

BYLAWS  
OF  
THE SEASCAPE OWNERS ASSOCIATION

The SEASCAPE OWNERS ASSOCIATION, INC., also known as The Seascape Owners Association (“Association”) is a Texas non-profit corporation referred to in the Declaration of Condominiums (the “Declaration”) of the Seascape Condominium (the “Condominium”), a condominium regime in Galveston, Galveston County, Texas, created pursuant to the provisions of the Texas Condominium Act (Texas Revised Civil Statutes Article 1301a) (the “Condominium Act”). This association shall have all the powers of the “Co-owners” as authorized by the Condominium Act. The terms used in these Bylaws shall have the same meanings as set forth in the Declaration, unless otherwise specifically provided. In the event of any conflict between the terms and provisions of these Bylaws and the Declaration or the Condominium Act, or both, the Condominium Act shall control over both the Declaration and these Bylaws.

ARTICLE I  
Purpose and Owner Obligation

1.01 Purpose. The purpose for which this non-profit Association is formed is to govern the Condominium situated in the City of Galveston, County of Galveston, State of Texas, which Condominium is described by metes and bounds in the Declaration.

1.02 Owner Obligation. All present or future owners, tenants, or any other person who might use the facilities of the Condominium in any manner, are subject to the regulations set forth in these Bylaws. The mere acquisition or rental of any unit (“Unit”) in the Condominium or the mere act of occupancy of any such Unit shall evidence that these Bylaws are accepted, ratified and will be strictly followed.

ARTICLE II  
Voting by Owners

2.1 Voting. Each Owner of a Unit in the Condominium shall be entitled to one (1) vote for each Unit owned by a Owner, which vote shall be weighted to equal and proportionate share of ownership of the Owner in the Common Areas. Voting shall not be split among more than one (1) Owner. The present number of votes that can be cast by the Owners is one hundred thirty-five (135). The combined weighted votes calculated in accordance with Exhibit “C” to the Declaration shall equal one hundred percent (100%). Should additional property be annexed in accordance with Paragraph 2.11 of the Declaration, the total number of votes shall be increased accordingly, and the weighted average adjusted to total one hundred percent (100%). Each Owner of a Unit, whether such ownership interest is whole or fractional, shall be a member (“Member”) of the Association who will have the responsibility of administering the Condominium through a Board of Directors.

2.2 Notice of Membership. No Member, other than the Declarant, shall be entitled to vote at any meeting or the Association until such Member has presented evidence of ownership of a Unit in the Condominium to the Secretary of the Association.

2.3 Termination of Membership. Membership in the Association shall terminate without any formal Association action whenever such member ceases to own a Unit. Such termination shall not relieve or release any such former Member from any liability or obligation incurred under or in any way connected with the Condominium during the period of such ownership and

membership in the Association, or impair any right or remedies which the Board of Directors of the Association or others may have against such former Owner and Member arising out of or in connection with such ownership and membership and the covenants and obligations incident thereto.

### ARTICLE III Administration

3.1 Declarant Control. Notwithstanding any provision herein to the contrary, and in accordance with Paragraphs 4.2 and 4.3 of the Declaration, Funderburk Goldman Development, Inc., (“Declarant”) shall retain control over the management of the affairs of the Association. This retention of control shall be for the benefit of the Owners of each Unit and any Mortgagees of record and for the purpose of insuring both a complete and orderly build-out and a timely sell-out of the Condominium, including any annexations. This control shall last no longer than June 1, 1989, or upon the sale of seventy-five percent (75%) of the Units, including subsequent annexations, whichever occurs first (“Declarant Control Period”).

### ARTICLE IV Meetings

4.1 Annual Meetings. The first meeting of the Members of the Association shall be called by the Declarant after the end of the Declarant Control Period upon not less than ten (10) days nor more than thirty (30) days notice to each Member before such meeting. Thereafter, an annual meeting of the Members of the Association shall be held in the principal office of the Association or at such other place as may be designated by the Board of Directors at 8:00 o'clock p.m. On the third Tuesday in March of each calendar year (or the first business day thereafter if such day is a governmental or religious holiday). At the discretion of the Board of Directors, the annual meeting of the Members of the Association may be held at such other reasonable time (not more than sixty (60) days prior to or subsequent to the aforesaid date) as may be designated by written notice of the Board of Directors delivered to the Members not less than ten (10) nor more than thirty (30) days prior to the date fixed for said meeting.

4.2 Notice. Any notice permitted or required to be given to a Member may be delivered personally, by mail or by placing such notice in the mail distribution facilities (“distribution facilities”) of each Member, if such facilities are present in the Condominium. If delivery is made by mail, or by placing the same in the distribution facilities, it shall be deemed to have been delivered seventy-two (72) hours after deposit in the distribution facilities or U.S. Mail, postage prepaid, addressed to a Member at his Unit or to such other address as the Member may have given in writing to the Secretary of the Association for the purpose of service of notices. Any address for purposes of notice may be changed from time to time by notice in writing to the Secretary. For the purpose of determining the Members entitled to notice of a meeting and to vote at any meeting, the membership of the Association shall be determined at the close of business on the twenty-fifth (25th) day preceding such meeting. Such notice shall be delivered personally, by mail or by placing the same in the Condominium's mail distribution facilities not less than ten (10) days nor more than thirty (30) days before the date of such meeting and shall state the date, time and place of the meeting and the purpose or purposes thereof.

4.3 Special Meetings. Special meetings of the Members may be called by the President or any Vice President of the Association at any time or may be called upon petition to the President by ten percent (10%) of the Members in the Association or by a majority of the Board of Directors. Written or printed notice stating the place, day and hour of such special meeting and the purpose

or purposes for which the special meeting is called shall be delivered to each Member not less than ten (10) nor more than (30) days before the date of such meeting. No other business shall be transacted at a special meeting except as stated in the notice unless by consent of eighty percent (80%) of the Owners of Unit present, either in person or by proxy.

4.4 Quorum. The presence in person, or by proxy of the Member representing an aggregate of more than fifty percent (50%) of the votes entitled to be cast by the Members, shall constitute a quorum for holding any meeting of the Association. If, however, such quorum shall not be present or represented at any meeting of the Association, the Members present in person or represented by proxy shall have the power to adjourn and reconvene the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such reconvened meeting, at which a quorum shall be presented or represented by proxy, any business may be transacted as was set out in the notification of the original meeting.

4.5 Proxies. At any meeting of the Association votes may be cast in person or by proxy. Proxies must be filed with the Secretary of the Association at or before the appointed time of such meeting of the Association.

4.6 Majority Vote. When a quorum is present at any meeting of the Association, the vote by the Members present in person or by proxy at such meeting of a majority (an aggregate of more than fifty percent (50%) of the votes entitled to be cast by the Members present or represented by proxy at such meeting) shall decide any question brought before such meeting, unless the question is one upon which, by express provisions of the Condominium Act, the Declaration of these Bylaws, a different vote is required, in which case such express provision shall govern and control a vote on such question.

4.7 Cumulative Voting Prohibited. At meetings of the Association, cumulative voting shall be prohibited.

4.8 Order of Business. The order of business at all meetings of the Owners of Units shall be as follows;

- (A) Roll Call;
- (B) Proof of notice of meeting or waiver of notice;
- (C) Reading of minutes of preceding meeting;
- (D) Reports of Officers;
- (E) Reports of Committees;
- (F) Election of Directors;
- (G) Unfinished Business; and
- (H) New Business.

## ARTICLE V Board of Directors

5.1 Number, Qualification and Election. The affairs of the Association shall be governed by a Board of Directors composed initially of five (5) persons who, except in the case of the First Board, the Second Board and the Third Board, as such terms are defined below in this Article 5.01, are members of the Association, spouses of members or, in the event that a Unit is owned by a corporate or other business entity, an officer or director of such entity who resides in the Unit owned by such entity. The foregoing persons shall act in such capacity and shall manage the affairs of the Association until their successors are elected, as follows;

- (A) Prior to the first meeting of the Members of the Association, the five (5) Directors comprising the Board of Directors shall have been appointed by the Declarant (“the First Board”), and such Directors shall serve for such first meeting and shall thereafter

continue to serve until the first annual meeting of the Members of the Association.

(B) At the first annual meeting of the Members of the Association, two (2) Directors shall be elected by the Members, to serve for a term of three (3) years (“the Second Board”). The two (2) Directors so elected shall replace two (2) of the original five (5) Directors initially appointed by the Declarant, and the Declarant shall designate which two (2) Directors shall be replaced.

(C) At the second annual meeting of the Members of the Association, two (2) Directors shall be elected by the Members, to serve for a term of three (3) years (“the Third Board”). The two (2) Directors so elected shall replace two (2) of the original five (5) Directors initially appointed by the Declarant, and the Declarant shall designate which two (2) Director shall be so replaced.

(D) At the third annual meeting of the Members of the Association, one (1) Director shall be elected by the Members to serve for a term of three (3) years. The one (1) Director so elected shall replace the remaining one (1) Director initially appointed by the Declarant.

(E) At the fourth annual meeting of the Members of the Association, and at each annual meeting of the Members of the Association thereafter, two (2) and/or one (1) Directors, as the case may be, shall be elected by the Members of the Association to serve for a term of three (3) years.

The Directors (other than those appointed by the Declarant) shall serve for their respective designated terms, commencing at the time of their election until their death, resignation, removal or until they are no longer Members of the Association, whichever occurs first. Those Directors appointed by the Declarant shall server from their appointment until their death, resignation, removal, appointment of a successor Director by the Declarant, or until such time as their position as Director is filled by means of election by the Members of the Association as provided for in the Article 5.01, provided, however, that the Declarant shall at all times have the right to remove any such appointed Director, with or without cause, and appoint a successor Director for the unexpired portion of such removed Director's term.

5.2 Nominations. For those Directors to be elected by the Association, nominations for election to the Board of Directors shall be made by a nominating committee which shall consist of a chairman, who shall be a Director, and two or more Members, who shall have been appointed by the Board of Directors prior to such annual meeting of the Members (except the initial nominating committee, which shall be appointed by the initial Board of Directors to serve from the close of the first meeting of the Members of the Association until the close of the first annual meeting) and such appointment shall be announced at each annual meeting. The nominating committee shall make as many nominations for election to the Board of Directors as it determines in its discretion to be appropriate, but not less than the number of vacancies that are to be filled.

5.3 Election. Election to the Board of Directors, or to fill a vacancy left on the Board of Directors as a result of a vote cast by the Association, shall be by secret written ballot. The Members may cast, in person or by proxy, in respect to each vacancy on the Board of Directors such votes as they are entitled to exercise under the provisions of the Declaration. Persons receiving the largest number of votes shall be elected.

5.4 Removal and Vacancies. Any member of the Board of Directors appointed by the Declarant may be removed from membership on the Board of Directors, for cause only, by the affirmative vote of two-thirds (2/3rds) of the votes represented at a special meeting of the Members of the Association called to consider such action, or at an annual meeting. A replacement for such Director other than those Directors appointed by the Declarant may be removed from membership on the Board of Directors with or without cause, by the affirmative vote of two-

thirds (2/3rds) of the votes represented at a special meeting of the Members of the Association called to consider such action, or at an annual meeting. Any Director whose removal has been proposed by the Association shall be given an opportunity to be heard at the meeting. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each Director so elected shall serve out the remaining term of his predecessor.

5.5 Compensation and Expenses. No Director shall receive and compensation from the Association for acting as such but shall be reimbursed for reasonable expenses incurred while serving in such capacity.

5.6 Action by Written Consent. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by all of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

5.7 Regular Meetings. The annual meeting of the Board of Directors shall be held each year immediately following the annual meeting of the Association, at the place of such annual meeting, for the election of officers and consideration of any other business that may be properly brought before such annual meeting. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or telegraph, at least two (2) days prior to the date designated for such meeting. Regular meetings of the Board of Directors may be either open or closed to persons other than Directors, as the Board of Directors may in its sole discretion determine.

5.8 Special Meetings. Special meeting of the Directors may be called by the President or Secretary, or upon the written request of at least two (2) Directors. Not less than three (3) day's notice of the meeting shall be given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors may be either open or closed to persons other than Directors, as the Board of Directors may in its sole discretion determine.

5.9 Notices. Any notice permitted or required to be given to a Director may be delivered personally or by certified or registered mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after deposit in the U. S. Mail, postage prepaid, addressed to the Director at the address given in writing by such Director to the Secretary of the Association for the purpose of service of notices. Any address for purposes of notice may be changed from time to time by notice in writing to the Secretary.

5.10 Waiver of Notice. Any Director may waive notice of a meeting before or after the meeting and such waiver, if in writing and signed by such Director, shall be deemed equivalent to the giving of notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time and place and purpose thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

5.11 Quorum. A quorum at a meeting of the Board of Directors shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except where approval by a greater number is required by the Declaration or by these Bylaws. If, at any meeting of the Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting, as originally called, may be transacted without

additional notice.

5.12 Consent to Action. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.

5.13 Powers and Duties. All of the powers and duties of the Association existing under the Condominium Act, the Declaration and these Bylaws shall be exercised exclusively by the Board of Directors, its agents, contractors or employees, subject only to approval by the Members when such approval is specifically required. Such powers and duties shall include, but shall not be limited to the following, subject, however, to the provisions of the Condominium Act, the Declaration and these Bylaws;

- (A) To fix, determine and collect the monthly prorated assessments to be paid by each of the Members, and to adjust or increase the amount of the monthly assessments subject to the provisions of the Declaration; to collect special assessments in order to meet increased operating, legal, or maintenance expense or costs, and additional capital expense. To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from a Member, as provided in the Declaration and Bylaws;
- (B) To maintain and operate the Condominium, and to repair or replace any property or facilities pertaining thereto as provided in the Declaration;
- (C) To purchase insurance upon the Condominium for the protection of the Members as required by, and pursuant to, the Declaration;
- (D) To protect and defend the Condominium from loss and damage by suit or otherwise;
- (E) To establish, make and enforce compliance with rules for the orderly operation, use and occupancy of the Condominium (a copy of such rules and regulations shall be mailed or delivered to each Member upon adoption thereof);
- (F) To administer and enforce the covenants, conditions, restrictions, uses, limitations, obligations and all other provisions set forth in the Declaration;
- (G) To approve or disapprove of the transfer of Units by sale in the manner provided by the Declaration;
- (H) To arrange for and purchase water, sewer, garbage, electrical, chilled water, gas, and other necessary utility services for the Common Area and (to the extent not separately metered and charged) for the Units;
- (I) To contract for management of the Condominium and to delegate to a Managing Agent all powers and duties of the Board of Directors except such as are specifically required by the Condominium Act, the Declaration and these Bylaws to have approval of the Members;
- (J) To employ personnel to perform the services required for proper operation of the Condominium;
- (K) To borrow funds in order to pay for any required expenditure or outlay to execute all such instruments evidencing such indebtedness which shall be the several obligations of all of the Owners of Units in the same proportion as their interest in the Common Elements;
- (L) To enter into contracts within the scope of their duties and powers;
- (M) To establish a bank account for the common treasury for all separate funds which are required or may be deemed advisable by the Board of Directors;
- (N) To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof upon the request in writing by an Owner, and to cause a complete audit of the books and accounts by a competent accountant, once each year. The Association shall cause to be prepared and delivered annually to each Owner and audited statement showing all receipts, expenses

or disbursements since the last such statement; and  
(O) In general, to carry on the administration of this Association and to do all of those things, necessary and reasonable, in order to carry out the communal aspect of condominium ownership, including and without limitation the fiscal management, physical management, and administrative management of the Condominium.

## ARTICLE VI Officers

6.1 Executive Officers. The executive officers of the Association shall be a President, a Vice President, a Treasurer and a Secretary, all of whom shall be elected annually by the Board of Directors from among the Members of the Board of Directors and who may be pre-emptorily removed with or without cause by vote of the Board of Directors at any meeting. Any person may hold two or more offices, except that the President shall not also be the Secretary. The Board of Directors may, from time to time, elect such other offices and designate their powers and duties as the Board of Directors shall find to be required to manage the affairs of the Association.

6.2 President. The President shall be the chief executive officer of the Association and shall have all of the powers and duties which are usually vested in the office of President of an organized association including, but not limited to, the power to appoint committees from among the Owners from time to time that, in the exercise of the President's discretion, are determined to be appropriate to assist in the conduct of the affairs of the Association.

6.3 Vice President. The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President and shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board of Directors.

6.4 Secretary. The Secretary shall keep the minutes of all meeting of the Board of Directors and the minutes of all meetings of the Association. The Secretary shall have charge of such books and papers as the Board of Directors may direct; and shall, in general, perform all the duties incident to the office of the Secretary. The Secretary shall compile and keep up-to-date at the principal office of the Association a complete list of Members and their last known addresses as shown on the records of the Association. Such list shall show opposite each Member's name, the number of Members living in the Unit and the parking space and storage space assigned for use in connection with such Unit. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

6.5 Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all money of the Association and shall disburse such as directed by resolution of the Board of Directors; provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board of Directors, including authority to; sign all checks and promissory notes of the Association; keep proper books of account; cause an annual statement of the Association's books to be made at the completion of each fiscal year; prepare an annual budget and a statement of income expenditures to be presented to the Membership at the regular annual meeting, and deliver a copy of each to the Members; and perform all other duties assigned to him by the Board of Directors.

6.6 Compensation. The compensation of all officers and employees of the Association shall be fixed by the Board of Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee of the Association or preclude the contracting with a Director for the management of the Condominium.

ARTICLE VII  
Delegation of Board of Director Duties

7.1 Subject to the provisions of Article 5.13(I), above, the Board of Directors may delegate any of its duties, powers or functions to a Managing Agent, upon terms and conditions agreed upon by the Board of Directors. The Members of the Board of Directors shall not be liable for any omission or improper exercise by the Managing Agent of any such duty, power or function so delegated by written instrument executed by a majority of the Board of Directors.

ARTICLE VIII  
Records

8.1 The Board of Directors or the Managing Agent shall keep or cause to be kept a set of financial books containing a detailed account of the receipts and expenditures affecting the Condominium and its administration, the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Condominium. Such financial books and records shall be available for examination by all of the Owners (or their designees) at convenient hours established by the Board of Directors or the Managing Agent on working days. All books and records shall be kept in accordance with generally accepted accounting procedures.

ARTICLE IX  
Indemnification of Officers and Directors

9.1 Indemnification. The Association shall indemnify every Director or officer, their respective heirs, legal representatives, successors or assigns, against all loss, cost and expense, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Director or officer of the Association, except in matters of gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters in which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such Director or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Director or officer may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association in connection with the foregoing indemnification provision shall be treated and handled by the Association as Common Expense, provided, however, nothing contained in this Article IX shall be deemed to obligate the Association to indemnify and Member or Owner of a Unit, who is or has been a Director or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration as a Member or Owner of a Unit covered thereby.

ARTICLE X  
Obligations of the Owners

10.1 Assessments. All Owners of Units shall be obligated to pay the monthly assessments imposed by the Association to meeting the Common Expenses as defined in the Declaration. The assessments shall be made pro rate according to the proportionate share of the Unit Owner in and to the Common Elements and shall be due monthly in advance in accordance with the



Declaration. A Member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of Members, within the meaning of these Bylaws, only if he is current in the assessments made or levied against him and the Unit owned by him.

10.2 General. Each Owner shall comply strictly with the provisions of the Condominium Declaration for SEASCAPE. Each Owner shall always endeavor to observe and promote the cooperative purposes for which the Project was built.

10.3 Use of General Common Elements and Limited Common Elements. Each Owner may use the General Common Elements and the Limited Common Elements in accordance with the purposes for which they were intended.

10.4 Destruction or Obsolescence. Each Owner shall, if necessary, execute a power of attorney in favor of the Association, irrevocably appointing the Association his Attorney-In-Fact to deal with the Owner's Unit upon its destruction, obsolescence or condemnation, as is provide in Paragraph 6.1 of the Declaration.

## ARTICLE XI Other Transactions

### 11.1 Transactions with Members, Directors and Officers.

(A) Subject to the restrictions set forth in Article 11.01(B), below, the Association may enter into contracts or transact business with one or more of its Directors, officers, or a Member or with any firm of which one or more of its Directors, officers, or a Member are Members or employees, or in which they are otherwise interested, or with any corporation or association in which any of its Directors, officers, or a Member is a stockholder, director or officer, member, employee or otherwise interested. No such contract or other transaction shall be void or voidable or otherwise affected by reason of such directorship, office, membership in, employment by, stock ownership in or other interest in the corporation or association or any such membership in, employment by or interest in such other firm, notwithstanding that the Director, officer, or a Member of the Association having any such position, status or interest with such other firm, corporation or association was present at the meeting necessary to authorize, approve, ratify or otherwise obligate the Association upon such contract or transaction, if Articles 11.01(B) (i) and (ii), below, are satisfied.

(B) Article 11.01(A), above, shall apply only if;

(i) The material facts of the relationship or interest of each such Director, officer, or Member are known or disclosed;

(a) To the Board of Directors and it authorizes, approves, or ratifies the contract or transaction by a majority of the Directors present at the meeting at which a quorum of Directors is present (or unanimously without a meeting), each such interested Director not to be counted (in the case of a meeting of the Board of Directors) in determining whether a quorum is present and not to be counted in calculating the majority necessary to carry the vote; or

(b) To the Association at an annual meeting or a meeting specially called for such purpose and it authorizes, approves or ratifies the contract or transaction by unanimous written consent or by a majority vote (as provided in Article 4.06, above) of those Members in attendance (in person or by proxy) at a meeting of the Association at which a quorum is present, each such interested Member not to be counted for both quorum and voting purposes; and

(ii) The contract or transaction is fair, just and beneficial to the Association at the time it is authorized, approved or ratified by the Board of Directors or the Association; provided, however, that such contract or transaction shall be presumed to be fair, just and beneficial to the Association at such time of authorization, approval or ratification merely upon the basis of satisfaction of Article 11.01(B)(i), above.

(C) This Article 11.01 shall not be construed to make any Director, officer or Member liable to account to the Association by reason of such directorship, office, or ownership for any profits realized by, from, or through and such transaction or contract with the Association.

(D) Nothing contained in this Article 11.01 shall create liability in the above-described events or prevent the authorization, ratification or approval of such transactions or contracts in any other manner permitted by law. This Article 11.01 shall not be construed to invalidate any contract or other transaction which would otherwise be valid under the common or statutory law applicable thereto or which would otherwise be valid in the absence of this provision.

## ARTICLE XII

### Amendments to Plan of Condominium Ownership

#### 12.1 Bylaws.

(A) After relinquishment of Declarant Control Period of the Association, as set forth in Article III, these Bylaws may be amended by the Association at a duly constituted meeting for the purpose, and no amendment shall take effect unless approved by Owners representing at least sixty-six and two-thirds (66-2/3%) of the aggregate interest of the undivided Ownership of the Common Elements except for those amendments provided for in VII of the Declaration which shall require the approval of Owners and Mortgagees as provided therein. In no event shall the Bylaws be amended to conflict with the Declaration. In the event of a conflict between the two (2) documents, the Declaration shall control.

(B) Until relinquishment of Declarant Control Period of the Association, these Bylaws may be unilaterally amended by the Declarant to correct any clerical or typographical error or omission, or to change any provision to meet the requirements of Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Veterans Administration or Federal Housing Administration. After the Declarant Control Period, the Board of Directors have the right to amend the Declaration or Bylaws, without the joinder of the other Owners, in order to correct any clerical or typographical errors or omissions, or in order to meet the requirements of one of the above listed agencies.

## ARTICLE XIII

### Mortgages

13.1 Notice to Association. An Owner who mortgages his Unit shall notify the Association giving the name and address of his Mortgagees. The Association shall maintain such information in a book entitled "Mortgagees of Condominium Units."

13.2 Notice of Unpaid Assessments. The Association shall, at the request of a Mortgagee of a Unit, report any unpaid assessments due from the Owner of such Unit.

## ARTICLE XIV

## Compliance

14.1 Legal Requirements. These Bylaws are set forth to comply with the requirements of the State of Texas Condominium Act. If any of those Bylaws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the statute will apply.

## ARTICLE XV Non-profit Association

15.1 Non-Profit Purpose. This Association is not organized for profit. Except as otherwise provided for in Article XI, no Unit Owner, Member of the Board of Directors or person from whom the Association may receive any property or funds shall receive or shall be lawful entitled to receive and pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as a salary or as compensation to, or distributed to or inure to the benefit of any Member of the Board of Directors; provided, however, always (i) that reasonable compensation may be paid to any Member while acting as an agent or employee of the Association for services rendered in effecting one (1) or more of the purposes of the Association, and (ii) that any Member of the Board of Directors may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

## ARTICLE VXI Principal Office

16.1 Address. The principal office of the Association shall be located at 5225 Katy Freeway, Suite 600, Houston, Texas 77007, but may be located at such other suitable and convenient place as shall be permitted by law and designated by the Directors.

## ARTICLE XVII Execution of Instruments

17.1 Authorized Agents. The person who shall be authorized to execute any and all instruments of conveyance or encumbrances, including promissory notes, shall be the President and the Secretary of the Association.

## ARTICLE XVIII Corporate Seal

18.1 Corporate Seal. The Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Association.

## ARTICLE XXV Definition of Terms

19.1 Definition of Terms. The terms used in these Bylaws, to the extent they are defined in said Declaration, shall have the same definition as set forth in the Declaration, as the same may be amended from time to time, recorded in the office of the County Clerk of Galveston County, Texas.

CERTIFICATE

I HEREBY CERTIFY that the foregoing is a true, complete and correct copy of the Bylaws of THE SEASCAPE OWNERS ASSOCIATION, INC., a Texas non-profit corporation, as adopted by the initial Board of Directors at its organization meeting on the 2nd day of June, 1984.