

Exhibit "A"

BYLAWS OF ISLAND PARK ESTATES N.U.D.

ARTICLE 1: COUNCIL OF OWNERS

1.01 Administration. ISLAND PARK ESTATES N.U.D., a **planned** residential development project located in Nueces County, Texas, shall be administered by a Texas non-profit corporation organized under the name of "ISLAND PARK ESTATES OWNERS ASSOCIATION, INC.," or such other name as Declarant may designate. The Association shall be responsible for the management, maintenance, operation, and administration of the Subdivision in accordance with the Declaration **of the Covenants and Restrictions of Island Park Estates N.U.D.**, these Bylaws, the Articles of Incorporation of the Association, the duly adopted Rules and Regulations of the Association, and the laws of the State of Texas (collectively the "Subdivision Documents"). Owners of lots within the Subdivision and all persons using or entering the Subdivision shall be subject to the provisions and terms set forth in the Subdivision Documents.

1.02 Association Meetings. Meetings of the Association must be held at least once each year. Special meetings of the Association may be called by the president, a majority of the Board, or Owners having at least 20 percent of the votes in the Association. The first meeting of the Association will be held no later than the 120th day after conveyance of 75% of the dedicated lots have been improved with a permanent home and five (5) Owners have notified the Declarant that they are willing to serve on the Board. Until the first Association meeting, the affairs of the Association shall be managed by the first Board of Directors named in the Articles of Incorporation of the Association. Meetings of the Association and Board must be open to all Owners, subject to the right of the Board to adjourn a meeting of the Board and reconvene in closed executive session to consider actions involving personnel, pending litigation, contract negotiations, enforcement actions,

matters involving the invasion of privacy of an Owner, or matters that are to remain confidential by request of the affected parties and agreement of the Board. The general nature of any business to be considered in executive session must first be announced at the open meeting.

1.03 Notice of Association Meetings. Notice of time, place, and subject matter of all meetings will be mailed to each Owner at the address given by the Owner to the Association for notices. If any Owner fails to give an address to the Association, all notices will be sent to the address of the Owner's lot, and such Owner shall be deemed to have been given notice of the meeting irrespective of actual receipt of the notice.

1.04 Membership Voting. Membership in the Association and voting by members of the Association shall be in accordance with the following:

(a) Each Owner shall be a member of the Association and no other person or entity shall be entitled to membership. No Owner shall be required to pay any consideration for his membership in the Association.

(b) Each lot shall be entitled to one (1) vote. The total number of votes in the Association is subject to change from time to time resulting from an Owners exercise of their right to re-plat their lots. If two or more lots are platted into one lot, the resulting re-platted lot shall be entitled to only one (1) vote.

(c) No Owner, other than Declarant, shall be entitled to vote at any meeting of the Association until the Owner has presented a copy of the Owner's deed to the Secretary of the Association.

(d) If title to a lot is in the name of two or more persons as Owners, any one of the Owners may vote as Owner of the lot at any meeting of the Association. The Owner's vote shall be binding on the other Owner(s) who are not present at the meeting unless written notice to the contrary from any other Owner of the lot has been received by the Association prior to the meeting. In that event the unanimous action of all the Owners of the lot (in person or by proxy) shall be required to cast their vote as Owners. If two or more of the Owners of a lot are present at any meeting of the Association, then unanimous action shall also be required to cast their vote as Owners. Multiple Owners are in unanimous agreement if one of the multiple Owners casts the votes allocated to their lot and none of the other Owners

present at the meeting makes prompt protest to the person presiding over the meeting.

(e) The presence at the beginning of the meeting, in person or by proxy, of Owners qualified to vote and representing thirty four percent (34%) of the lots shall constitute a quorum for holding any meeting of the Association. If a quorum is not present or represented at the beginning of the meeting, the Owners then present in person or represented by proxy shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At the adjourned meeting at which a quorum shall be present or represented by proxy any business may be transacted which might have been transacted at the original meeting.

(f) Votes at all Association meetings may only be cast in person or by proxy. Proxies must be filed with the Secretary of the Association at or before the appointed time of each meeting. No proxy shall be valid after eleven (11) months from the date of it's execution, unless otherwise specifically provided in the proxy.

(g) When a quorum is present at any meeting of the Association, the vote of a majority (fifty-one percent [51%]) or more of the Owners qualified to vote and present in person or represented by proxy at the meeting shall decide any question brought before the meeting, unless the question is one upon which by express provision of the statutes, the Declaration, or these Bylaws, a different percentage vote is required, in which case such express provision shall govern and control the decision of such question. Owners present in person or by proxy at a duly organized meeting of the Association may continue to transact business until adjournment, notwithstanding the withdrawal of enough Owners to leave less than a quorum.

(h) Cumulative voting shall not be permitted at any meeting of the Owners.

1.05 Books. The Association shall keep or cause to be kept detailed financial records that comply with generally accepted accounting principals and that are sufficiently detailed to enable the Association to account for:

(a) all expenditures and receipts for the administration of the Subdivision,

(b) the maintenance and repair expenses of the Common Area and any other expenses incurred by or on behalf of the Association and Owners,

(c) the Subdivision's Resale Certificate prepared under Sections 207.001 and

207.003, Disclosure of Information by Property Owners' Association, of the Texas Property Code,

- (d) the name and mailing address of each lot Owner,
- (e) voting records, proxies, and correspondence relating to amendments to the Subdivision Documents,
- (f) invoices for attorney's fees and other costs itemized so as to relating to all matters for which the Association seeks reimbursement of fees and costs, and
- (g) minutes of meeting of the Association and Board.

The financial and other records of the Association shall be reasonably available at the office of the treasurer for examination by a lot Owner and the Owner's authorized agents. An attorney's files and records relating to the Association are not records of the Association and are not subject to inspection by Lot Owners or production in a legal proceeding.

1.06 Association's Banking Account: All Assessments, attorney's fees, costs, and other amounts collected from the Owner(s) shall be deposited into an account maintained at a financial institution in the name of the Association. Only officers of the Association, members of the Board, the Association's managing agent, or employees of the Association's managing agent may be signatories on the account.

1.07 Annual Audit: The Association shall, as a common expense, annually obtain an independent audit of the records unless the audit is waived by a majority vote at a meeting of the Association.

1.08 Owner Information: Not later than the 30th day after the date of acquiring an interest in a lot, and not later than the 30th day after the date any of the required information changes, the lot Owner shall provide the Association with:

- (a) the lot Owner's mailing address, telephone number, and driver's license number, if any,

- (b) the name and address of the holder of any lien against the lot, and the lender's loan number
- (c) the name and telephone number of any person occupying the lot other than the Owner, and
- (d) the name, address, and telephone number of any person managing the lot as agent of the Owner.

1.09 Qualification of Board Members. Each member of the Board of Directors of the Association must be a member of the Association or a designated representative of such member if the member is a corporation, partnership, or other legal entity, with the exception of the first Board of Directors (and any replacement directors selected by Declarant prior to the first meeting of the Association) designated in the Articles of Incorporation of the Association. The number of directors will be five (5), but the number of directors may be increased or decreased from time to time by amendment to these Bylaws, provided, however, that the number of directors shall never be less than three (3). An amendment to decrease the number of directors may not shorten the term of any incumbent director.

1.10 Election of Directors. Directors shall be elected to succeed the first Board of Directors at the first meeting of the Association. Each director shall hold office for a two (2) year term with the exception of the directors elected at the first meeting of the Association. At that meeting two (2) directors will be elected to serve a two (2) year term and three (3) directors will be elected to serve a three (3) year term. New Directors shall be elected at the annual meeting of the Association for the Directors whose terms have expired. All directors shall be elected by secret ballot, and the nominees receiving the greatest number of votes shall be elected.

1.11 Vacancies. Whenever a vacancy occurs in the board of directors other than from the expiration of a term of office, the remaining directors shall appoint a lot

Owner to fill the vacancy for the remaining un-expired term of office.

1.12 Board Meetings. A regular meeting of the Board shall be held without call or notice immediately after and at the same place as the annual meeting of the Association.

1.13 Special Board Meetings. Special meeting of the Board shall be held upon call of the President or upon the written request of at least three (3) members of the Board.

- (a) Notice of any special meeting shall be given at least 10 days prior to the meeting by written notice delivered personally or mailed to each director. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail sent to the last known address of the director. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except when a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice of such meeting.
- (b) A special meeting of the Board may be held by any method of communication, including any electronic and telephone, if:
 - (1) notice of the meeting has been given in accordance with 1.13(a) above;
 - (A) each director may hear and be heard by every other director; and
 - (B) The meeting does not involve voting on a fine, damage assessment, appeal from a denial of ACA approval, or suspension of a right of a particular Owner before the Owner has an opportunity to attend a Board meeting to present the Owner's position, including any defense, on the issue.
 - (2) the Board may act by unanimous written consent of all the Directors, without a meeting, if

- (A) the Board action does not involve voting on a fine, damage assessment, appeal from a denial of architectural control approval, or suspension of a right of a particular Owner before the Owner has an opportunity to attend a Board meeting to present the Owner's position, including any defense, on the issue; and
 - (B) a record of the Board action is filed with the minutes of Board meetings.
- (c) An Association representative, on the written request of an Owner, shall inform the Owner of the time and place of the next regular or special meeting of the Board. If the Association representative to whom the request is made does not know the time and place of the meeting, the Association representative shall promptly obtain the information and disclose it to the Owner or inform the Owner where the information may be obtained.

1.14 Grievance Meetings. Grievance Meetings of the Board, or the Grievance Committee if one has been appointed by the Board, shall be held upon call of the President after the Association's receipt of a written request from an Owner pursuant to Section 1.16(n), below. The purpose of the Grievance Meeting is to discuss and verify facts and attempt to resolve the matter in issue.

- (a) Notice of all Grievance Meetings shall be given to each director, or Grievance Committee member if a committee has been appointed, at least 10 days prior to the meeting by written notice which may be delivered personally or mailed. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail sent to the last known address of the director. The attendance of a director or Grievance Committee member at a meeting shall constitute a waiver of notice of such meeting, except when a director or member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any Grievance Meeting need be specified in the notice of the meeting.
- (b) All Grievance Meetings shall be held no later than the 30th day after the date the Association receives the Owner's request for a hearing and shall notify the Owner of the date, time, and place of the hearing not later than the 10th day before the date of the hearing. The Board, Grievance Committee, or Owner may request a postponement, and, if requested, a postponement shall be

granted for a period of not more than 10 days. Additional postponements may be granted by agreement of the parties. Audio recordings shall be permitted at the hearing.

- (c) The notice and hearing procedures for Grievance Meetings and paragraph 1.16(n) below do not apply if the Association files a suit seeking a temporary restraining order, temporary injunctive relief, or files a suit that includes foreclosure as a cause of action. If a suit is filed relating to a matter to which the procedures for a Grievance Meeting and paragraph 1.16(n) do apply, a party to the suit may file a motion to compel mediation. The notice and hearing procedures for Grievance Meetings and paragraph 1.16(n) below do not apply to a temporary suspension of an Owner's right to use the Common Area if the temporary suspension is the result of a violation that occurred in a Common Area and involved a significant and immediate risk of harm to others in the Subdivision. The temporary suspension is effective until the Board makes a final determination on the suspension after following the prescribed Grievance Meeting and paragraph 1.16(n) procedures.
- (d) Notwithstanding anything in the Subdivision Documents to the contrary, an Owner is not liable for attorney's fees incurred by the Association relating to a matter described in a 1.16(n) Notice if the attorney's fees are incurred before the conclusion of the Grievance Meeting, or if the Owner does not request a hearing, before the date by which the Owner must request a hearing. The notice provisions of this subsection do not apply to a counterclaim of the Association in a lawsuit brought against the Association by an Owner.
- (e) The Owner's presence is not required to hold a requested Grievance Meeting.
- (f) All Grievance Meetings shall be held in executive session. Prior to the effectiveness of any sanction ordered by the Board and/or the Grievance Committee, proof of notice, and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall 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 or director who mailed the notice. The 1.16(n) Notice requirement shall be deemed satisfied if a violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

1.15 Quorum. A quorum is present throughout a meeting of the Board or at a Grievance Meeting if persons entitled to cast at least 50 percent of the votes on the Board or the Grievance Committee are present at the beginning of the meeting.

1.16 Powers of the Board. The Board, acting on behalf of the Association, may:

- (a) adopt and amend budgets for revenues, expenditures, and reserves, and collect assessments from the Owners.
- (b) provide for independent management of the Subdivision, hire and terminate managing agents and other employees, agents, and independent contractors.
- (c) institute, defend, intervene, settle, or compromise litigation or administrative proceedings in its own name on behalf of itself or two or more lot owners on matters affecting the Subdivision.
- (d) make contracts and incur liabilities relating to the operation of the Subdivision.
- (e) regulate the use, maintenance, repair, replacement, modification, and appearance of all Improvements to the Subdivision, provided any use regulations shall not prohibit Short Term Rentals. A "Short Term Rental" means a short-term residential lease agreement with a minimum primary term of three days.
- (f) adopt and amend rules regulating the use, maintenance, repair modification, and appearance of the Common Area.
- (g) cause additional improvements to be made as a part of the Common Area.
- (h) acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property.
- (i) grant easements, leases, licenses, and concessions through or over the Common Area.
- (j) impose and receive payments, fees, or charges for the use, rental, or operation of the Common Area and for services provided to the Owners.
- (k) impose interest and late charges for late payments of assessments, returned check charges, and, if notice and an opportunity to be heard are given, reasonable fines for violations of the Subdivision Documents.
- (l) adopt and amend rules regulating the collection of delinquent assessments and the application of payments.
- (m) impose reasonable charges for preparing, recording, or copying declaration amendments, resale certificates, or statements of unpaid assessment.

(n) after giving written notice to an Owner by certified mail, return receipt requested (sometime referred to as a “1.16(n) Notice”), the Board may suspend an Owner’s right to use the Common Area, file a suit against an Owner (other than a suit to collect a Regular or Special Assessment or foreclose under an Association lien), charge an Owner for property damage, or levy a fine for a violation of the Subdivision Documents.

The 1.16(n) Notice must:

1. 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, and
 2. Inform the Owner that the Owner:
 - A. 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 proceeding six months, and
 - B. May request a hearing before the Board, or the Grievance Committee if one has been appointed by the Board, on or before the 30th day after the date the Owner receives the notice.
 3. Inform the Owner that if a hearing is to be held before the Grievance Committee that the Owner has the right to appeal the committee’s decision to the Board.
 4. Inform the Owner if attorney’s fees and costs relating to collecting amounts, including damages, due the Association for enforcing the Subdivision Documents will be charged to the Owner if the delinquency or violation continues after the cure date defined in the notice.
 5. Inform the Owner of the proposed sanction(s) to be imposed.
- (o) at the discretion of the Board, appoint a Grievance Committee which is to be made up of no less than three (3) Owners and no more than five (5) Owners. Officers and directors on the Board may serve on the Grievance Committee, which, if appointed, will hear, discuss, and attempt to resolve any matters following a request from an Owner in receipt of a 1.16(n) Notice. Grievance

Committee members shall serve three (3) year terms, subject to the right of the Board to remove any committee member by a majority vote at a meeting of the Board. If a vacancy occurs on the Grievance Committee, either from the expiration of a term of office or resignation, the Directors shall appoint a committee member to fill the vacancy for the remaining un-expired.

(p) purchase insurance and fidelity bonds it considers appropriate or necessary.

1.17 Officers of the Association. The officers of the Association shall be a President, a Secretary, and a Treasurer, and such other officers as the Board shall from time to time determine. All offices may be held by a person who may also be a member of the Board. All officers shall be elected by and hold office at the pleasure of the Board of Directors, which shall fix the tenure of all officers.

1.18 Powers. The officers of the Association shall have the powers and duties generally ascribed to the respective officers, and such additional authority or duty as may from time to time be established by the Board.

1.19 Execution of Documents. The Board may, in its discretion, determine the method and designate the signatory officer or officers, or other persons or persons, to execute any instrument or document including amendments to the Declaration and these By-laws, or to sign the Association name without limitation, except where otherwise provided by law, and such execution or signature shall be binding upon the Association.

ARTICLE 2: TAXES, MAINTENANCE, AND ASSESSMENTS

2.01 Owner(s)' Taxes. Each Lot Owner shall be assessed as the person or entity in possession of the Owner's lot, and all real property and personal property taxes thereon shall be paid by the Lot Owner to the taxing authority.

2.02 Owner(s) Maintenance Responsibilities. Each Owner is responsible for the cost of maintenance and repair of the Owner's lot and improvements to the lot.

2.03. Association Expenses and Receipts. All costs incurred by the Association, including costs incurred in satisfaction of any liability arising from, caused by, or in connection with the Association's administration, operation, and maintenance of the Subdivision and Common Area shall be a paid pro-rata by the Owners per lot (the "Common Expense Liability"). All sums received by the Association, including all sums received from Assessments and as proceeds from any policy of insurance carried by the Association, shall be Association receipts. The share of an Owner in the funds and assets of the Association cannot be assigned, pledged, or transferred in any manner except as an appurtenance to the Owner's lot.

2.04 Association's Maintenance Responsibilities and Annual and Special Assessments. The Association is responsible for maintenance, repair, and replacement of the Common Area.

(a) Regular Assessments: The Board shall establish an annual budget in advance for each fiscal year and such budget shall project all Common Expenses for the forthcoming year which may be required for the proper administration, operation, management, and maintenance of the Subdivision and of the Association, including reasonable allowances for working capital, contingencies, and reserves for maintenance, repairs, and replacements, and reserves for shared maintenance expenses created by any contract or agreement. The Regular Assessment levied against Owners for each year shall be established by the adoption of the annual budget by the Board. Copies of the budget will be delivered to each Owner, although the delivery of a copy of the budget to each Owner shall not affect the liability of any Owner for any existing or future assessment. Should the Board at any time determine in its sole discretion that the Regular Assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Subdivision or the Common Area in any fiscal year for any reason, including non-payment of assessments by an Owner, then the Board has the authority at any time and from time to time to levy an additional assessment or assessments as it shall deem necessary for that purpose. If, for any year, the income of the Association from assessments exceeds the sum of (i) total expenses of the Association for which payment has been made or liability incurred, and (ii) reasonable reserves as may have been established by the Board, the additional income may be utilized in accordance with a vote of Owners at a meeting called for

such purpose, which vote shall be to either: (1) return such excess to Owners or (2) apply the excess to the following year's assessments.

(b) Special Assessments, in addition to those described in paragraph 2.04(a) above, may be made by the Board at any time and from time to time: (i) to meet other needs or (ii) to construct or establish facilities deemed of benefit to the Association. All Special Assessment under this paragraph shall not be levied without the prior written approval of at least two thirds (2/3rds) of the Owners.

2.05 Allocation of Assessments. All assessments levied against the Owners to cover Common Expenses shall be apportioned among and paid by Owners on a pro-rata basis in accordance with the number of lots in the Subdivision, except for assessments made against a single Owner, such as for repairs made by the Association at the expense of an Owner or as a fine against an Owner as provided in the Subdivision Documents, which shall be paid in full by such Owner. Assessments will be made on an annual basis but may be due and payable in monthly installments, in advance, on the first day of each month, or at such other times as the Board may determine. An Owner shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment; and upon written notice after such default the Board may accelerate and declare immediately due and payable the entire annual assessment of such Owner. Assessments in default shall bear interest at the highest lawful rate commencing on the fifth day after such assessment becomes delinquent until paid in full. Each Owner (whether one or more persons) shall be, and remain, personally (and in the case of a lot with more than one Owner, jointly and severally) liable for the payment of all assessments which may be levied against such Owner by the Association in accordance with the Subdivision Documents; and any unpaid assessments with accrued interest thereon owed with respect to an lot may, at the option of the Association, be collected out of the sales proceeds of the lot.

2.06 No Exemptions. No Owner may exempt himself from liability ~~for~~ provided for in the Subdivision Documents by waiver of the use or enjoyment of any of the Common Area or by the abandonment of the Owner's lot.

2.07 Collection of Assessments. The Association may enforce collection of delinquent Regular or Special Assessments by suit at law for a money judgment, and the expenses incurred in collecting such unpaid assessments including interest, costs, and attorneys' fees shall be chargeable to the Owner in default. Further, all assessments are secured by a continuing lien on the Owner's lot and on rents and insurance proceeds received by the Owner relating to the lot. The term "Assessments" may mean a Regular or a Special assessments, and all dues, fees, charges, interest, late fees, fines, collection costs, attorney's fees, and any other amount due to the Association by the Owner or levied against the lot by the Association.

2.08 Restriction on Attorney's Fees Resulting from a Non-judicial Foreclosure: The amount of attorney's fees included in a non-judicial foreclosure sale for an Assessment is limited to the greater of:

- (a) one-third of the amount of all actual costs and Assessments, excluding attorney's fees, plus interest and court costs, or
- (b) \$2,500.00, or
- (c) as provided by section 200.008 of the Texas Property Code or its amendment.

This restriction on attorney's fees only applies to the Association's remedy of non-judicial foreclosure. It does not prevent the Association from recovering or collecting Attorney's fees in excess of the restricted amounts by other means provided by law.

2.09 Priority of the Association's Lien: The Association's lien for Assessments has priority over any other lien except:

- (a) a lien for real property taxes and other governmental assessments or charges against the Lot,
- (b) a first vendor's lien and first deed of trust securing a note given for the purchase of a lot (a "purchase money lien") that is recorded before the date on which the Assessments sought to be enforced becomes delinquent,

- (c) a deed of trust securing a note for work and material used in construction of improvements on the Owner's lot if contracted for in writing as provided by Sections 53.254(a), (b), and (e) of the Texas Property Code and recorded before the date on which the assessments sought to be enforced becomes delinquent, and
- (d) a deed of trust securing an extension of credit that meets the requirements of Sections 50(a)(6), Article XVI, Texas Constitution (a "Home Equity Loan") that is recorded before the date on which the assessments sought to be enforced becomes delinquent.

2.10 Assessment Lien Enforcement: To evidence the Association's lien, the Board may authorize an officer of the Association to prepare and sign a written notice signed setting forth the amount of any unpaid Assessments, the name of the Owner in default, and a description of the Owner's lot. The notice may be filed of record with the County Clerk, Nueces County, Texas (the lien shall attach from the due date of such unpaid assessment, however, not the date of the filing of the notice). A lien for Assessments may be enforced by the Association by judicial foreclosure in a suit to recover a money judgment for the delinquent assessments, and/or through a nonjudicial sale by exercising the power of sale granted to the Association by the Owner as provided in the Declaration and in accordance with Section 51.002 of the Texas Property Code, and shall also secure the interest, costs, and attorneys' fees incurred in such action. The Association shall have the power to bid in the Condominium Lot at foreclosure and to acquire, hold, lease, mortgage, convey, or otherwise deal with the same.

2.11 Foreclosure Sale Prohibited in Certain Circumstances: As provided by Section 209.009 of the Texas Property Code, the Association may not foreclose an Assessment lien if the Regular or Special Assessment debt has been paid by the Owner and the remaining debt to the Association consists solely of:

- (a) fines assessed by Association for late payment, or
- (b) attorney's fees incurred by the Association solely associated with fines assessed by the Association.

In such an event, the Association's remedy is to collect the debt from the Owner when the Owner's lot is sold, or to file a law suit to recover a money judgment for unpaid assessments without foreclosing or waiving the lien securing the same, and the Association's attorney's fees in such an action is not restricted by the caps set forth in section 2.08 above.

2.12 Notice After Foreclosure Sale: The Association must send to the Owner of a lot foreclosed by the Association, a notice of sale not later than the 30th day after the date of a foreclosure sale (the "Post Foreclosure Notice").

- (a) The Post Foreclosure Notice must be written stating the date and time the sale occurred and informing the Owner of the Owner's right to redeem their lot.
- (b) The Post Foreclosure Notice must be sent by certified mail, return receipt requested, to the lot Owner's last known mailing address, as reflected in the records of the Association.
- (c) Not later than the 30th day after the date the Association sends the Post Foreclosure Notice, the Association must record an affidavit in the real property records of Nueces County stating the date on which the Post Foreclosure Notice was sent and containing a legal description of the lot.
- (d) The Post Foreclosure Notice must also be sent on a sale of an Owner's lot by a Sheriff or constable conducted as provided by a judgment obtained by the Association.

2.12 Loss of Voting Rights: An Owner in default of his obligations to the Association, or other Owners, as set forth herein shall not be entitled to vote at any meeting of the Association so long as such default continues.

2.13 Owner's Right of Redemption: The Owner of a lot purchased by the Association at a foreclosure sale of the Association's lien for Assessments may redeem the

lot not later than the 180th day after the date of the Post Foreclosure Notice is mailed to the Owner. A person who purchases a lot at a sale foreclosing the Association's Assessment lien may not transfer ownership of the lot to a person other than the redeeming lot Owner during the redemption period.

2.14 Redemption Procedure from the Association: To redeem a lot purchased by the Association at the Assessment foreclosure sale, the lot Owner must pay to the Association:

- (a) all amounts due the Association at the time of the foreclosure sale,
- (b) interest from the date of foreclosure sale to the date of redemption at the annual rate of 10%,
- (c) costs incurred by the Association in foreclosing the lien and conveying the lot to the redeeming lot Owner, including reasonable attorney's fees,
- (d) any assessment levied against the lot by the Association after the foreclosure sale, and
- (e) any reasonable cost incurred by the Association as owner of the Lot, including mortgage payments and costs of repair, maintenance, and leasing and leasing the property.
- (f) the purchase price paid by the Association at the foreclosure sale less any amounts due the Association that were satisfied out of the foreclosure sale proceeds.

2.15 Redemption Procedure from Person's other than the Association: To redeem a lot purchased by a person other than the Association at the Assessment foreclosure sale, the lot Owner must:

- (a) pay to the Association:
 - 1. all amounts due the Association at the time of the Assessment foreclosure sale less the foreclosure sales price received by the Association from the foreclosure purchaser,

2. interest from the date of the foreclosure sale through the date of redemption on all amounts owed the Association at the rate of 10%,
3. costs incurred by the Association in foreclosing the Assessment lien and conveying the property to the redeeming lot owner, including reasonable attorney's fees,
4. any unpaid assessments levied against the property by the Association after the date of the foreclosure sale, and
5. taxable costs incurred in a forcible entry and detainer proceeding brought by the Association to gain possession of the property.

(b) pay to the person who purchased the property at the Assessment foreclosure sale:

1. any Assessments levied against the property by the Association after the date of the foreclosure sale and paid by the purchaser,
2. the purchase price paid by the purchaser at the foreclosure sale,
3. the amount of the deed recording fee,
4. the amount paid by the purchaser as valorem taxes, penalties, and interest on the property after the date of the foreclosure sale, and
5. taxable cost incurred in a forcible entry and detainer proceeding brought by the purchaser to gain possession of the property.

If an Owner of a lot redeems the property under this section, 2.15(b), the purchaser of the property at the Assessment foreclosure shall immediately execute and deliver to the Owner a deed transferring the property to the redeeming lot Owner. If a purchaser fails to comply with this section 2.15(b), the lot Owner may file a law suit against the purchaser and may recover reasonable attorney's fees from the purchaser if the lot owner is the prevailing party in the action.

2.16 Notice to Lender: If a Lot Owner is delinquent in payment of Assessments to an Association, at the request of the Association a holder of a recorded lien against the Lot may provide the Association with information about the Lot Owner's debt secured by the holder's lien against the Lot and other relevant information. At the request of a lien

holder, the Association may furnish the lien holder with information about the Subdivision and the Lot Owner's obligations to the Association.

2.17 Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay Assessments. In the absence of any annual budget or adjusted budget, each Owner shall continue to pay Assessments at the rate established for the previous fiscal year until notice of the new payment, which is due after such new annual or adjusted budget, shall have been adopted.

2.18 Statement of Assessments. Upon written request the Association shall provide any mortgagee a written statement of all unpaid Assessments due from the Owner. The Board may impose a reasonable charge for the preparation of such statement to cover the cost of preparation and delivery of the statement.

2.19 Litigation Expenses. The Board may utilize the funds of the Association, whether collected by Regular or Special Assessments, to pay the costs and expenses, including attorneys' fees as provided in these By-laws incurred or arising in connection with any litigation by or against the Association, including, but not limited to, suits to collect Assessments from an Owner and bidding at the foreclosure sale of a lot.

2.20. Declarant's Liability for Assessments: During the period prior to the first meeting of the members of the Association, Declarant shall be responsible for payment of the Regular Assessments with respect to those Lots owned by Declarant; provided that in no event shall Declarant be responsible for payment of any portion of such assessments or any Special Assessments for reserves for future maintenance or repairs until after such first meeting of the members of the Association.

ARTICLE 3: OWNER ACTION

Without limiting the other legal rights of any Owner, legal action may be brought by the Association in its sole discretion on behalf of two (2) or more Owners, as their respective interests may appear, with respect to any cause of action relating to the enforcement of the Subdivision Documents.

ARTICLE 4: INSURANCE

4.01 Insurance. The association shall maintain, to the extent reasonably available, property insurance on the insurable Common Area insuring against all risks of direct physical loss commonly insured against, including fire, flood, and extended coverage, in a total amount of at least 80 percent of the replacement cost or actual cash value of the insured property as of the effective date and at each renewal date of the policy, and commercial general liability insurance, including medical payments insurance, in an amount determined by the Board covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Area. All property insurance must provide that:

- (a) each Lot Owner is an insured person under the policy with respect to liability arising out of the person's ownership of an undivided interest in the Common Area or membership in the Association;
- (b) the insurer waives its right to subrogation under the policy against a Lot Owner;
- (c) no action or omission of a Lot Owner, unless within the scope of the Lot Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; and
- (d) if, at the time of a loss under the policy, there is other insurance in the name of a Lot Owner covering the same property covered by the policy, the Association's policy provides primary insurance.

4.02 Fidelity Insurance. The Association may also maintain adequate fidelity coverage to protect against dishonest acts on the part of directors, officers, trustees,

employees, volunteers, and managers, if any, of the Association who handle, or are responsible for handling, funds belonging to or administered by the Association. Such fidelity bonds shall name the Association as obligee, and shall be written in an amount at least equal to one hundred fifty percent (150%) of the estimated annual operating expenses and reserves of the Association for the current year, and shall contain waivers of any defense based upon the exclusion of any persons who serve without compensation.

4.03 Premiums. All premiums upon insurance purchased by the Association pursuant to these Bylaws shall be included in the Association's budget in accordance with Paragraph 2.04(a).

4.04 Claims and Proceeds. A claim for any loss covered by the Association's Policy must be submitted by and adjusted with the Association. Proceeds of all insurance policies owned by the Association shall be received by the Association, and not to any Lot Owner or lien holder, and held in separate accounts and applied by the Association to remedy the casualty or restore the funds occasioned by the loss.

4.05 Owner's Contents. The Association shall not be responsible for procurement or maintenance of any insurance covering any hazards to the contents of any Lot nor the liability of any Owner for occurrences therein not caused by or connected with the Association's operation, maintenance, or use of the Project.

4.06 Unavailable Insurance. Neither the Board, nor any officer of the Association, nor Declarant shall be liable for failure to obtain any coverage required by this Article or for any loss or damages resulting from such failure, if such failure is due to the unavailability of such coverage from reputable insurance companies, or if such coverage is available only at demonstrably unreasonable cost. If the insurance is not reasonably available, the Board shall cause notice of that fact to be delivered or mailed to all Lot

Owners and lien holders. This section does not affect the right of a lienholder to require a Lot Owner to acquire insurance in addition to that provided by the Association.

ARTICLE 5:

ADDITIONS, MAINTENANCE, REPAIR, AND REPLACEMENT

5.01 Additions, Alterations, or Improvements by Board of Directors. Except during the period prior to the first meeting of the Association (sometimes referred to as the "Period of Declarant Control"), whenever in the judgment of the Board the Common Area shall require additions, alterations or improvements costing in excess of Ten Thousand Dollars (\$10,000.00) during any period of twelve consecutive months (or in excess of Ten Thousand Dollars more than reserves accumulated thereof), such additions, alterations, or improvements shall be made only with the prior approval of the Association, at a meeting of the Association at which a quorum is present, and passed by a vote of seventy five percent (75%) or more of the Owners qualified to vote and present in person or represented by proxy at the meeting. Following the Association's approval, the Board may proceed with such additions, alterations, or improvements and shall assess all Owners for the cost thereof as a Common Expense. Any additions, alterations, or improvements costing Ten Thousand Dollars or less during any period of twelve consecutive months (or not in excess of Ten Thousand Dollars more than reserves accumulated thereof) may be made by the Board without prior approval of the Owners and the cost thereof shall constitute a Common Expense, which may be assessed, if necessary, as provided in Paragraph 2.04(a).

ARTICLE 6:

MORTGAGES

6.01 Mortgagee's Responsibility for Assessments. Any first lien purchase money and/or construction mortgagee which obtains title to a Lot as a result of a foreclosure of its lien shall extinguish the Association's lien on the Lot for assessments which accrued prior to the foreclosure. All assessments accruing on a Lot after the date of the foreclosure sale shall be assessed and paid by the foreclosing Mortgagee as the Owner of the Lot, and

such Mortgagee shall abide by and conform to all Subdivision Documents.

ARTICLE 7:
COMPLIANCE

7.01 Acceptance of Governing Rules. The Association, all present or future Owners, tenants, future tenants, or any other persons using the Subdivision facilities shall comply with the Subdivision Documents. In the event these Bylaws shall be inconsistent with the Declaration, then the Declaration shall be controlling.

7.02 Amendment of Bylaws. These Bylaws may be amended by the members of the Association from time to time. All amendments must be approved at a meeting of the Association the notice of which will contain the nature of the amendment and its written text. A quorum must be present at the meeting, and the amendment must be passed by a vote of seventy five percent (75%) or more of the Owners qualified to vote and present in person or represented by proxy at the meeting; provided, however, that no amendment shall affect the rights or privileges of Declarant unless the amendment is approved in writing by the Declarant. Upon the approval of any amendment, an instrument in recordable form setting forth the amendment and containing a certificate by the President and the Secretary of the Association, certifying as to the accuracy of the contents of such amendment and as to its due adoption in accordance herewith shall be prepared and filed of record in Nueces County, Texas, and such instrument shall be effective to amend these Bylaws without the signatures of any other parties.

ARTICLE 8:
NET EARNINGS OF ASSOCIATION

8.01 Association Earnings: Except to the extent Owners shall benefit (i) from the administration, operation, management, maintenance, repair, and/or rebuilding of the Common Area by the Association or (ii) from the rebating of excess Assessments to

Owners, no part of the net earnings of the Association shall inure to the benefit of any Owner or any other individual.

ARTICLE 9: SEVERABILITY

9.01 Severability: In the event that any of the terms, provisions, or covenants of these Bylaws are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify, or impair in any manner whatsoever any of the other terms, provisions, or covenants hereof or the remaining portions of any terms, provisions, or covenants held to be partially invalid or unenforceable.

ARTICLE 10: HEADINGS

10.01 Headings: The headings used in these Bylaws have been inserted for administrative convenience only and do not constitute matter to be construed in interpretation.

EXECUTED this the . day of _____, 2006

DECLARANT:
ISLAND PARK ESTATES

By_____

RATIFIED, APPROVED, and ADOPTED:

ISLAND PARK ESTATES OWNERS ASSOCIATION, Inc.

_____, Director

_____, Director

_____, Director

THE STATE OF _____ §
COUNTY OF _____ §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____, of _____ known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of _____, as _____ of _____, a _____ for the purposes and consideration therein expressed, and in the capacity herein stated.

NOTARY PUBLIC, STATE OF _____

STATE OF _____
COUNTY OF _____

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____, Director of Island Park Estates Owners Association, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of _____, as Director of Island Park Estates Owners Association, a Texas Non-profit Corporation on behalf of the Corporation

NOTARY PUBLIC, STATE OF _____

THE STATE OF _____ §
COUNTY OF _____ §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____, Director of Island Park Estates Owners Association, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of _____, as Director of Island Park Estates Owners Association, a Texas Non-profit Corporation on behalf of the Corporation

NOTARY PUBLIC, STATE OF _____

THE STATE OF _____ §
COUNTY OF _____ §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____, Director of Island Park Estates Owners Association, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of _____, as Director of Island Park Estates Owners Association, a Texas Non-profit Corporation on behalf of the Corporation
