

SADDLEWOOD ESTATES OWNERS ASSOCIATION, INC.

BYLAWS

ARTICLE I. - OFFICES

1. PRINCIPAL OFFICE: The principal office of the association shall be located at 190 Fairway Drive, Kerrville, Kerr County, Texas.

2. REGISTERED OFFICE AND AGENT: The association shall have and continuously maintain in the State of Texas a registered office, and a registered agent whose office is identical with such registered office, as required by the Texas Non-Profit Corporation Act. The registered office may be, but not need be, identical with the principal office of the association in the State of Texas, and the address of the registered office may be changed from time to time by the board of directors.

ARTICLE II. - MEMBERSHIP

1. MEMBERSHIP: The association shall have one class of members. The designation of such class and the qualifications of the members of such class shall be as follows:

All persons and/or entities which meet the definition of "Owner" ("Owner") as that term is defined in the "Declaration of Covenants, Conditions, and Restrictions for Saddlewood Estates, Section Three, Kerr County, Texas", filed of record under Clerk's File Number 5801, Real Property Records of Kerr County, Texas, including all persons and/or entities which meet the definition of Owner by virtue of subsequent amendments or supplements to said "Declaration of Covenants, Conditions, and Restrictions for Saddlewood Estates, Section Three, Kerr County, Texas" (all of said documents cumulatively referred to hereinafter as the "Declaration").

Membership shall be available without regard to race, color, creed, or national origin.

To assist the association, a member involved in a transaction which will result in, (i) a change in membership, or (ii) a change in voting or other rights of a current member; will furnish the association with:

1. The names and addresses of the parties involved;
2. The nature of the transaction;
3. The lot or lots involved;
4. Executed and filed copies of the documents reflecting the transaction; and
5. Such other information as the association may

reasonably request.

The above provisions regarding transaction reporting shall not apply to the "Declarant" ("Declarant"), as that term is defined in the Declaration.

Membership shall not be assigned, hypothecated, or transferred in any manner whatsoever, except in accordance with the definition of Owner as stated in the Declaration.

2. ASSESSMENTS: All rights of membership are subject to the payment of assessments levied by the association. The obligation of payment of assessments is imposed against an Owner, as that term is defined in the Declaration, and becomes a lien upon each lot against which such assessments are made as provided in the Declaration. The Declarant shall be exempt from the payment of assessments as provided in the Declaration. All lots and any other property owned by Declarant are exempt from imposition of a lien as provided in the Declaration

3. SUSPENSION OF MEMBERSHIP: During any period in which a member shall be in default in the payment of any assessment, the member's voting rights and rights to use of common areas by such member, his tenants, guests, and each individual occupying any lot owned by such member, shall be suspended until such assessment has been paid. Such rights may also be suspended by the board of directors after notice and hearing, for a period not to exceed 60 days, for violations of any rules and regulations established in accordance with the provisions, terms, and conditions of the Declaration, the articles of incorporation, and the bylaws; or for failure to meet any obligation imposed by the Declaration, the articles of incorporation, and the bylaws upon such member, his tenants, guests, or an individual occupying any lot owned by such member. The provisions of this paragraph shall not apply to the Declarant.

ARTICLE III. - MEMBERS' RIGHTS OF USE

Each member, his tenants, guests, and each individual occupying any lot owned by such member, shall be entitled to use and enjoyment of the common areas and facilities in accordance with and subject to the terms and conditions set forth in the Declaration, the articles of incorporation, the bylaws, and rules and regulations adopted in accordance with the provisions, terms, and conditions of the Declaration, the articles of incorporation, and the bylaws. The rights and privileges of any such tenant or other individual are subject to suspension to the same extent as those of the member.

ARTICLE IV. - MANAGEMENT BY DECLARANT

In accordance with the Declaration, the association and the board of directors hereby delegate to Declarant the sole and exclusive responsibility and authority to manage the business and affairs of the association in accordance with the provisions, terms, and conditions of the Declaration, the articles of incorporation, and the bylaws. During the period Declarant has sole and exclusive responsibility and authority to manage the business and affairs of the association, Declarant shall have all rights, powers, and duties as provided by the provisions, terms, and conditions of the Declaration, the articles of incorporation, and the bylaws. Only Declarant may terminate Declarant's sole and exclusive responsibility and authority to manage the business and affairs of the association.

ARTICLE V. - BOARD OF DIRECTORS

1. NUMBER AND QUALIFICATIONS: Subject to management of the association by Declarant, the affairs of this association shall be managed by a board of directors. The number of directors shall be three (3). Directors need not be residents of the State of Texas. Members of the board of directors (other than the initial board of directors as specified in the articles of incorporation) shall be members of the association. If a member is a partnership or corporation, any partner or officer thereof shall qualify and may be a member of the board of directors.

2. ELECTION AND TERM: The initial directors named in the articles of incorporation may be replaced by Declarant during the term in which Declarant has sole and exclusive responsibility and authority to manage the business and affairs of the association. At such time as Declarant shall terminate Declarant's sole and exclusive responsibility and authority to manage the business and affairs of the association, a special membership meeting shall be called for the purpose of electing a board of directors. At the meeting, three (3) directors shall be elected, one for a term of one year, one for a term of two years, and one for a term of three years. Thereafter, directors shall be elected and serve for a term of three years and until their respective successors are elected, or until their death, resignation or removal; provided, that if any director ceases to be a member of the association, his membership on the board of directors shall thereupon terminate.

3. DEATH, RESIGNATION AND REMOVAL; FILLING VACANCIES: Any director may resign at any time by giving written notice to the other directors, and any director may be removed from membership on the board of directors by the vote of 75% of the members of the association. Any vacancy on the board of directors shall be

filled by the other directors, provided that the members of the association, acting at a meeting called within ten (10) days after the occurrence of the vacancy, may fill the vacancy.

4. COMPENSATION: Directors shall serve without pay unless expressly approved by the members entitled to cast a majority of the votes in the association; however, a director may be reimbursed for expenses incurred in the performance of his duties.

5. ACTION TAKEN WITHOUT A MEETING: The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the board of directors.

ARTICLE VI. - MEETINGS OF DIRECTORS

1. PLACE OF MEETINGS: Meetings of the board of directors, regular or special, may be held either within or without the State of Texas.

2. ANNUAL MEETINGS: An annual meeting of the board of directors shall be held without other notice than these bylaws, immediately after, and at the same place as, the annual meeting of members.

3. REGULAR MEETINGS: Regular meetings of the board of directors may be held without notice, at such place and hour as may be fixed from time to time by resolution of the board of directors. Should the day so fixed be a legal holiday, then the meeting shall be held at the same time on the next day not a legal holiday.

4. SPECIAL MEETINGS: Special meetings of the board of directors may be called by the president and shall be called by the secretary on the written request of two (2) directors. Written notice of special meetings of the board of directors shall be given to each director at least three (3) days before the date of the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

5. QUORUM. A majority of the directors shall constitute a quorum for the transaction of business and the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless a greater number is required by the articles of incorporation. If a quorum shall not be present at any meeting of the board of

directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

ARTICLE VII. - NOMINATION AND ELECTION OF DIRECTORS

1. **NOMINATION:** Nomination for election to the board of directors shall be made by a nominating committee. Nominations may also be made from the floor at the membership meeting at which directors are to be elected. The nominating committee shall consist of a chairman, who shall be a member of the board of directors, and two (2) or more members of the association. The nominating committee shall be appointed by the board of directors at each meeting of members in which directors are to be elected, to serve from the close of such member meeting until the close of the next member meeting in which directors are to be elected.

2. **ELECTION:** The first member meeting for election of directors shall occur at a special member meeting called for this purpose after Declarant has terminated Declarant's sole and exclusive responsibility and authority to manage the business and affairs of the association. Thereafter, election of the directors shall occur at annual meetings of the membership. Election to the board of directors shall be by secret written ballot. At such election no member shall have a right to cumulate his votes for election of directors.

ARTICLE VIII. - POWERS AND DUTIES OF THE BOARD OF DIRECTORS

1. **POWERS AND DUTIES:** Subject to the sole and exclusive responsibility and authority to manage the business and affairs of the association by Declarant, the business and affairs of the association shall be managed by its board of directors, which may exercise all powers and duties as are not directed or required to be exercised and done by the members. The power and authority of the board of directors shall include, but shall not be limited to, all powers, duties and authority vested in or delegated to the board of directors by the Declaration, the articles of incorporation, and the bylaws.

2. **LIMITATION:** The board of director's powers and duties hereinabove enumerated shall be limited in that the board of directors shall not have the authority to acquire and pay for any structural alterations, capital additions to, or capital improvements of the common areas (other than for purposes of replacing or restoring portions of the common areas, subject to all the provisions of the Declaration) requiring any expenditures in excess of \$2,000.00 (exclusive of any insurance proceeds

applied to such alterations, additions, improvements, or repair of damages), without in each case the prior approval of the members entitled to cast a majority of the votes in the association.

ARTICLE IX. - COMMITTEES

The board of directors, by resolution adopted by a majority of the board of directors, may designate two or more members of the association to constitute special committees, which committees, shall have and may exercise all authority granted by the board of directors, except as prohibited by the Declaration, the articles of incorporation, the bylaws, or law. Vacancies in the membership of a committee shall be filled by the board of directors at any meeting of the board of directors. The committees shall keep regular minutes of their proceedings and report the same to the board of directors when required. The provisions of this article shall not apply to the architectural control committee or the wildlife committee which shall be governed by the Declaration.

ARTICLE X. - MEETINGS OF MEMBERS

1. PLACE OF MEETINGS: Meetings of the members shall be held at the offices of the association, in Kerr County, Texas, or at such other location within or without the State of Texas as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

2. ANNUAL MEETING: An annual meeting of members shall be held on the 15th day of March of each calendar year at 7:00 o'clock P.M. The first such annual meeting shall occur after Declarant has terminated Declarant's sole and exclusive responsibility and authority to manage the business and affairs of the association. The date and time of the annual meeting may be changed from time to time by resolution duly adopted by the board of directors.

3. SPECIAL MEETINGS: Special meetings of the members shall be called by the secretary upon written request of (a) two members of the board of directors, or (b) members entitled to cast one-fourth (1/4) of the votes in the association.

4. NOTICE: Written notice of each membership meeting, specifying the date, hour, and place of the meeting shall be delivered to each member (and, upon request to each mortgagee, which shall be permitted to designate a representative to attend all such meetings) not less than ten (10) days nor more than fifty (50) days prior to the date fixed for said meeting. Notices of special meetings shall in addition specify the general nature of the business to be transacted at the meeting.

5. PURPOSES: Business transacted at any special meeting shall be confined to the purposes stated in the notice thereof.

6. QUORUM: The presence at any membership meeting of members entitled to cast a majority of the votes in the association, represented in person or by proxy, shall constitute a quorum except as otherwise provided by the Declaration, the articles of incorporation, or the bylaws. If a quorum is not present at any meeting, the members present, though less than a quorum, may adjourn the meeting to a later date and give notice thereof to all members in accordance with the provisions of this article, and at such second meeting the presence of members entitled to cast one-fourth (1/4) of the votes in the association shall constitute a quorum. If a quorum is not present at the second meeting, the members present, though less than a quorum, may again adjourn the meeting to a later date and give notice thereof to all members in accordance with this article and at the third meeting whatever members are present shall constitute a quorum.

7. MAJORITY VOTE: The vote of members entitled to cast a majority of the votes at a meeting at which a quorum is present shall be the act of the association, unless the vote of a greater number is required by the Declaration, the articles of incorporation, the bylaws, or law.

8. VOTING RIGHTS: Each member may cast as many votes as he is entitled to exercise on each matter submitted to a vote, except to the extent that the voting rights of such member have been suspended. In no event shall more than one (1) vote for each acre contained in any lot be cast.

9. PROXIES: Any member may attend and vote at any meeting of members in person or by an agent duly appointed by an instrument in writing signed by the member and filed with the board of directors. Whenever there is more than one member regarding a lot, a designation of an agent must be signed by all such members regarding the lot. A designation of an agent may be revoked at any time by written notice to the board of directors and shall be deemed revoked when the board of directors shall receive notice of death or judicially declared incompetency of a member. The legal representative of the member's estate or the legally appointed guardian of a member who has been judicially declared to be incompetent shall have the right to vote for the deceased or incompetent member.

10. LIST OF MEMBERS: The officer or agent having charge of the corporate books shall make, at least ten (10) days before each meeting of members, a complete list of the members entitled to vote at such meeting or any adjournment thereof, arranged in

alphabetical order, with the address of each. The list, for a period of ten (10) days prior to such meeting, shall be kept on file at the principal office of the association and shall be subject to inspection by any member at any time during the usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any member during the meeting.

11. RECORD DATE: The board of directors may fix in advance a date, not exceeding fifty (50) days preceding the date of any meeting of members, as a record date for the determination of the members entitled to notice of, and to vote at, any such meeting, and any adjournment thereof, and in such case only such members as shall be members of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof, notwithstanding any change of membership on the books of the association after any such record date fixed as aforesaid.

12. ACTION WITHOUT MEETING: Any action required by statute to be taken at a meeting of the members, or any action which may be taken at a meeting of the members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all members entitled to vote with respect to the subject matter thereof.

ARTICLE XI. - NOTICES

1. DELIVERY: Any notice to a director or member shall be in writing and delivered personally or mailed to the director or member addressed to the director or member at his lot or at such other address as may be given in writing to the board of directors by the director or member. Notice by mail shall be deemed to be delivered when deposited in the United States Mail addressed to the member or director, with postage thereon prepaid. Notice to directors may also be given by telegram and shall be deemed to be given when given to the telegraph company.

2. WAIVERS: Whenever any notice is required to be given to any member or director, a waiver thereof in writing signed by the member or director entitled to such notice, shall be equivalent to the giving of such notice.

3. ATTENDANCE AT MEETINGS: Attendance of any member or director 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 meeting on the grounds that the meeting is not lawfully called or convened.

ARTICLE XII. - OFFICERS AND THEIR DUTIES

1. ENUMERATION OF OFFICES: The officers of the association shall consist of a president (who shall at all times be a member of the board of directors), and a secretary, and may also consist of one or more vice-presidents, a treasurer, and such other officers and assistant officers as may be deemed necessary, each of whom shall be elected or appointed at such time and in such manner as may be prescribed in the articles of incorporation and the bylaws.

2. ELECTION OF OFFICERS: The election of officers shall take place at the annual meeting of the board of directors following each annual meeting of the members.

3. TERM: The officers of the association shall be elected annually by the board of directors and each shall hold office for one year unless he or she shall sooner resign, be removed, or otherwise disqualified to serve.

4. ADDITIONAL OFFICERS: The board of directors may elect such additional officers as the affairs of the association may require, each of whom shall have such authority, and perform such duties as the board of directors may, from time to time, determine.

5. RESIGNATION AND REMOVAL. Any officer may be removed with or without cause by the board of directors. Any officer may resign at any time by giving written notice to the board of directors, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein.

6. VACANCIES: A vacancy in any office may be filled at any meeting of the board of directors. The officer elected to such vacancy shall serve for the remainder of the term of the officer being replaced.

7. MULTIPLE OFFICES: The offices of president and secretary may not be held by the same person, otherwise one person may hold more than one office.

8. DUTIES: The duties of the officers are as follows:

A. PRESIDENT: The president shall be the chief executive officer of the association, shall preside at all meetings of the members and the board of directors, shall have general and active management of business of the association, and shall see that all orders and resolutions of the board of directors are carried into effect. He shall execute all

papers and documents on behalf of the association, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the association.

B. VICE PRESIDENTS: The vice presidents in the order of their seniority, unless otherwise determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president. They shall perform such other duties and have such other powers as the board of directors shall prescribe.

C. SECRETARY: The secretary shall attend all meetings of the board of directors and all meetings of the members and record all such proceedings in a book to be kept for that purpose and shall perform like duties for standing committees when required. The secretary shall give, or cause to be given, all required notices, and shall perform such other duties as may be prescribed by the board of directors or president.

D. ASSISTANT SECRETARIES: The assistant secretaries in the order of their seniority, unless otherwise determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary. They shall perform such other duties and have such powers as the board of directors may from time to time prescribe.

E. TREASURER: The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the association and shall deposit all moneys and other valuable effects in the name and to the credit of the association in such depositories as may be designated by the board of directors.

The treasurer shall disburse the funds of the association as may be authorized by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors at its regular meetings or when the board of directors so requires an account of all transactions and financial condition of the association.

If required by the board of directors, the treasurer shall, at the expense of the association, give the association a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the

restoration to the association of all books, papers, vouchers, money, and other property of whatever kind in his possession or under his control belonging to the association.

The treasurer shall cause an annual financial statement of the association to be prepared at the completion of each fiscal year; and shall prepare (i) an annual budget, and (ii) a statement of income and expenditures, to be presented to the membership at its regular annual meeting, a copy of each of which shall be made available to each member upon request.

F. ASSISTANT TREASURERS: The assistant treasurers in the order of their seniority, unless otherwise determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer. They shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE XIII. - BOOKS AND RECORDS

The Declaration, the articles of incorporation, the bylaws and the books, records, and financial statements of the association shall at all times, upon request during normal business hours and under other reasonable circumstances, be subject to inspection by any member. Copies of the Declaration, the articles of incorporation, and the bylaws may be purchased at a reasonable cost at the principal office of the association.

ARTICLE XIV. - CORPORATE SEAL

There shall be no corporate seal.

ARTICLE XV. - CERTIFICATE OF MEMBERSHIP

The board of directors may, but is not required to, provide for the issuance of certificates evidencing membership in the association, which shall be in such form as may be determined by the board of directors. Such certificates shall be signed by the president or such other officer as may be designed by the board of directors. 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. If any certificate shall become lost, mutilated, or destroyed, a new certificate may be issued therefore on such terms and conditions as the board of directors may determine.

ARTICLE XVI. - AMENDMENTS

These bylaws may be amended, at any meeting of the board of directors, by a vote of the directors, as the case may be, entitled to cast a majority of the votes of a quorum of the directors present in person; provided, that no amendment shall be made which would cause these bylaws to be in conflict with the provisions of the Declaration or the articles of incorporation.

ARTICLE XVII. - CONFLICTS

In the case of any conflict between the articles of incorporation and these bylaws, the articles of incorporation shall control, and in the case of any conflict between the Declaration and the bylaws, the Declaration shall control, and to the extent necessary, the bylaws shall be deemed to have been amended by the Declaration.

ARTICLE XVIII. - FISCAL YEAR

The fiscal year of the association shall be the calendar year.

I, BEVERLY K. CUMMINGS, secretary of SADDLEWOOD ESTATES OWNERS ASSOCIATION, INC., on this 22nd day of July, 1996, hereby certify that this is a true and correct copy of the bylaws approved and adopted by the board of directors on July 22, 1996.


BEVERLY K. CUMMINGS,
Secretary