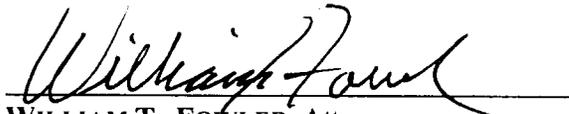


CORPORATE CERTIFICATE
COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC.

The undersigned certifies that he is the Attorney for COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC. (the "Association"). The Association is the property owners' association for Shadow Bay Section One, a subdivision in Montgomery County, Texas, according to the map or plat thereof recorded in the Map Records of Montgomery County, Texas.

The Association is a Texas nonprofit corporation, and attached to this certificate is a true and correct copy of the Association's **BYLAWS (Amended May 2022)**.

Signed this the 8th day of June, 2022.


WILLIAM T. FOWLER, Attorney

STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

SWORN TO AND SUBSCRIBED BEFORE ME on the 8th day of June, 2022, by **WILLIAM T. FOWLER**, Attorney for COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC., a Texas nonprofit corporation.




Notary Public - State of Texas

STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on the 8th day of June, 2022, by **WILLIAM T. FOWLER**, Attorney for COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC., a Texas nonprofit corporation, on behalf of said corporation.


Notary Public - State of Texas

AFTER RECORDING RETURN TO:
BRYAN P. FOWLER
The Fowler Law Firm
505 West Davis
Conroe, Texas 77301



**BYLAWS
of
COMMUNITY IMPROVEMENT ASSOCIATION
OF SHADOW BAY, INC.
(Amended May 2022)**

**ARTICLE 1
GENERAL**

1.01. OFFICES

The name of the corporation is COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located within the Shadow Bay Subdivision which is located at 14475 West Leeshore Dr., Willis, Texas. The mailing address shall be 14475 West Leeshore Dr., Willis, Texas 77318.

1.02. PURPOSE

This Association shall be a non-profit organization whose purpose shall be promoting civic and community welfare and pride among the residents of Shadow Bay, Section One, encouraging and enforcing the restrictive regulations and covenants of said Subdivision conducive to good planning and the sustaining of property values therein, securing desirable improvements and benefits for the Subdivision; fostering and assisting in the general civic and social enterprises and activities which may be beneficial to the community and such other purposes, express or implied, as is contained in the Articles of Incorporation. The Association shall have such powers as are necessary or required to carry out its purposes, together with the powers conferred upon a property owners association by Chapter 204 of the Texas Property Code.

1.03. FISCAL YEAR

The fiscal year of the Association shall begin on January 1st of each calendar year and extend through December 31st.

**ARTICLE 2
DEFINITIONS**

2.01. "Association" shall mean and refer to COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC., its successors and assigns.

2.02. "Properties" shall mean and refer to all or any part of that certain real property located in Shadow Bay, Section one, a subdivision in Montgomery County, Texas, according to the Replat thereof filed for record Cabinet C, Sheet 72a of the Map Records of Montgomery County, Texas.

2.03. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners, including, but not limited to, boat ramps and parking areas.

2.04. "Lot" shall mean and refer to any numbered or lettered Lot shown on the recorded Replat of the subdivision and any further subdivision of any reserve area.

2.05. "Record Owner" for any given Lot in the subdivision shall mean that person with the most recent recorded deed in the Real Property Records of Montgomery County, Texas for such Lot in such person's name.

2.06. "Restrictive Covenants" shall mean and refer to the most current restrictions applicable to the Properties as recorded in the Deed and/or Real Property Records of Montgomery County Texas.

2.07. "Voting Member" shall mean and refer to those persons entitled to voting Membership as provided in Article 3 herein.

ARTICLE 3 QUALIFICATIONS FOR MEMBERSHIP

Subject to all eligibility requirements there shall be one vote for each Lot in the subdivision.

3.01. VOTING MEMBERSHIP

The "Voting Member" entitled to vote each Lot in the subdivision shall, subject to all eligibility requirements contained herein, be either the Record Owner as provided in subpart (a) hereafter, or the Purchaser under a Contract for Deed as provided in subpart (b) hereafter, but not both. When more than one person is the Record Owner or Purchaser under a Contract for Deed, the vote for such Lot shall be exercised as such Voting Members may determine among themselves, but in no event shall more than one vote be cast with respect to any Lot owned by Voting Members.

3.02. PROOF OF MEMBERSHIP

(a). The Record Owner who has provided a true copy of the applicable and most recently recorded Deed in his name together with the mailing address and telephone number of each Record Owner to the Secretary of the Board of Directors who has endorsed the same "officially accepted" for registration; or

(b). The Purchaser named in a "Contract for Deed" with such Record Owner as is named in subpart (a) above, for the purchase of such Lot under such Contract for Deed, a true copy of the applicable and most recent Contract for Deed in his name, together with the mailing address and telephone number of such Purchaser to the Secretary of the Board of Directors who has endorsed the same "officially accepted" for registration.

The Secretary and the Board of Directors shall be entitled to rely fully upon the last of such "officially accepted" filings for all purposes including notice pursuant to Article 5.03, hereof and sending maintenance fees statements and past due notices.

ARTICLE 4 VOTING RIGHTS

4.01. VOTING - Number of votes.

Each Eligible Voting Member duly registered pursuant to Article 3 hereof shall be allowed one (1) vote for each respective Lot so registered on each matter submitted to a vote at a meeting of the

Membership held therefor. When more than one person is the Record Owner or Purchaser under a Contract for Deed, the vote for such Lot shall be exercised as such Voting Members may determine among themselves, but in no event shall more than one vote be cast with respect to any Lot owned by Voting Members.

4.02. PROXIES

Proxy vote shall be allowed only by signature of the person so designated in an "officially accepted" deed registration and filing with the secretary and only on official proxy forms provided by the Board of Directors.

4.03. QUORUM

Subject to Article 5, hereof, business may be conducted at any meeting of the Members, annual, quarterly, or special, provided four (4) Directors are present in person, plus one-twentieth (1/20) of all eligible voters present, in person or by proxy. Absentee and electronic ballots, as permitted herein, shall count as a member present for establishing a quorum, for items appearing on the ballot.

In the absence of a quorum at a meeting of Members, the meeting may nevertheless be convened for the sole purpose of conducting Director elections. The quorum required for election of Directors at such convened meeting shall be the number of votes cast in person, by proxy, by absentee ballot, or electronic ballot.

4.04 METHODS OF VOTING

The voting rights of a Member may be cast or given:

- (1) in person or by proxy at a meeting of the Association;
- (2) by absentee ballot; or
- (3) by electronic ballot by electronic mail or facsimile.

Absentee ballots may not be counted, even if properly delivered, if the Member attends any meeting to vote in person so that any vote cast at a meeting by the Member supersedes any vote submitted by absentee or electronic ballot previously submitted for that proposal. Absentee or electronic ballots may not be counted on the final vote of a proposal if the motion was amended at a meeting of the Members to be different from the exact language on the absentee or electronic ballot. Any solicitation for votes by absentee ballot by the Association must include an absentee ballot that contains each proposed action and provides an opportunity to vote for or against the proposed action, instructions for delivery of the completed absentee ballot, including the delivery location, all of which are required by Section 209.00592 of the Texas Property Code.

4.05 RECOUNT PROCEDURES

A Member may, not later than the fifteenth (15th) day after the date of a meeting at which an election was held, require a recount of votes in accordance with Section 209.0057 of the Texas Property Code.

4.06 ELECTION VOTE TABULATORS

A person who is a candidate in an Association election or who is otherwise the subject of an Association vote, or a person related to that person within the third degree of consanguinity or affinity, as determined under Chapter 573 of the Texas Government Code, may not tabulate or otherwise be given access to the ballots cast in the election or vote.

ARTICLE 5 **MEETINGS OF MEMBERS**

Robert's Rule of Order shall be followed at all meetings of the Members.

5.01. ANNUAL MEETINGS

The Annual meeting of the membership shall be held in October each year, on a date and time selected by the Board of Directors.

5.02. SPECIAL MEETINGS

Special meetings of the membership may be called by the President, The Board of Directors, or upon written request submitted to the President or Secretary and signed by no less than 10% of the total voting membership eligible to vote, certified by the Secretary as of the date of the request (the record date). Such request shall state the reason therefor. Such reason must be a matter which can properly be voted on by the voting membership. Whether or not such matter, which is the reason given for the request, is a matter properly subject to the vote of the membership shall be determined by the Board of Directors who shall certify any proper request to the President. The President, or in the President's absence, the Vice President, upon receipt of such certified request shall call a special meeting within thirty (30) days of such receipt.

5.03. NOTICE OF MEETINGS

The Secretary shall give, or cause to be given, by First Class Mail postage prepaid at the last known address, as of ten (10) days prior to mailing date (the record date), shown on the records of the Secretary of the Corporation, to all eligible Voting Members, written notice of any such regular or certified and called special meeting of the membership not less than 10 days nor more than 50 days prior to the date of such meeting. In addition such notice shall be posted in one (1) public place in the Subdivision. All such notices shall state the place, day, and hour of the meeting, the purpose of the meeting called, including the agenda thereof, and where applicable the slate of any nominees for directorships.

5.04. PURPOSE OF MEMBERSHIP MEETING

The express purpose of membership meetings, annual or special, is to provide an opportunity for eligible Voting Members to properly address the membership in attendance and/or to properly address the chair.

Except as provided herein only matters properly upon the agenda included in the notice of any regular or special meeting of the membership will be heard at any such meeting, provided however, the Board shall determine the maximum time allowed to each person named on the agenda for

presentation of their matter. Only matters upon which Voting Members are eligible to vote will be heard from the floor at any such meeting provided that the same are on the agenda therefor. In order to have a proper matter placed upon the agenda by the President for any given meeting, annual or special, a written request must be received by the President of the Board of Directors a minimum of thirty (30) days prior to the date of any such meeting. Such written request shall be signed by not less than five (5) eligible Voting Members provided a full disclosure has been made to each. Any request certified by the Board of Directors as proper matter for such meeting and eligible to be voted upon by the membership shall be placed upon the agenda for the meeting. Matters not on the agenda for any given meeting may nevertheless be heard during such meeting upon waiver of the agenda requirement by secret written ballot of a majority of the Board Members in attendance at such meeting. Anything contained herein to the contrary notwithstanding, nominations for directorship of the Association may be made from the floor during the annual meeting by any eligible Voting Member.

5.05. PASSAGE OF RESOLUTION

All action to be taken by the membership shall be upon resolution, preceded by motion duly seconded, and supported by a majority of all eligible votes cast.

Only Voting Members shall have the right to address the chair during any meeting of the membership of the Association.

ARTICLE 6 BOARD OF DIRECTORS

6.01. NUMBER AND ELIGIBILITY

The Board of Directors shall consist of seven (7) Directors, selected as hereinafter set out, which includes the four (4) Officers of the Association.

Eligibility. At the time of nomination and election of any Director and at all times during such Director's term the following shall be the requirements for eligibility, to-wit:

- (a) An eligible Voting Member; and
- (b) No felony conviction or a conviction for a crime involving moral turpitude, except such convictions occurring more than 20 years before the election. If the Board is presented with written, documented evidence from a database or other record maintained by a governmental and/or law enforcement authority that a Board member was convicted of a felony or crime involving moral turpitude not more than twenty (20) years before the date the Board is presented with the evidence, the Board member is immediately ineligible to serve on the Board, automatically considered removed from the Board, and prohibited from future service on the Board; and
- (c) A Member may not serve on the Board if the person cohabits at the same primary residence with another Director; and
- (d) Duly elected pursuant to these Bylaws; and
- (e) To take the following oath of office which shall be administered by the President, or in the case of the President's oath, by the Vice President, at a ceremony called for that purpose. The oath of office shall read as follows:

"I hereby swear or affirm that in the exercise of my office I shall do my best to always do what is right and just, to always treat my neighbors fairly and charitably without favoritism or bias, and to always promote peace among the Members of this Association, so help me God."

Provided however any director may cure a defect in eligibility under subpart (d) within 15 days notice from the Board of Directors of such deficiency. Upon the 16th day the directorship shall be declared vacant.

6.02. TERM

Each Board Member shall serve a three (3) year term. At each annual meeting of the members, Board members will be elected for the members whose term of office expires at that meeting, and they will hold office until the next third (3rd) annual meeting of members after their election, and until their successors are elected and qualified.

6.03. REMOVAL

Any Board Member may be removed from office by the Board of Directors, when in their judgment, the best interest of the Association shall be served by such removal. The director who is subject to a motion for removal shall abstain from voting thereon. Any Board Member removed from office pursuant to these Bylaws shall automatically cease to serve as officer.

6.04. VACANCIES

Any Board member whose term has expired must be elected by the owners who are members of the Association. A Board member may be appointed by the Board only to fill a vacancy caused by a resignation, death or disability, as provided in these bylaws. A Board member appointed to fill a vacant position shall serve the unexpired term of the predecessor Board member.

6.05. RESIGNATION

Any Board Member may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

6.06. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. The Board of Directors shall be the governing body of the Association with full rights and authority to determine policy, outline, plan and carry into execution all business, activities, and policy, to enter into and execute all necessary agreements and instruments incident thereto in the name of the Association, and shall constitute, together with their proper delegates and agents, the exclusive representatives of the Association. In addition to the foregoing powers, the Board shall be authorized to institute, as well as settle or compromise, in the name of the Association or otherwise any necessary legal proceedings to carry into effect the purpose and policies of the Association whether against Members or others, or to enforce, or prevent violations of, the covenants or restrictions applicable to the Subdivision; and to employ legal counsel in connection with any of the foregoing, together with the power to do any and all things necessary and appropriate to achieving the purposes of the Association including but not limited to the following, to-wit:

- (a) 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) suspend the right to use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any type of assessment levied by the Association;
- (c) exercise for the Association all powers, duties and authorities vested in or delegated to this Association and not reserved to the Membership by other provisions of these Bylaws, the Articles of Incorporation or the recorded Restrictive Covenants. These powers shall include but not be limited to authorizing and expending the maintenance fund for the benefit of the Association as set forth in the Restrictive Covenants and these Bylaws;
- (d) 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 of Directors;
- (e) employ managers, outside professional services, including but not limited to attorneys at law, certified public accountants, security guards, independent contractors and such other employees as the Board may deem necessary, and to prescribe their duties and authorities.
- (f) compromise, settle and defend claims and lawsuits on behalf of the Association whether against Members or others and to employ legal counsel for these purposes; and
- (g) accept properties, Lots, and reserve areas within the subdivision in lieu of payment of delinquent maintenance and similar fees, or other claims of the Association against Record Owners, in the negotiating, settlement, and compromising of claims and litigation on behalf of the Association.

Section 2. It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to make the same available pursuant to Article 15 of these Bylaws;
- (b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) fix the amount of any additional or increased fee, or similar cost against any Lot as provided in Article 6 hereof;
- (d) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not an assessment has been paid. A reasonable charge shall be required in advance 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;
- (e) procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

- (g) cause the Common Area to be maintained;
- (h) promulgate reasonable rules and regulations regarding the use of all properties including, but not limited to, regulating the posting of "For Sale" signs on the properties;
- (i) timely collect or cause to be collected all fees, costs, charges, interest, claims, and accounts receivable owed to this Association resorting to all legal means necessary therefor;
- (j) perform all duties and exercise all lawful powers to guarantee a democratic governing of the Association and to preserve the peace and good will among its Members; and
- (k) perform any and all other duties imposed by applicable law.

Section 3. In no case shall any contract to use or dispose of any real or personal property belonging to the Association valued in excess of \$2,000.00 be made, without the affirmative vote of a majority of the eligible Voting Members present and voting in person or by proxy at a meeting of the Members.

Section 4. The President or the Board of Directors shall not sign any deed, mortgage, bond, obligation, or other documents transferring the rights or assets of the Association property valued in excess of \$2,000.00, without the affirmative vote of a majority of the eligible Voting Members present and voting in person or by proxy at a meeting of the Members. Notwithstanding anything herein to the contrary, the Board of Directors of the Association is expressly authorized to market and/or sell any property acquired by foreclosure of the Association's assessment lien or by deed in lieu of foreclosure without approval of the Association membership; provided however, such sale shall be for a sales price which equals the approximate fair market value of the property.

Section 5. Contracts for purchase, repairs, restoration, or for any outside service in excess of \$5,000.00 shall, except in the case of actual emergencies, solicit three bids submitted to the Board of Directors for approval, rejection and/or selection of choice. All bids must be upon substantially the same plans, specifications, or request. Bids may be accepted only from Voting Members in good standing, provided however, the Board of Directors, may accept services, goods, or products, needed by or for the benefit of the Association in settlement of delinquent maintenance or similar fees. In such instance the bidding requirements shall be waived but such goods, services, or products must be certified by the Board of Directors as to their worth. This Section 5 shall not apply to professional services including, but not limited to, legal, accounting, and engineering services.

Section 6. Contracts for purchase, repairs, restoration, or for outside services of \$5,000.00 or less may be accepted by the Board of Directors for approval, rejection, and/or selection of choice without necessity of a bidding process.

Section 7. Association Contracts. The Association may enter into an enforceable contract with a current Association board member, a person related to a current Association board member within the third degree by consanguinity or affinity, as determined under Chapter 573, GOVERNMENT CODE, a company in which a current Association board member has a financial interest in at least 51 percent (51%) of profits, or a company in which a person related to a current Association member within the third degree by consanguinity or affinity, as determined under Chapter 573, GOVERNMENT CODE, has a financial interest in at least 51 percent (51%) of profits, if the following conditions are satisfied:

- (a) the board member, relative, or company bids on the proposed contract and the Association has received at least two other bids for the contract from persons not associated with the board member, relative, or company, if reasonably available in the community; and
- (b) the board member:
 - (1) is not given access to the other bids;
 - (2) does not participate in any board discussion regarding the contract; and
 - (3) does not vote on the award of the contract.

Section 8. Appeals to Board

- (a) **Architectural Review.** If an Application for construction of improvements is submitted by an Owner and denied by the Architectural Control Committee, the following denial notice and hearing requirements are applicable:
 - (1) **Denial Notice Requirements.** Denials of an application by an Owner for the construction of improvements in the Subdivision may be appealed to the Board (not a committee). A written notice of the denial must be provided to the Owner by certified mail, hand delivery or electronic delivery. The notice must describe the basis for the denial in reasonable detail and include changes, if any, to the application or improvements required as a condition to approval. The notice must also inform the Owner that the Owner may request a hearing on or before the 30th day after the date the denial notice was mailed to the Owner.
 - (2) **Denial Hearings.** If an Owner requests a hearing to appeal the denial, the Board (not a committee) shall hold a hearing no later than the 30th day after receipt of the Owner's request for hearing, and shall notify the Owner of the date, time and place of the hearing not later than the 10th day before the hearing. Only one hearing is required. Each side must be provided an opportunity to discuss and potentially resolve the denial. The Board or the Owner may request a postponement of not more than 10 days, and otherwise only by agreement. Either party may make an audio recording of the hearing. The Board may affirm, modify, or reverse, in whole or in part, any decision of the Architectural Control Committee as consistent with the Restrictions.
- (b) **Deed Restriction Violation.** If an Owner requests a hearing under Chapter 209.007 of the Texas Property Code to appeal an alleged deed restriction violation, the Board shall hold a hearing no later than the 30th day after receipt of the Owner's request for hearing, and shall notify the Owner of the date, time and place of the hearing not later than the 10th day before the hearing. Not later than 10 days before the hearing, the Association must furnish the Owner a packet containing all documents, photos and communications related to the violation. If the Association does not provide the packet with that time, the Owner is entitled to an automatic 15-day postponement. During the hearing, the Association first presents its case against the Owner. Thereafter, the Owner or Owner's representative may respond and present the Owner's information and issues relevant to the dispute.

6.07. FEES

Section 1. The monthly and special fees, together with cost and reasonable attorney's fees, shall be a charge on the land and a continuing lien on each Lot against which such assessment is made. Each such assessment, together with cost and reasonable attorney's fees, shall also be the personal obligation of the person or persons who own the Lot by recorded deed at the time the assessment fell due, but such personal obligation for past due maintenance fees shall not pass to the successors in title of such Record Owner unless expressly assumed by such successors in a subsequent Deed or Contract for Deed. In no event however, shall such express assumption eliminate, modify, or mitigate the personal obligation of the person or persons who owned the applicable Lot by recorded Deed at the time the assessment fell due.

Section 2. All Record Owners of Lots shall pay monthly fees and special fees as established and to be collected as hereinafter provided. The purpose of the monthly fees levied by the Board of Directors shall be used exclusively to promote the health, safety, welfare, and recreation of the residents in the subdivision, and for the improvement and maintenance of the common areas and the Lots situated in the subdivision. Monthly fees shall be for the following purposes and the Board of Directors shall acquire and pay for out of the funds derived from the monthly fees, the following:

- (a) Maintenance and repair of the common area; and
- (b) Water, sewer, garbage, electrical, lighting, telephone, gas, and other necessary utility service, all where and when applicable, for the common area; and
- (c) Acquisition of furnishings and equipment for the common area as may be determined by the Board of Directors, including with limitation all equipment, furnishings, and the personnel necessary or proper for the use of recreational facilities; and
- (d) Maintenance and repair of storm drains, and streets and roads within the subdivision not maintained by governmental authority; and
- (e) Fire Insurance covering the full insurable replacement value of the common area with extended coverage; and
- (f) Liability insurance insuring the Association against any and all liability to the public, to any owner, and to the invitees or tenants of any owner arising out of their occupation and/or use of the common area. The policy limit shall be set by the Board of Directors; and shall be reviewed at least annually and increased or decreased in the discretion of the Board of Directors; and
- (g) Workman's compensation insurance to the extent necessary to comply with applicable law and any other insurance deemed necessary by the Board of Directors of the Association; and
- (h) A standard fidelity bond covering all Members of the Board of Directors of the Association and all other employees of the Association in an amount to be determined by the Board of Directors if the same is deemed necessary; and

(i) Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or fees which the Association is required to secure or pay pursuant to the terms of these bylaws, of the recorded restrictive covenants or by law, or which shall be necessary and proper in the opinion of the Board of Directors of the Association, subject to the limitations set forth in these Bylaws, for the operation of the common areas, for the benefit of the Lot owners, or for the enforcement of the restrictive covenants.

Section 3. The fee for regular maintenance (as distinguished from extraordinary) shall be in the amount as set by the Board of Directors, and such sum may be increased from time to time in accordance with the Restrictions and these Bylaws. In no event shall the Board of Directors increase any regular maintenance fee more than 10% in any six (6) month period.

Section 4. Any increase in the monthly fee, other than increases authorized above in Section 3, shall require prior approval of the Members voting in person or by proxy at the annual meeting of the Members, or at a special meeting thereof called for that purpose.

Section 5. To secure payment of delinquent fees (of any and all kind or character) and similar costs, the Board shall, after 10 days written notice and demand, cause a notice of lien to be filed against the Lot or Lots of each delinquent Record Owner. Said lien shall secure payment of all unpaid fees, costs, attorney fees, filing fees, similar costs, and related fees. If such fees are not collected upon the filing of such lien, the Board may proceed to collection of the same by applicable litigation.

Section 6. All fees shall be due in advance on the first (1st) day of the month and shall be delinquent after the sixth (6th) day of each month. All delinquent fees shall bear a \$10.00 late charge after each quarter.

Section 7. In addition to the monthly fees authorized above, the Board of Directors may levy in any assessment year, a special assessment applicable to that year only for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement on the common area, including fixtures and personal property related thereto. Any such assessment must be approved by a simple majority of the eligible Voting Members, voting in person or by proxy, at the annual meeting of the Members, or at a special meeting thereof called for that purpose.

ARTICLE 7

NOMINATION OF DIRECTORS; ELECTION OF BOARD OF DIRECTORS

7.01. At least ten (10) days before the Association disseminates absentee ballots to Association members for the purpose of voting in a Board member election, the Association must provide notice to the Association members soliciting candidates interested in running for a position on the Board. The notice must contain instructions for an eligible candidate to notify the Association of the candidate's request to be placed on the ballot and the deadline to submit the candidate's request. The deadline may not be earlier than the 10th day after the date the Association provides the notice required herein. In addition to candidates nominated for the Board of Directors, the Association shall include on each absentee ballot for a Board member election the name of each eligible candidate from whom the Association received a request to be placed on the ballot.

7.02. Subject to Article 6 hereof, the election of the Directors shall be held at the annual meeting of the Membership and shall in all cases be by signed, written ballot. The nominees for each open position of the Board receiving the highest number of the eligible votes, cast in person or by proxy at the annual meeting, or by written ballot (including absentee and electronic ballots), shall be declared elected. Write in candidates shall be accepted from eligible voters on the official proxy ballots provided the Members by the Board of Directors.

ARTICLE 8 **MEETINGS OF DIRECTORS**

Robert's Rule of Order shall be followed at all meetings of the Board of Directors.

8.01. OPEN MEETINGS

Regular and Special Board meetings shall be open to Members, subject to the right of the Board to adjourn a meeting and reconvene in closed executive session to consider actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with the property Association's attorney, matters involving the invasion of privacy of individual owners, or matters that are to remain confidential by request of the affected parties and agreement of the Board. Following any executive session, any decision made in the executive session shall be summarized orally and placed in the minutes, in general terms, without breaching the privacy of individual owners, violating any privilege, or disclosing information that was to remain confidential at the request of the affected parties. The oral summary shall include a general explanation of any expenditures approved in executive session.

8.02. NOTICE OF MEETINGS

Members shall be given notice of the date, hour, place, and general subject of a regular or special meeting of the Board, including a general description of any matter to be brought up for deliberation in executive session. The notice shall be provided at least one hundred forty-four (144) hours before the start of the meeting for regular Board meetings and at least seventy-two (72) hours before the start of the meeting for special Board meetings by (i) posting the notice in a conspicuous manner reasonably designed to provide notice to the members in a place located on the Association's common property, or on conspicuously located private property within the subdivision, or (ii) by posting the notice on an Internet website maintained by the Association; and (iii) by sending the notice by e-mail to each owner who has registered an e-mail address with the Association.

A board meeting may be held by electronic or telephonic means provided that (1) a board member may hear and be heard by every other board member, (2) except for any portion of the meeting conducted in executive session, (a) that all owners in attendance at the meeting may hear all board members, and (b) Owners are allowed to listen using any electronic or telephonic communication methods used or expected to be used by the board member to participate, and (3) notice of meeting includes instructions for owners to access any communication method required to be assessable hereunder.

8.03. BOARD ACTION OUTSIDE OF MEETING

A board may take action outside of a meeting, including voting by electronic or telephonic means, without prior notice to owners as required herein, if each board member is given a reasonable opportunity to express the board member's opinion to all other board members and to vote. Any action taken without notice to the Members must be summarized orally, including an explanation of any known actual or estimated expenditures approved at the meeting, and documented in the minutes at the next regular or special meeting of the Board. The Board may not, unless done in an open board meeting for which prior notice was given to owners as required herein, consider or vote on fines; damage assessments; initiation of foreclosure actions; initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety; increases in assessments; levying of special assessments; appeals from a denial of architectural control approval; or the suspension of a right of a particular Member before the Member has an opportunity to attend a Board meeting to present the Member's position, including any defense on the issue, lending or borrowing, the adoption of an amendment to any dedicatory instruments, the approval of an annual budget, sale of purchase of real property, the filling of a vacancy on the board, the construction of capital improvements other than the repair, replacement, or enhancement of existing capital improvements, or the election of an officer.

8.04. REGULAR MEETINGS

The regular monthly meeting of the Board of Directors shall be held at least monthly, at a date and time designated by the Board in the notice therefor. The President shall be authorized to postpone and reschedule a meeting of the Board of Directors, if necessary, with written or electronic mail notice to all Directors.

8.05. SPECIAL MEETINGS

Special meetings of the Board of Directors may be called by the President or in the President's absence, the Vice President or by any three (3) directors, to be held in accordance with Section 8.02 herein.

8.06. QUORUM

A Majority of the members then constituting the Board of Directors personally present shall constitute a quorum for any meeting of the Board.

Attendance of a Director at a meeting, regular or special, shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

8.07. VOTING REQUIREMENT

All action to be taken by the Board of Directors shall be upon resolution, preceded by motion duly seconded and supported by a majority vote of all non-interested Directors. The President shall abstain from voting except for tie-breaking.

ARTICLE 9
COMMITTEES

9.01. APPOINTED BY BOARD OF DIRECTORS

Section 1. The newly elected Board of Directors shall promptly appoint an Architectural Control Committee consisting of up to three (3) members. A person may not be appointed or elected to serve on the Architectural Control Committee if the person is a current Board member, spouse of a current Board member, or a person residing in a current Board members's household.

Section 2. In addition, the Board of Directors shall appoint other committees as they deem necessary and appropriate for carrying out the purposes of the Association. All members of all committees shall at all times during the term of their service have and maintain the same qualifications for such appointment as Directors have for the office of directorship pursuant to Article 6 hereof. All other committees shall serve at the pleasure of the Board of Directors and for a length of time as determined by the Board. Any committee with any authorization to manage the corporation, except the Architectural Control Committee, shall consist of three (3) or more persons, one of whom shall be a Director. Any committee with any authorization to manage the Corporation, shall consist of at least one (1) Director.

9.02. AUTHORITY OF COMMITTEES

Whenever approval of the Architectural Control Committee is required, such approval shall be in writing. In the event the Architectural Control Committee fails to approve or disapprove within thirty (30) days after a receipt of an acceptable request, with all accompanying plans, specifications, and the like, to do so, approval will be deemed to have been given, and compliance with the terms of these provisions conclusively presumed.

9.03. DISCHARGE OF COMMITTEES AND COMMITTEEMEN

Any committee member may be removed by the Board of Directors when, in their judgment, the best interest of the Association shall be served by such removal. All committees are responsible to the Board of Directors.

ARTICLE 10
OFFICERS OF THE BOARD OF DIRECTORS

10.01. ENUMERATION OF OFFICERS

The officers of the Board of Directors shall consist of a President, Vice President, Secretary, and Treasurer at a minimum. Other officers may be elected by a simple majority of the Board of Directors as and when the Board deems it necessary, provided, no nominee for such appointment may vote for himself.

10.02. TERM

The term of office of each officer shall be concurrent with his or her term on the Board of Directors. In case a vacancy occurs among the officers, the Board of Directors shall appoint a successor to serve during the unexpired term of the office vacated.

10.03. RESIGNATION AND REMOVAL

Any Officer may be removed from office by a simple majority of the remaining Board of Directors when, in their judgment, the best interest of the Association shall be served by such removal. Any Officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

10.04. MULTIPLE OFFICES

Any two or more offices may be held by the same person, except the offices of President and Secretary.

10.05. COMPENSATION

Members of the Board of Directors shall be reimbursed for incidental expenses incurred in handling the business of the association. Such expense reimbursement will follow then standard business practices for employee reimbursement.

ARTICLE 11 **PRESIDENT**

11.01. DUTIES

The President shall preside at all meetings of the Board of Directors and of the Members, prepare the agenda for such meeting, preserve order, and exercise supervision of the affairs of the Association and the Board; and shall decide all questions of procedure of the meeting of the Board of Directors and the Association, and with the advice and consent of the Board of Directors shall appoint all committees, unless otherwise provided for in these Bylaws, and shall be an ex-officio member of all such committees; and further, shall perform such other and additional duties as are customarily required of this office.

ARTICLE 12 **VICE PRESIDENT**

12.01. DUTIES

The Vice President shall assist the President in the discharge of these duties, and in the absence of the President, shall preside at all meetings of the Association and of the Board of Directors and shall perform the duties of the President during the latter's absence. Further, the Vice President shall perform any and all additional duties which may be delegated by the President or the Board of Directors.

ARTICLE 13
SECRETARY

13.01. DUTIES

The Secretary shall cause a full and correct record of all proceedings of this Association to be kept; have charge of all records of the Association; conduct the correspondence, and mail all reports, bulletins and notices and keep a record of all the foregoing; answer all letters from Voting Members; and otherwise comply with these Bylaws and the restrictive covenants for the subdivision.

ARTICLE 14
TREASURER

14.01. DUTIES

The Treasurer shall:

- (a) Receive and deposit in such bank or banks as the Board may from time to time direct, all of the funds of the Association;
- (b) Be responsible for, and supervise the maintenance of, books and records to account for such funds and other Association assets;
- (c) Disburse and withdraw said funds as the Board may from time to time direct, and in accordance with prescribed procedures; and
- (d) Prepare and distribute the financial statements for the Association required by the Restrictions.

ARTICLE 15
BOOKS AND RECORDS

15.01. MAINTENANCE

The Association shall keep correct and complete books and records of account and shall keep the minutes of the proceedings of its members, Board of Directors, and committees having any authority of the Board of Directors and shall keep at its registered office or principal office in this state a record of the names and addresses of its members entitled to vote.

15.02. INSPECTION

The books, records and papers of the Association shall be subject to inspection by any member. The time and place of any such inspection shall be upon written request and upon mutual agreement of the Secretary and/or Treasurer of the Board. Copies requested shall be at the sole cost and expense of the Member requesting the same. The initial charge for such copies shall be not less than \$.50 per sheet paid cash in advance and shall be charged at the discretion of the Secretary, in accordance with the Association's records production policy.

ARTICLE 16 AMENDMENTS

These Bylaws may be altered, repealed, or amended by the Directors. These Bylaws may also be altered, repealed, or amended by a majority of the votes cast by eligible Voting Members voting in person or by proxy, at the annual meeting of the members, or at a special meeting thereof called for that purpose. In the event the Members take action to amend these Bylaws, a true copy of any proposed revision, change, or amendment, together with notification of the time and place of the meeting where the same is to be considered shall be delivered or mailed to each member at least thirty (30) days before the date of such meeting, and shall be posted in one (1) public place within the subdivision. The Board is authorized to incorporate any such alteration, change, or amendment into the Bylaws by a full restatement of the same without further vote of the membership.

ARTICLE 17 INDEMNIFICATION

17.01. DEFINITIONS

(a) **"Indemnitee"** means (i) any present or former Director or Officer of the Association; and (ii) any person appointed by the President or the Board of Directors, or elected, to serve on any committee of the Association.

(b) **"Official Capacity"** means (i) when used with respect to a Director, the Office of Director of the Association; and (ii) when used with respect to a person other than a Director, the elective or appointive Office of the Association held by such person or the employment or agency relationship undertaken by such person on behalf of the Association, but in each case does not include service for any other foreign or domestic corporation or any partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise.

(c) **"Proceeding"** means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitral or investigative, any appeal in such an action, suit or proceeding, and any inquiry or investigation that could lead to such an action, suit or proceeding.

17.02. INDEMNIFICATION

(a) The Association shall indemnify every Indemnitee against all judgments, penalties (including excise and similar taxes), fines, amounts paid in settlement and reasonable expenses actually incurred by the Indemnitee in connection with any Proceeding in which he was, is or is threatened to be named defendant or respondent, or in which he was or is a witness without being named a defendant or respondent, or in which he was or is a witness without being named a defendant or respondent, by reason, in whole or in part, of his service or having served or having been nominated or designated to serve, in any of the capacities referred to in 17.01 (a), if it is determined in accordance with 17.04 that the Indemnitee (i) conducted himself in good faith, (ii) reasonably believed, in the case of conduct in his Official Capacity, that his conduct was in the Association's best interests and, in all other cases, that his conduct was at least not opposed to the Association's best interests, and (iii) in the case of any criminal proceeding, had no reasonable cause to believe that his conduct was unlawful.

(b) Provided, however, that in the event that an Indemnitee is found liable to the Association or is found liable on the basis that personal benefit was improperly received by the Indemnitee in connection with the Proceeding the indemnification (i) is limited to reasonable expenses actually incurred by the Indemnitee in connection with the proceeding, and (ii) shall not be made in respect to any Proceeding in which the Indemnitee shall have been found liable for willful or intentional misconduct in the performance of his duty to the Association. Except as provided in the immediately preceding provision no indemnification shall be made under this 17.02 in respect of any Proceeding in which such Indemnitee shall have been (x) found liable on the basis that personal benefit was improperly received by him whether or not the benefit resulted from an action taken in the Indemnitee's Official Capacity, or (y) found liable to the Association.

(c) The termination of any Proceeding by judgment, order, settlement or conviction, or on a plea of "nolo contendere" or its equivalent, is not of itself determinative that the Indemnitee did not meet the requirements set forth in clauses (i), (ii) or (iii) in 17.02(a). An Indemnitee shall be deemed to have been found liable in respect of any claim, issue or matter only after the Indemnitee shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom. Reasonable expenses shall include, without limitation, all court costs and all fees disbursements of attorneys for the Indemnitee.

17.03. SUCCESSFUL DEFENSE

Without limitation of 17.02 and in addition to the indemnification provided for in 17.02, the Association shall indemnify every Indemnitee against reasonable expenses incurred by such person in connection with any Proceeding in which he is a witness or a named defendant or respondent because he served in any of the capacities referred to in 17.01 (a), if such person has been wholly successful, on the merits or otherwise, in defense of the Proceeding.

17.04. DETERMINATIONS

Any indemnification under 17.02 (unless ordered by a court of competent jurisdiction) shall, except as provided in 17.05 hereof, be made by the Association only upon a determination that indemnification of the Indemnitee is proper in the circumstances because he has met the applicable standard of conduct. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of Directors who, at the time of such vote, are not named defendants or respondents in the Proceeding; (b) if such a quorum cannot be obtained, then by a majority vote of a committee of the Board of Directors designated to act in the matter by a majority vote of all directors (in which designation Directors who are named defendants or respondents in the Proceeding may participate), such committee to consist solely of two (2) or more Directors who, at the time of the committee vote, are not named defendants or respondents in the Proceeding; (c) by special legal counsel selected by the Board of Directors or a committee of the Board of Directors by vote as set forth above in this 17.04 or (d) by the eligible Voting Members in a vote that excludes Directors that are named defendants or respondents in the Proceeding. Determination as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible. Except that if the determination that indemnification is permissible is made by special legal counsel, determination as to reasonableness of expenses must be made in the manner specified in clause (c) of the preceding sentence for the selection of special legal counsel. In the event a determination is made under this 17.04 that the Indemnitee met the applicable standard of conduct as to some matters but not as to others, amounts to be indemnified may be reasonable prorated.

17.05. ADVANCEMENT OF EXPENSES

Reasonable expenses (including court costs and attorney's fees) incurred by an Indemnitee who was or is a subpoenaed witness or was, is or is threatened to be made a named defendant or respondent in a Proceeding shall be paid by the Association at reasonable intervals in advance of the final disposition of such Proceeding, and without making any of the determinations specified in 17.04, after receipt by the Association of (a) a written affirmation by such Indemnitee of his good faith belief that he has met the standard of conduct necessary for indemnification by the Association under this 17.05, and (b) a written undertaking by or on behalf of such Indemnitee to repay the amount paid or reimbursed by the Association if it shall ultimately be determined that he is not entitled to be indemnified by the Association as authorized in this Section. Such written undertaking shall be an unlimited obligation of the Indemnitee but need not be secured and it shall be accepted without reference to financial ability to make repayment. Notwithstanding any other provision of this 17.05, the Association shall pay or reimburse expenses incurred by an Indemnitee in connection with his appearance as a subpoenaed witness or other participation in a Proceeding at a time when he is not named a defendant or respondent in the Proceeding.

17.06. EMPLOYEE BENEFIT PLANS

For purpose of this Article 17, the Association shall be deemed to have requested an Indemnitee to serve an employee benefit plan whenever the performance by him of his duties to the Association also imposes duties on or otherwise involves service by him to the plan or participants or beneficiaries of the plan. Excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall be deemed fines. Action taken or omitted by an Indemnitee with respect to an employee benefit plan in the performance of his duties for a purpose reasonably believed by him to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Association.

17.07. OTHER INDEMNIFICATION AND INSURANCE

The indemnification provided by this Article 17 shall (a) not be deemed exclusive of, or to preclude, any other rights to which those seeking indemnification may at any time be entitled under the Association's Articles of Incorporation, any law, agreement or vote of members or disinterested Directors, or otherwise, or under any policy or policies of insurance purchased and maintained by the Association on behalf of any Indemnitee, both as to action in his Official Capacity and as to action in any other capacity, (b) continue as to a person who has ceased to be in the capacity by reason of which he was an Indemnitee with respect to matters arising during the period he was in such capacity, and (c) inure to the benefit of the heirs, executors and administrators of such a person.

17.08. NOTICE

An indemnification of or advance of expenses to an Indemnitee in accordance with this Article 17 shall be reported in writing to the members of the Association with or before the notice or waiver of notice of the next members' meeting or with or before the next submission to members of a consent to action without a meeting and, in any case, within the twelve-month period immediately following the date of the indemnification or advance.

17.09. CONSTRUCTION

The indemnification provided by this Article 17 shall be subject to all valid and applicable laws, including, without limitation, Article 1396-2.22 of the Texas Non-Profit Corporation Act, and, in the event this Article 17 or any of the provisions hereof or the indemnification contemplated hereby are found to be inconsistent with or contrary to any such valid laws, the latter shall be deemed to control and this Article shall be regarded as modified accordingly, and, as so modified, to continue in full force and effect.

17.10. CONTINUING OFFER, RELIANCE, ETC.

The provisions of this Article 17: (a) are for the benefit of, and may be enforced by, each Indemnitee of the Association, the same as if set forth in their entirety in a written instrument duly executed and delivered by the Association and such Indemnitee; and (b) constitute a continuing offer to all present and future Indemnitees; and (c) are retroactive in application. The Association, by its adoption of these Bylaws, acknowledges and agrees that each Indemnitee of the Association has relied upon and will continue to rely upon the provisions of this Article 17 in becoming, and serving in any of the capacities referred to in Section 17.01 (a) of this Article 17, waives reliance upon, and all notices of acceptance of, such provisions by such Indemnitees and acknowledges and agrees that no present or future Indemnitee shall be prejudiced in his right to enforce the provisions of this Article 17 in accordance with its terms by any act or failure to act on the part of the Association or on the basis of when any claim or cause of action arose.

17.11. EFFECT OF AMENDMENT

No amendment, modification or repeal of this Article 17 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitees to be indemnified by the Association, nor the obligation of the Association to indemnify any such Indemnitees, under and in accordance with the provisions of the Section as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

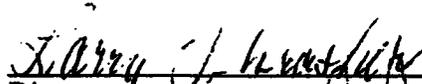
ARTICLE 18 **CORPORATE SEAL**

The Association may have a seal in circular form having within its circumference the words: COMMUNITY IMPROVEMENT ASSOCIATION OF SHADOW BAY, INC.; however, the use of such seal shall not be required for validity of any act of the Association.

ATTESTATION

Adopted by the Board of Directors on this 12th day of May, 2022.

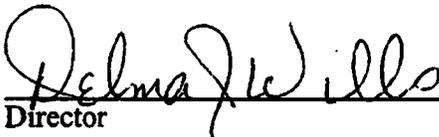
**COMMUNITY IMPROVEMENT
ASSOCIATION OF SHADOW BAY, INC.**



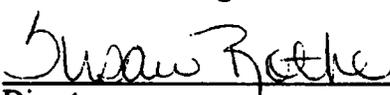
Director



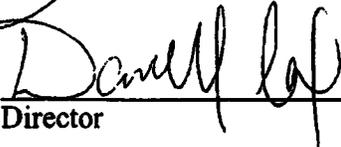
Director



Director



Director



Director

Director

Director

E-FILED FOR RECORD

06/08/2022 04:26PM



COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS,
COUNTY OF MONTGOMERY

I hereby certify that this instrument was e-filed in the file number sequence on the date and time stamped herein by me and was duly e-RECORDED in the Official Public Records of Montgomery County, Texas.

06/08/2022



County Clerk
Montgomery County, Texas