

BYLAWS
OF
SADDLETREE RANCH PROPERTY OWNERS' ASSOCIATION, INC.
A NON-PROFIT CORPORATION

ARTICLE I
NAME AND PRINCIPAL OFFICE

- 1.01 **NAME** The name of the Association is SADDLETREE RANCH PROPERTY OWNERS' ASSOCIATION, INC. (hereafter referred to as "Association").
- 1.02 **Principal Office** The principal office of the Association shall be the address of the President.

ARTICLE II
PURPOSE AND PARTIES

- 2.01 **Purpose** The purpose for which the Association is formed is to administer the common affairs of the property owners in Saddletree Ranch subdivision (hereafter referred to as "Saddletree Ranch"), situated in the Counties of Hays and Travis, State of Texas, as described in these Bylaws.
- 2.02 **Parties** All present or future owners, tenants, or any other person who might use in any manner the facilities of the Association are subject to the provisions and any regulations set forth in these Bylaws. The mere acquisition, lease or rental of any Lot or the mere act of occupancy of a Lot will signify that these Bylaws are accepted, approved, ratified, and will be complied with.

ARTICLE III
DEFINITIONS

- 3.01 **Articles** Articles shall mean and refer to the Articles of Incorporation of the Saddletree Ranch Property Owners' Association.
- 3.02 **Association** Association shall mean and refer to Saddletree Ranch Property Owners' Association, Inc., a corporation under the Texas Non-Profit Corporation Act, its successors and assigns.
- 3.03 **Common Areas** Common Areas shall include those Lots and parts of Lots that have been given, purchased, or otherwise acquired by the Association for the use and enjoyment of all members. .
- 3.04 **Cumulative Voting** Cumulative Voting shall mean, at each election for directors, a Member in Good Standing may cumulate his/her votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which the Member in Good Standing is entitled, or he/she may distribute his/her votes on the same principle among as many candidates as he/she desires.

- 3.05 **Lots or Lot** Lots refers collectively to the lots comprising Saddletree Ranch. Lot refers to one lot in the singular.
- 3.06 **Management Documents** The Management Documents include the Restrictive Covenants, the Articles of Incorporation, and these Bylaws.
- 3.07 **Member or Members** Member or members shall mean and refer to any person or entity who is an owner, and therefore a member of the Association. Membership shall be appurtenant to and shall run with the property interest which qualifies the Owner thereof for membership, and membership may not be severed from or in any way transferred, pledged, mortgaged, or alienated except together with the title to the property interest. Membership shall terminate without any formal Association action whenever such person or entity ceases to be an owner, but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with the Association during the period of such ownership and membership in the Association, or impair any rights 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 any way connected with such ownership and membership and the covenants and obligations incident thereto.
- 3.08 **Member in Good Standing** A Member shall be deemed to be in good standing and entitled to vote or be elected to the Board at any annual or special meeting of Members, within the meaning of these Bylaws, if and only if the Member has fully paid all Assessments and Dues made or levied against him. No diminution or abatement of assessments shall be allowed or claimed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Areas or from any action taken to comply with any law, ordinance or order of a governmental authority.
- 3.09 **Owner or Owners** Owner shall mean and refer to the record owner, whether one or more persons or entities, of any fee simple interest in of any Lot or Lots in Saddletree Ranch, but excluding the beneficiary of any mortgage.
- 3.10 **Restrictive Covenants** The Restrictive Covenants are collectively described as the Declaration of Easements, Covenants and Restrictions for Saddletree Ranch which are recorded in Volume 452, Page 681: Volume 458, Page 447: Volume 488, Page 1: and Volume 519, Page 436 of the Real Property Records of Hays County, Texas, and Volume 09152, Page 0457 of the Real Property Records of Travis County, Texas, and any addition to or modification or amendment of same.
- 3.11 **Saddletree Ranch** Saddletree Ranch is collectively described as follows:

All of the lots of SADDLETREE RANCH, SECTION I, a subdivision of record in Plat Book 3 Pages 105-106, Plat Records of Hays County: and

All of the lots of SADDLETREE RANCH, SECTION I-A, a subdivision of record in Plat Book 3, Page 125, Plat Records of Hays County, Texas: and

All of the lots of SADDLETREE RANCH, SECTION II, a subdivision of record in Plat Book 3, Pages 153-160, Plat Records of Hays County, Texas: and

All of the lots of SADDLETREE RANCH, SECTION III, a subdivision of record in Plat Book 3, Pages 299-306, Plat Records of Hays County, Texas and in Plat Book 85, Pages 142A-D and 143A-D, Plat Records of Travis County, Texas.

**ARTICLE IV
MEETINGS OF MEMBERS AND VOTING**

- 4.01 **Annual Meeting** The first annual meeting of the Members shall be called by the initial Board of Directors as identified in the Articles. Subsequent regular annual meetings of the Members shall be held on the second Thursday of the same month of each year thereafter, at the hour of 7:00 o'clock p.m., for the purpose of electing those Directors whose terms of office have expired and for the transaction of other business as may come before the meeting.
- 4.02 **Special Meetings of the Membership** Special meetings of the Members may be called at any time by the President or by a majority of a quorum of the Board of Directors or upon receipt by the Board of a written request for a special meeting signed by at least twenty-five percent (25%) of the total votes of Members in Good Standing.
- 4.03 **Notice and Place of Meetings** Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) days but not more than thirty (30) days before such meeting to each Member, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.
- 4.04 **Membership Voting** The Members shall be the Owners who shall be entitled to the number of votes for each whole acre owned as detailed in the Restrictive Covenants and any amendments thereto. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine. Only Members in Good Standing shall be entitled to exercise the right to vote.

- 4.05 **Quorum** The presence either in person or by proxy at any meeting of Members entitled to cast at least twenty-five percent (25%) of the total votes of Members in Good Standing shall constitute a quorum for any action except as otherwise provided in the Articles or these Bylaws. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. The quorum requirement shall be waived for the initial annual meeting.
- 4.06 **Adjourned Meetings** If a quorum shall not be present or represented at any meeting a majority of the Members entitled to vote thereat may, unless otherwise provided by law, adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the meeting date, at which meeting the quorum requirements shall be waived. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to the Members as set forth for regular meetings.
- 4.07 **Proxies** At all meetings of Members, each Member in Good Standing may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his/her Lot. No proxy shall be valid after the expiration of eleven (11) months from the date thereof.

ARTICLE V

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

- 5.01 **Number** The affairs of the Association shall be managed by a Board of seven directors, who must be Members in Good Standing of the Association.
- 5.02 **Term of Office** At the first meeting of the Association, the Members shall elect two directors for terms of one (1) year, three directors for terms of two (2) years, and two directors for terms of three (3) years. At each annual meeting thereafter, the Members shall elect directors for terms of three (3) years to replace those whose terms have expired.
- 5.03 **Removal of Directors** At any regular or special meeting of the Membership duly called, any one or more of the directors may be removed with or without cause by a majority of the quorum present, and a successor may then and there be elected to fill the vacancy thus created. If the vacancy is not then and there filled, it may be filled at any regular or special meeting called for the purpose, but in any event, such vacancy shall be filled at the next annual meeting of the Association. Any director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting.

- 5.04 **Vacancies by Death or Resignation** In the event of the death or resignation of a director, a successor director shall be selected by a majority of the remaining directors and shall serve for the unexpired term of such director. A director whose membership in the Association ceases because of the sale or other conveyance of his/her Lot shall be considered to have resigned.
- 5.05 **Indemnification of Officers and Directors** The Association shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative by reason of the fact that he/she is or was a director, officer, committee member, employee, servant or agent of the Association against expenses (including attorney's fees, judgments, fines, and amounts paid in settlement) actually and reasonable incurred by him/her in connection with such action, suit or proceeding if it is found and determined by the Board or a Court that he/she:
- (a) Acted in good faith and in a manner he/she reasonably believed to be in, or not opposed to, the best interests of the Association: or
 - (b) With respect, to any criminal action or proceeding, had no reasonable cause to believe his/her conduct was unlawful.

The termination of any action, suit or proceeding by settlement, or upon a plea of Nolo Contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith or in a manner which he/she reasonably believed to be in, or not opposed to, the best interest of the Association, or, with respect to any criminal action or proceeding, had reasonable cause to believe that his/her conduct was unlawful.

The Association shall not be obligated to indemnify any Member, who is or is not a director, officer, committee member, or noncompensated agent of the Association, with respect to obligations assumed or liabilities incurred by him/her by virtue of the Restrictive Covenants as a Member of the Association or Owner of a Lot covered thereby.

All liability, loss, damage, costs and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses.

Expenses in connection with the preparation and presentation of a defense to any claim, action, suit or proceeding of the character described in this section of the Bylaws may be advanced by the association prior to final disposition thereof upon receipt of an undertaking by or on behalf of the person who may be entitled to indemnification, secured by a surety bond or other suitable insurance issued by a company authorized to conduct such business in the State of Texas, to repay such amount if it is ultimately

determined that he/she is not entitled to indemnification under this section of the Bylaws.

The rights of indemnification herein provided may be insured against by policies maintained by the Association; shall be severable; shall not affect any other rights to which any director, officer, committee member, employee, servant or agent may now or hereafter be entitled; shall continue as to a person who has ceased to be such director, officer, committee member, or agent; and shall inure to the benefit of the heirs, executors and administrators of such a person.

- 5.06 **No Compensation** No director shall receive compensation for any service that director may render to the Association. However, any director may be reimbursed for actual expenses incurred in the performance of the director's duties.

ARTICLE VI NOMINATION AND ELECTION OF DIRECTORS

- 6.01 **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 annual meeting. The Nominating committee shall consist of a Chairman, who shall be a director, and two or more Members in Good Standing of the Association. The Nominating Committee shall be appointed by the Board not less than thirty (30) days prior to each annual meeting of the Members, to serve until the close of such annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations must be made from among Members in Good Standing.
- 6.02 **Election** The first election of the Board shall be conducted at the first meeting of the Association. All positions on the Board shall be filled at that election. Cumulative voting in the election of directors shall be used for all elections, subject only to the procedural prerequisites for cumulative voting.

ARTICLE VII MEETINGS OF DIRECTORS

- 7.01 **Regular Meetings** Regular meetings of the Board shall be held at such time and at such place, and at such hour as may be fixed from time to time by resolution of the Board. Notice of the time and place of each meeting shall be delivered to each Member in Good Standing either personally, or by telephone, or be mailed and postmarked, and be posted at a visible place at or near the community mail boxes or on a community bulletin board, fourteen (14) days prior to the meeting. However, a notice of a meeting need not be given to Members who have sued a waiver of notice.

7.02 **Special/Emergency Meetings** Special meetings of the Board shall be held when called by written notice signed by the President of the Association, or by any two 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. The notice shall be sent to all Members in Good Standing not less than seven (7) days prior to the scheduled time of the meeting, provided that notice of the meeting need not be given to any Member who has signed a waiver of notice.

Emergency meetings may be called by the President with twenty-four (24) hours notice by posting such notice in a visible place at or near the community mail boxes or on a community bulletin board, etc. Furthermore, written notice shall be mailed to each Member in Good Standing within twenty-four (24) hours of such meeting stating the purpose of the meeting, the reason for the emergency, and the business transacted.

7.03 **Quorum** A majority of the directors shall constitute a quorum for the transaction of business. Every act performed or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

7.04 **Conduct of Meetings** At all meetings of the Board of Directors, the President, or in his/her absence, the Vice President, or in his/her absence, a chair chosen by a majority of the directors present, shall preside. The Secretary of the Association shall act as Secretary of the Board of Directors. In case the Secretary shall be absent from any meeting, the chair may appoint any person to act as Secretary of the meeting.

7.05 **Meetings** All meetings of the Board shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board. There shall be an agenda item at each meeting for input from the Members in Good Standing.

7.06 **Executive Session** The Board may, with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, disciplinary matters, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

ARTICLE VIII POWERS AND DUTIES OF THE BOARD

8.01 **Duties** The duties of the Board shall normally include, but not be limited to the following:

(a) **Maintenance** Keep in good order, condition and repair all of the Common Areas and all items, if any, of personal property used in the enjoyment of the Common Areas and to designate and employ the personnel necessary for the maintenance and operation of the Common Areas;

(b) **Insurance** Insure and keep insured the improvements, if any, located in the Common Areas in an amount equal to their maximum replacement value, and to obtain and maintain comprehensive liability insurance covering the entire premises. The limits and coverage shall be reviewed at intervals of not less than three (3) years and adjusted, if necessary, to provide such coverage and protection as the Board of Directors may deem prudent;

(c) **Assessments** Determine the budgetary requirements of the Association and, based upon that determination:

i. Fix the amount of the annual assessment against each whole acre owned at least thirty (30) days in advance of each annual assessment period:

ii. Send written notice of each assessment to every Member subject thereto at least thirty (30) days in advance of each annual assessment period;

iii. Suspend a Member's voting rights and right to use the Common Areas and facilities thereon for any period during which any assessment owed by the Member remains unpaid more than sixty (60) days after it is due: and

iv. File an affidavit of lien within ten (10) working days against any property for which assessments are not paid within ninety (90) days after their due date or bring an action at law against the Member personally obligated to pay the same:

(d) **Expenses and Obligations** Pay all expenses and obligations incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes, or governmental charges levied or imposed against the property of the Association:

(e) **Discharge of Liens** Discharge by payment, if necessary, any lien against any property of the Association and assess the cost thereof to the Member or Members responsible for the existence of such lien;

(f) **Committees** Appoint an Architectural Control Committee, as provided in the Restrictive Covenants, a Nominating Committee, as provided in these Bylaws, and other committees as deemed appropriate in carrying out its purposes.

(g) **Records** Keep and maintain full and accurate books and records including minutes of all meetings and financial records which show all receipts, expenses or disbursements: to permit examination thereof at any reasonable time by any Member: and to prepare and deliver annually to each Member a financial statement summarizing all receipts, expenses or disbursements since the last statement;

8.02 **Powers** The powers of the Board shall normally include, but not be limited to the following:

(a) **Enforcement** Administer and enforce the Restrictive Covenants, conditions, restrictions, uses, limitations, obligations, and all other provisions as set forth in the Restrictive Covenants, these Bylaws, by lawsuit or otherwise:

(b) **Disciplinary Action** Initiate and execute disciplinary proceedings against Members for violation of provisions of the management documents. Penalties may include, but are not limited to: fines, temporary suspension of voting rights, or other appropriate discipline for failure to comply with the governing instruments, provided that the accused Member is given fifteen (15) days written notice of the action to be taken, stating the reasons therefor, and a timely opportunity to be heard by the Board with respect to the alleged violations before a decision to impose discipline is reached:

(c) **Assessments, Disciplinary Action** Levy and collect assessments, impose fines or liens, or take disciplinary action against any Member for failure to pay assessments:

(d) **Adoption of Rules** Adopt and publish rules and regulations governing the use of the Common Areas and the personal conduct of the members and their guests thereon, and establish penalties for the infraction thereof:

(e) **Manager** Manage the affairs of the Association including, if necessary, the employment of a manager or an independent contractor or such other employees as it deems necessary and the determination of their duties;

(f) **Contracts** Contract for goods and/or services for the facilities and for the Association, subject to the limitations set forth in Section 8.03 of these Bylaws:

(g) **Delegation** Delegate its authority and powers to committees, officers or employees of the Association;

(h) **Budgets** Prepare budgets and financial statements for the Association as provided in these Bylaws;

(i) **Bank Accounts** Establish one or more bank accounts, savings accounts or other investment accounts for, the common treasury and for all separate funds which are required or may be deemed advis-

able by the Board of Directors. Two (2) signatures shall be required on all checks written in excess of \$100.

(j) **Elect of Officers** Elect the officers of the Association, as provided in these Bylaws:

(k) **Absence of Director** Declare the office of a director to be vacant in the event such director shall be absent from three (3) consecutive regular meetings of the Board of Directors:

(l) **Vacancy on the Board** Fill vacancies on the Board except for vacancies created by the removal of a director.

8.03 **Action Requiring Consent** The Board may take the following actions only upon obtaining the consent of Members as follows:

(a) **Action Requiring 25% Approval** The vote or written consent of twenty-five percent (25%) of the total votes of the Members in Good Standing shall be necessary to do the following:

i. To enter into a contract with a third person wherein the third person will furnish goods or services for the Association for a term longer than one year with the following exceptions:

--- A contract with a public utility company if the rates charged for the materials or services are regulated by the relevant state utilities commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;

--- Prepaid casualty and/or liability insurance policies of not to exceed three years duration; provided that the policy permits short rate cancellation by the insured.

ii. Incurring aggregate expenditures for capital improvements in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year:

iii. Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

iv. Paying compensation to the directors or to the officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may reimburse and officer or director for actual expenses incurred in carrying on the business of the Association.

v. Filling a vacancy on the Board created by the removal of a director.

(b) **Action Requiring 51% Approval** The vote or written consent of fifty-one percent (51%) of the total votes of the Members in Good Standing shall be necessary to do the following:

i. Borrow money, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred:

ii. Dedicate, sell or transfer all or any part of any interest it may have in any real property to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members:

iii. Participate in mergers and consolidations with other non-profit corporations organized for the same purpose or annex additional property.

(c) **Action Requiring 100% Approval** So long as there is any area or Lot for which the association is obligated to provide management, maintenance, preservation or control for the Association, the vote or written consent of one hundred percent (100%) of the Members in Good Standing shall be required to do the following:

i. Transfer all or substantially all of its assets: or

ii. File a certificate of dissolution.

ARTICLE IX OFFICERS AND THEIR DUTIES

9.01 **Enumeration of Officers** The officers of the Association shall be as follows:

(a) A President, who shall at all times be a director:

(b) A Vice President, who shall at all times be a director;

(c) A Secretary, who shall at all times be a director:

(d) A Treasurer, who shall at all times be a director: and

(e) Such other officers as the Board may from time to time by resolution create, who may or may not be a director.

9.02 **Election of Officers** The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

Term The officers of the Association shall be elected annually by the Board and each shall hold office for one year unless such officer shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Special Appointments The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, having such authority, and performing such duties as the Board may, from time to time determine.

Resignation and Removal Any officer may be removed from office by a majority vote of the directors with or without cause. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Vacancies A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the replaced officer.

Multiple Offices No person shall simultaneously hold more than one office except in the Case of special offices created pursuant to the section on "Special Assignments" in this section of the Bylaws.

Duties The duties of the officers are as follows:

(a) President The President shall be the chief executive officer of the Association. He/she shall:

i. Preside at all meetings of the Board of Directors and of the Association:

ii. Have the power to appoint committees from among the Members to assist in the conduct of the affairs of the Association:

iii. Have authority to sign, with the Secretary or an Assistant Secretary, any deeds, mortgages, bonds, contracts, leases, employment agreements, or other instruments which the Board of Directors has authorized him/her to execute, except in cases where the signing and execution thereof has been expressly delegated by the Board of Directors to some other officer or agent of the Association, or is required by law to be otherwise signed or executed:

iv. Be designated as one of the officers authorized to co-sign all checks and promissory notes;

v. Have all of the general powers and duties which are usually vested in the office of president of an Association.

(b) **Vice President** The Vice President shall:

i. Have the power and authority to perform all the functions and duties of the President, in the event of the President's absence or his/her inability or refusal for any reason to exercise such powers and functions or to perform such duties:

ii. Be designated as one of the officers authorized to co-sign all checks and promissory notes;

iii. Perform any duties he/she is directed to perform by the President or the Board of Directors.

(c) **Secretary** The Secretary shall:

i. Keep all the minutes of all meetings of the Board of Directors and the minutes of all meetings of the association in books provided for that purpose;

ii. Compile and keep up to date a complete list of Members and their last known addresses as shown on the records of the Association. Such list shall also identify opposite each Member's name the property interest in Saddletree Ranch owned by such Member, including the number of acres owned:

iii. See that all notices are duly sent in accordance with the provisions of these Bylaws or as required by law:

iv. Be custodian of the Board's and Association's records:

v. In general, perform all the duties incident to the office of Secretary as may be assigned to him/her by the President or by the Board of Directors.

(d) **Treasurer** The Treasurer shall:

i. Have responsibility for Association funds and be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association:

ii. Receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds in the ordinary course of business, provided, however, that a resolution of the Board of Directors shall be required for any disbursements made for an amount in excess of \$500:

iii. Maintain a current accurate record of the payment of dues and assessments by the Members and, prior to each meeting of the Members, furnish to the President and the Secretary a list of all members who have fully paid all assessments and dues made or levied against them. The Members included on such list shall constitute the Members in Good Standing.

iv. Be designated as one of the officers authorized to co-sign all checks and promissory notes of the Association:

v. Have the power to perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the President or Board of Directors.

**ARTICLE X
FISCAL POLICIES**

10.01 **Fiscal Year** The fiscal year of the Association shall begin on the first day of January and end on the thirty-first day of December of every year.

10.02 **Financial Statements** The following financial statements for the Association shall be prepared and distributed to each Member, regardless of the number of Members or the amount of assets of the Association.

(a) **Budget** A pro forma operating statement (budget) for each fiscal year shall be distributed to each Member not less than thirty (30) days before the beginning of the fiscal year.

(b) **Annual Report** An annual report consisting of the following shall be distributed to each Member within ninety (90) days after the close of the fiscal year:

i. A balance sheet as of the end of the fiscal year, which includes a schedule of assessments received and receivable, identified by the Lot numbers and the name or names of the Members assessed:

ii. An income and expense statement for the fiscal year:

iii. A statement of any changes in financial position for the fiscal year.

**ARTICLE XI
BOORS AND RECORDS**

- 11.01 **Inspection by Members** The membership register, books of accounts, lists of Members in Good Standing, and minutes of meetings of the Members, of the Board and of committees shall be made available for inspection and copying by any Member of the Association, or by the Member's appointed representative, at any reasonable time and for a purpose reasonably related to the Members interest, at the office of the Association or at such other place as the Board shall prescribe.
- 11.02 **Rules for Inspection** The Board shall establish reasonable rules with respect to:
- (a) Notice to be given to the custodian of the records by the Member desiring to make the inspection;
 - (b) Hours and days of the week when such an inspection may be made;
 - (c) Payment of the cost of reproducing copies of documents requested by a Member.
- 11.03 **Inspection by Directors** Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical property owned by the Association. The rights of inspection by a director include the right to make extra copies of documents.

**ARTICLE XII
OBLIGATIONS OP THE MEMBERS**

- 12.01 **Assessments** Each Member shall be obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum, and the Association may take legal action against the Member personally obligated to pay the same or file the affidavit of lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment.
- Payment of assessments as they are due shall entitle the Member to the designation of Member in Good Standing with full voting rights in the Association and the right to use the Common Areas and facilities.
- 12.02 **Damage to Common Areas** Each Member and achy lessee of any Member shall be liable to the Association for any damage to the Common Areas or property of the Association which may be sustained by

reason of the negligent or intentional misconduct of such person or of his family or guests. If the Lot, the ownership or leasing of which entitles the Member or lessee thereof to use the Common areas or property of the Association, is owned or leased jointly or in common, the liability of all such joint or common Owners or lessees shall be joint and several. The amount of such damage may be assessed against such person's real and personal property on or within Saddletree Ranch, and may be collected as provided in these Bylaws for the collection of assessments.

- 12.03 **General** Each Member shall comply with the provisions of the Restrictive Covenants, the Articles, these Bylaws and the rules and amendments and supplements thereto. Each Member shall always endeavor to observe and promote the general welfare of and the purposes for which the Association was established.

ARTICLE XIII AMENDMENTS

- 13.01 **Amendment of Bylaws** These Bylaws may be amended at a regular or special meeting of the Members by a vote (in person or by proxy) or written consent of sixty-six and two-thirds percent (66 2/3%) of the Members in Good Standing.

Notwithstanding the above, the percentage of a quorum or of the total votes of the Association necessary to amend a specific clause or provision in the Bylaws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

- 13.02 **Interpretation** In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Restrictive Covenants and these Bylaws, the Restrictive Covenants shall control.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of the Saddletree Ranch Property Owners' Association, Inc., a Texas non-profit corporation, and,

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the eleventh day of June, 1990.

IN WITNESS THEREOF, I have hereunto subscribed my name this 20th day of June, 1990.

Doug Carter
President

Connie Hoffman
Connie Hoffman, Secretary

Doug Myers
V.P.

Judy Carter
Treasurer