

BY-LAWS
OF
CAMPECHE COVE HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I

Name and Location

The name of the corporation is CAMPECHE COVE HOMEOWNERS' ASSOCIATION, INC., hereinafter referred to as the "Association." The principal office of the corporation shall be located at 14 Tradewinds, Galveston, Texas 77551, but meetings of members and directors may be held at such places within the State of Texas, County of Galveston, or such other place as may be designated by the Board of Directors.

ARTICLE II

Definitions

Section 1. Association shall mean and refer to Campeche Cove Homeowners' Association, Inc., its successors and assigns.

Section 2. Owner shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. Properties shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. Common area shall mean all real property owned by the Association for the common use and enjoyment of the owners.

Section 5. Lot shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties with the exception of the common area and certain multiple lots described in the Declaration of Covenants and Restrictions of Campeche Cove Subdivision, as amended.

Section 6. Manager shall mean and refer to the Board of Directors or any party or parties under contract for management of the project under the provisions of Article X of the declaration.

Section 7. Declaration shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the properties recorded in the office of the County Clerk of Galveston County, Texas.

Section 8. Member shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III

Members, Meetings and Voting Rights

Section 1. Composition and Powers. Every owner of a lot which is subject to assessment shall be a member of the Association. The association shall be composed of all of the owners. Membership shall be appurtenant to and may not be separated from ownership of any lot. Except as otherwise provided herein or in the Declaration, the acts, decisions, and resolution of the Association shall be effective upon adoption by vote of a majority of the members.

Section 2. Annual Meetings. The first annual meeting of the members shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on a date certain set by the Board of Directors during the months of June through September upon at least ten (10) days written notice to all members. All annual meetings shall be conducted according to Roberts Rules of Order.

Section 3. Special Meetings. Special meetings of the members may be called at any time by the president or by a quorum of the Board of Directors or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the membership. All special meetings shall be conducted according to Roberts Rules of Order.

Section 4. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage paid, at least ten (10) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Notice may also be delivered in person or deposited in a member's mailbox by the secretary and he shall make a certificate as to delivery of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 5. Quorum and Adjournment. The presence at any meeting, in person or by proxy, of ten per cent of all members entitled to cast a majority of the votes shall constitute a quorum for any action, except as otherwise provided in the Articles

of Incorporation, the Declaration, or these By-Laws. Any meeting of the Association, whether annual or special, may be adjourned from time to time, whether a quorum be present or not, without notice other than the announcement at the meeting, and such adjournment may be to such time and to such place as may be determined by a majority of the votes cast at such meeting. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting as originally called and notified.

Section 6. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of this lot.

Section 7. Voting. The Association shall have one class of voting membership. Members entitled to vote at any meeting of the Association shall be all owners who are not delinquent in the payment of any annual or special assessment and they shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any lot.

ARTICLE IV

Board of Directors

Section 1. Composition. The affairs of the Association shall be managed by a board of seven (7) directors, of which two directors need not be members of the Association and cannot be officers of the Association. Directors shall serve for a term of two years with three elected in even-numbered years and four elected in odd-numbered years.

Section 2. Nomination. Nomination for election to the Board of Directors shall be made by a nominating committee. Nominations may also be made from the floor at the annual meeting. The nominating committee shall consist of a chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The nominating committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The nominating committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or nonmembers.

Section 3. Election. Election to the Board of Directors shall be by secret written ballot. At such election, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the declaration and these By-Laws. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 4. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the membership. In the event of death, resignation, or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 5. Compensation. No director shall receive compensation for any service he may render to the Association; however, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 6. Quorum. A majority of the members of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of such board, but no vote of the directors shall be valid unless concurred in by a majority of the entire number on the Board, whether present or not present.

Section 7. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

Section 8. Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two (2) directors, after not less than three (3) days' notice to each director. All meetings of the Board of Directors shall be conducted in accordance with Roberts Rules of Order.

Section 9. Powers and Duties. The Board of Directors, for the benefit of the owners, shall have the following powers and duties:

(a) To adopt and publish rules and regulations governing the use of the common area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof.

(b) To suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default, for a period of sixty days or more, in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing for a period not to exceed sixty (60) days for infraction of published rules and regulations.

(c) To exercise for the association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Charter, or the Declaration; including enforcement of any deed restrictions affecting Campeche Cove Subdivision.

(d) To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board.

(e) To employ a manager, an independent contractor, or such other employees as they deem necessary to provide all goods and services required by these By-Laws or the Declaration, or which the Board, in its discretion, deems necessary for the proper operation of the properties, or for the maintenance, repair and replacement of the common area, and to prescribe their duties.

(f) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote.

(g) To supervise all officers, agents and employees of this association, and to see that their duties are properly performed.

(h) As more fully provided in the Declaration, to:

1. fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period;
2. send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each assessment period; and
3. foreclose the lien against any lot for which assessments are not paid within sixty (60) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(i) To issue, or to cause an appropriate officer to issue upon demand by any person, a certificate setting forth whether or not any assessment has been

paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(j) To procure and maintain adequate liability and hazard insurance on the properties as set forth in the Declaration.

(k) If the Board deems it necessary, to cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

(l) To cause the common area to be maintained.

(m) To cause the exterior of the dwellings to be maintained to the extent permitted by the Declaration of Covenants and Restrictions.

(n) To perform any and all duties imposed on the Board by applicable law.

ARTICLE V

Officers and Their Duties

Section 1. Election of Officers. The officers of the Association shall be the president, vice president, secretary, and treasurer, and, in addition thereto, in the discretion of the Board, such other officers with such duties as the Board shall from time to time determine. The president and vice president shall be elected annually by the Board from among the members of the Board at the first meeting of the Board following each annual meeting of the members, and all other officers shall be elected annually by the Board from among the membership of the Board as the Board may determine at the first meeting of the Board following each annual meeting of the members, and all officers shall serve until their successors shall have been elected. The treasurer may be a corporation. All officers shall be subject to removal at any time by the affirmative vote of the majority of the Board. The Board may, in its discretion, elect acting or temporary officers and elect officers to fill vacancies occurring for any reason whatsoever, and may in its discretion, limit or enlarge the duties and powers of any officer elected by it. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created by the Board pursuant to these By-Laws. No one person may hold the same office for more than two consecutive terms.

Section 2. The President. The president shall preside at all meetings of the Board of Directors and the members; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written

instruments and shall co-sign all checks, if the Board of Directors shall so direct, and promissory notes.

Section 3. The Vice President. The vice president shall perform all of the duties and exercise all of the powers and rights of the president provided by these By-Laws or otherwise during the absence or disability of the president, or whenever the office is vacant, and shall perform all other duties assigned by the Board.

Section 4. The Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings in conformity with these By-Laws; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties assigned by the Board.

Section 5. The Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign or cosign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year, if so directed by the Board of Directors; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members; and perform all other duties assigned to him by the Board.

ARTICLE VI

Committees

The Board of Directors for the Association shall appoint an architectural control committee as provided in the Declaration, and a nominating committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose. Committee existence may be terminated by the Board, with the exception of the architectural committee. Vacancies in the membership of any committee may be filled by the Board.

ARTICLE VII

Books and Records

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available

for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE VIII

Assessments

As more fully provided in the declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the lot against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within sixty (60) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ten per cent (10%) per annum, and the Association may bring an action at law against the owner personally obligated to pay the same or foreclosure the lien against the lot, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common area or abandonment of his lot. Any member of the Association who is delinquent for a period of sixty days or more may have his right to vote at meetings of the Association revoked by the Board. Assessments may be prorated from the appropriate month during which membership begins for the remainder of the fiscal year.

ARTICLE IX

Corporate Seal

The Association shall have a seal in circular form having within its circumference the words: Campeche Cove Homeowners' Association, Inc.

ARTICLE X

Miscellaneous

Section 1. Covenant to Obey Laws. Each owner shall be subject to the Declaration and shall abide by the By-Laws and rules and regulations as the same are or may from time to time be established by the Board. Each owner shall observe, comply with, and perform all rules, regulations, ordinances, and laws made by the Board of Health and any other governmental authority of the municipal, state and federal government applicable to the properties.

Section 2. Fiscal Year. The fiscal year of the Association shall begin on the first day of July and end on the 30th day of June of every year, except that the first fiscal year shall begin on the date of incorporation. Annual assessments are due on the first day of each fiscal year of the Association.

Section 3. Amendment. These By-Laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of all members entitled to vote who are present in person or by proxy.

Section 4. Conflicts. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

AMENDMENT TO RESTRICTIONS AND COVENANTS
OF CAMPECHE COVE, UNIT 1

DEED OF TRUST

BOOK 3088 PAGE 7

STATE OF TEXAS
COUNTY OF GALVESTON

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, by Restrictions executed by CAMPECHE DEVELOPMENT CORPORATION recorded in Volume 2520, Page 851, in the Office of the County Clerk of Galveston County, Texas, and in the Amended Restrictions and Covenants recorded in Volume 2694, Page 669, in the Office of the County Clerk of Galveston County, Texas, CAMPECHE DEVELOPMENT CORPORATION, "Developer", in Article V, Section 3, Paragraph (w), retained the right to allow any lot owner to place any sign, advertisement, billboard or advertising structure of any kind on a lot, house, structure or other vehicle; and


WHEREAS, it is the desire of Developer to release and relinquish any and all rights which it may have under the above referenced paragraph;

NOW, THEREFORE, CAMPECHE DEVELOPMENT CORPORATION, a Texas corporation, acting herein by and through its duly authorized officers, does hereby release and relinquish any and all rights which it may have under Article V, Section 3, Paragraph (w) of the Restrictions recorded in Volume 2520, Page 851, or in Volume 2694, Page 669, both of which are of record in the Office of the County Clerk of Galveston County, Texas.

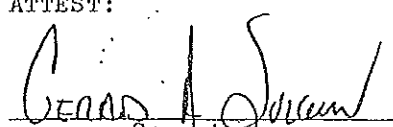
IN WITNESS WHEREOF, Developer has caused this instrument to be executed by and through its duly authorized officers, this the 27th day of October, 1978.

CAMPECHE DEVELOPMENT CORPORATION

By


President

ATTEST:


Secretary

STATE OF TEXAS

COUNTY OF GALVESTON

Before me, the undersigned authority, on this day personally appeared John L. Sullivan, _____ President of Campeche Development Corporation, a corporation, 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 purposes and consideration therein expressed; in the capacity therein stated and as the act and deed of said corporation.

Given under my hand and seal of office this 21st day of

October, 1978.

Edith M. Crilland
 NOTARY PUBLIC in and for
 Galveston County, Texas.

