

EXHIBIT

"E"

**BYLAWS
OF
LAS MARINAS
OWNERS
ASSOCIATION, INC.**

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LAS MARINAS OWNERS ASSOCIATION, INC.**

ARTICLE 1

DEFINITIONS

1.01. **PROJECT** shall mean all of the real property located in the Town of South Padre Island, County of Cameron, State of Texas, including the land; all improvements and structures on the land; and all easements, rights, and appurtenances to the land, more particularly described as follows:

Lot 7, Block 196, Fiesta Isles Subdivision, South Padre Island, Cameron County, Texas

1.02. **DECLARATION** shall mean the Declaration applicable to the Project and filed in the Office of the County Clerk of Cameron Official Records, to which these Bylaws were attached as Exhibit "E" at the time of recording, including any amendments to the Declaration as may be made from time to time in accordance with the terms of the governing statute.

1.03. Other terms used in these Bylaws shall have the meaning given them in the Declaration, incorporated by reference and made a part of these Bylaws.

ARTICLE 2

APPLICABILITY OF BYLAWS

2.01. The provisions of these Bylaws constitute the Bylaws of the nonprofit corporation known as LAS MARINAS OWNERS ASSOCIATION, INC., referred to as the "Association".

2.02. The provisions of these Bylaws are applicable to the Project as defined in Paragraph 1.01 of these Bylaws.

2.03. All present or future owners, present or future tenants, their employees, or other persons that use the facilities of the Project in any manner are subject to the regulations set forth in these Bylaws. The acquisition of any of the Units of the Project, or the act of occupancy of any of the Units, will signify that these Bylaws are accepted and ratified and will be complied with by the purchaser, tenant, or occupant.

ARTICLE 3

OFFICES

3.01. The principal office of the Association shall be located at 5909 Padre Blvd., South Padre Island, Texas 78597.

3.02. The Association shall have and shall continuously maintain in the State of Texas a registered office and a registered agent, whose office shall be identical with the registered office, as required by the Texas Non-Profit Corporation Act. The registered office may be, but need not be, identical with the principal office of the corporation, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE 4 QUALIFICATIONS FOR MEMBERSHIP

4.01. The membership of the Association shall consist of all of the Owners of the Units within the Project.

4.02. The rights of membership shall not be exercised by any person until satisfactory proof has been furnished to the Secretary of the Association that the person is qualified as a Member. Such proof may consist of a copy of a duly executed and acknowledged deed or title insurance policy evidencing ownership of a Unit in the Project. Such deed or policy shall be deemed conclusive in the absence of a conflicting claim based on a later deed or policy.

4.03. The sole qualification for membership shall be the ownership of a Unit in the Project. No initiation fees, costs, or dues shall be assessed against any person as a condition of membership except such assessments, levies, and charges as are specifically authorized under the Articles of Incorporation or the Declaration.

4.04. The Board of Directors may provide for the issuance of certificates evidencing membership in the Association that shall be in such form as may be determined by the Board. All certificates evidencing membership shall be consecutively numbered. The name and address of each Member and the date of issuance of the certificate shall be entered on the records of the Association and maintained by the Secretary at the registered office of the Association.

ARTICLE 5 VOTING RIGHTS

5.01. Voting rights shall be allocated among the Members on the basis of the formulas and allocations set forth in the Declaration. The Owner of each unit shall be entitled to vote the percentage of allocation attributable to such Unit as determined by the formula established in Exhibit D to the Declaration.

5.02. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease on conveyance by the Member of the Member's Unit or on receipt of notice by the Secretary of the death or judicially declared incompetence of such Member. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise specifically provided in the proxy.

6.05. The order of business at all meetings of the Members shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meetings 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.
- (h) New business.

ARTICLE 7 BOARD OF DIRECTORS

7.01. The affairs of this Association shall be managed by a Board of Directors consisting of three (3) persons, all of whom must be Members of the Association. The terms of the Directors shall be staggered as provided in Section 7.02 below.

7.02. At the first meeting of the Association, the Member shall elect the initial Directors. The initial Directors shall be classified with respect to the time for which they hold office by dividing them into three classes, each class consisting of one Director, and each Director of the Association shall hold office until his successor is elected and qualified. At the first meeting of the Association, the Director of the first class shall be elected for a term of one year; the Director of the second class shall be elected for a term of two years; and the Director of the third class shall be elected for a term of three years; and at each annual election of the Members thereafter the successor to the class of Directors whose term expires that year shall be elected to hold office for a term of three (3) years, so that the term of office of one class of Directors shall expire each year.

7.03. Directors may be removed from office without cause by a majority vote of the Members of the Association.

7.04. In the event of a vacancy on the Board caused by the death, resignation, or removal of a Director, the remaining Directors shall, by majority vote, elect a successor who shall serve for the unexpired term of the predecessor.

Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting of Members or at a special meeting of Members called for that purpose.

7.05. A Director may be reimbursed by the Board for actual expenses incurred by the Director in the performance of the Director's duties.

7.06. The Board shall have the powers and duties, and shall be subject to limitations on such powers and duties, as enumerated in the Governing Instruments of the Project.

ARTICLE 8 NOMINATION AND ELECTION OF DIRECTORS

8.01. Nomination for election to the Board of Directors shall be made from the floor at the annual meeting of the Members.

8.02. Directors are elected at the annual meeting of Members of the Association. Members, or their proxies, may cast, in respect to each vacant directorship, as many votes as they are entitled to exercise under the provisions of the Declaration. The nominees receiving the highest number of votes shall be elected.

ARTICLE 9 MEETINGS OF DIRECTORS

9.01. Regular meetings of the Board of Directors shall be held quarterly at a place within the Project and at a time as may be fixed from time to time by resolution of the Board. Notice of the time and place of regular meetings shall be posted at a prominent place or places within the Common Elements.

9.02. Special meetings of the Board of Directors shall be held when called by written notice signed by the President of the Association or by any two (2) Directors other than the President. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. Notice of a special meeting must be given to each Director not less than three (3) days or more than fifteen (15) days prior to the date fixed for such meeting by written notice either delivered personally, sent by mail, or sent by telegram to each Director at the Director's address as shown in the records of the Association. A copy of the notice shall be posted in a prominent place or places in the Common Elements of the Project not less than three (3) days prior to the date of the meeting.

9.03. A quorum for the transaction of business by the Board of Directors shall be the lesser of either a majority of the number of Directors constituting the Board of Directors as fixed by these Bylaws or two (2).

9.04. The act of the majority of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless any provision of the Declaration, the Articles of Incorporation of this Association or these Bylaws requires the vote of a greater number.

9.05. Regular and special meetings of the Board shall be open to all Members of the Association, provided, however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly authorized to do so by the vote of a majority of a quorum of the Board.

9.06. The Board may, with the approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote on personnel matters, litigation in which the Association is or may become involved, contract negotiations, enforcement actions, other business of a confidential nature involving a Member, and matters requested by the involved parties to remain confidential. The nature of any and all business to be considered in executive session shall first be announced in open session.

ARTICLE 10 OFFICERS

10.01. The Officers of this Association shall be a President, a Secretary, and a Treasurer, who shall at all times be members of the Board of Directors. The Board of Directors may, by resolution, create such other offices as it deems necessary or desirable.

10.02. The Officers of this Association shall be elected annually by the Board of Directors, and each shall hold office for one (1) year, unless the Officer shall sooner resign, be removed, or be otherwise disqualified to serve.

10.03. Any Officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect at the date of receipt of the notice or at any later time specified in the notice. Any officer may be removed from office by the Board whenever, in the Board's judgment, the best interests of the Association would be served by such removal.

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

10.05. Officers shall receive such compensation for services rendered to the Association as determined by the Board of Directors and approved by a majority of the voting power of the Association.

ARTICLE 11
PRESIDENT

11.01. At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect one of their number to act as President.

11.02. The President shall perform the following duties:

- (a) Preside over all meetings of the members and of the Board.
- (b) Sign as President all deeds, contracts, and other instruments in writing that have been first approved by the Board, unless the Board, by duly adopted resolution, has authorized the signature of another Officer.
- (c) Call meetings of the Board whenever he or she deems it necessary in accordance with rules and on notice agreed to by the Board. The notice period shall, with the exception of emergencies, in no event be less than three (3) days.
- (d) Have, subject to the advice of the Board, general supervision, direction, and control of the affairs of the Association and discharge such other duties as may be required of him or her by the Board.
- (e) Prepare, execute, certify, and have recorded all amendments to the Declaration required by statute to be recorded by the Association.

ARTICLE 12
VICE-PRESIDENT

12.01. At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect one of its Members to act as Vice-President.

12.02. The Vice-President shall perform the following duties:

- (a) Act in the place and in the stead of the President in the event of the President's absence, inability, or refusal to act.
- (b) Exercise and discharge such other duties as may be required of the Vice-President by the Board. In connection with any such additional duties, the Vice-President shall be responsible to the President.

ARTICLE 13
SECRETARY

13.01. At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect a Secretary.

13.02. The Secretary shall perform the following duties:

- (a) Keep a record of all meetings and proceedings of the Board and of the Members.
- (b) Keep the seal of the Association, if any, and affix it on all papers requiring the seal.
- (c) Serve notices of meetings of the Board and the Members required either by law or by these Bylaws.
- (d) Keep appropriate current records showing the Members of the Association together with their addresses.
- (e) Sign as Secretary all deeds, contracts, and other instruments in writing that have been first approved by the Board if the instruments require a second Association signature, unless the Board has authorized another Officer to sign in the place and stead of the Secretary by duly adopted resolution.
- (f) Prepare, execute, certify, and have recorded all amendments to the Declaration required by statute to be recorded by the Association.

ARTICLE 14
TREASURER

14.01. At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect a Treasurer.

14.02. The Treasurer shall perform the following duties:

- (a) Receive and deposit in a 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 the Association's funds and other Association assets.
- (c) Disburse and withdraw funds as the Board may from time to time direct, in accordance with prescribed procedures.

(d) Prepare and distribute the financial statements for the Association required by the Declaration.

ARTICLE 15 BOOKS AND RECORDS

15.01. Complete and correct records of account and minutes of proceedings of meetings of Members, Directors, and committees shall be kept at the registered office of the corporation. A record containing the names and addresses of all Members entitled to vote shall be kept at the registered office or principal place of business of the Association.

15.02. The Governing Instruments of the Project, the membership register, the books of account, and the minutes of proceedings shall be available for inspection and copying by any Member of the Association or any Director for any proper purpose at any reasonable time.

ARTICLE 16 GENERAL PROVISIONS

16.01. **Amendment.** These Bylaws may be amended, altered, or repealed at a regular or special meeting of the Members of the Association by the affirmative vote in person or by proxy or by written ballot of Members representing the holders of at least sixty-seven (67) percent of the ownership interests in the Project. The written ballot shall state the exact wording or substance of the amendment and shall specify the date by which the ballot must be received to be counted. Notwithstanding the above, the percentage of affirmative votes necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

16.02. **Alternative Dispute Resolution.** Any dispute regarding interpretation or performance hereunder will be submitted to alternative dispute resolution, 1) first to mediation, and if such dispute is not resolved thereby, 2) then, to final and binding arbitration pursuant to the applicable rules of the American Arbitration Association ("AAA"), except that such arbitration will be conducted by a single arbitrator who is knowledgeable in the subject matter of such dispute. Regarding selection of the arbitrator, the parties may do so by agreement, or use the applicable AAA rules. If the parties are unable to agree upon terms and conditions of mediation, then mediation is to be conducted pursuant to the applicable rules of the American Arbitration Association. Venue shall be in Cameron County, Texas.