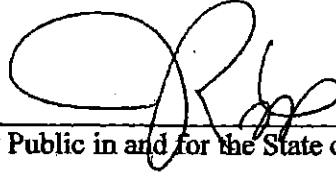
Richard Devine, Secretary



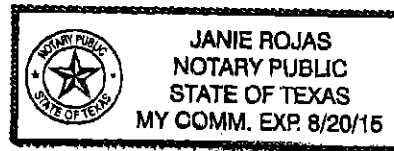
THE STATE OF TEXAS

COUNTY OF GALVESTON

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Notary Public in and for the State of Texas



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*Dwight D. Sullivan*  
2012005442

February 08, 2012 03:49:46 PM

FEE: \$24.00

Dwight D. Sullivan, County Clerk  
Galveston County, TEXAS

**SANDHILL SHORES RENTERS ARE SUBJECT TO THE FOLLOWING RULES AND REGULATIONS OF THE SANDHILL SHORES PROPERTY OWNERS ASSOCIATION:**

- (1) Minimum period of rental for each renter must be no less than seven days;**
- (2) Occupancy of the rental shall not exceed ten persons;**
- (3) The renter will be allowed to entertain no more than four additional daytime visitors or guests;**
- (4) No renter shall have or allow more than five vehicles on the property. This violation will be nullified if any excess vehicles are removed from the property within 30 minutes of notification;**
- (5) Pets will not be allowed;**
- (6) The lot owner and/or his or her rental company will be required to evict the renters within three hours upon notification and verification of a rule violation;**
- (7) Renters will be required to sign an acknowledgement of these rules upon signing a renters' agreement;**
- (8) If a renter violates one or more of these rules, the lot owner must pay \$1,000 to the Sandhill Shores Property Owners Association;**
- (9) The lot owner is required to use a rental company that knows the rules and agrees in writing to abide by them. This agreement shall be furnished to the Sandhill Shores Property Owners Association. The rental company will be required to have appropriate 24 hour security to enforce the rules. The 24 hour security and emergency rental phone numbers will be given to all residents so that they can report violations.**