

094-75-1862

Exhibit C

BYLAWS

OF

**SADDLEBROOK SUBDIVISION HOMEOWNERS
ASSOCIATION, INC.**

A Texas Non-Profit Corporation

EFFECTIVE JANUARY 1, 1994

TABLE OF CONTENTS
TO
BYLAWS OF

SADDLEBROOK SUBDIVISION HOMEOWNERS ASSOCIATION, INC.
A Texas Non-Profit Corporation

ARTICLE I
NAME; DEFINITION

Section 1.01.	Name	1
Section 1.02.	Definitions.	1

ARTICLE II
OFFICES

Section 2.01.	Registered Office	1
Section 2.02.	Other Offices	1

ARTICLE III
PURPOSES

Section 3.01.	Purposes	1
Section 3.02.	Parties	1

ARTICLE IV
MEMBERSHIP

Section 4.01.	Membership	2
Section 4.02.	Member in Good Standing	2
Section 4.03.	Voting Rights in the Association	3
Section 4.04.	Cumulative Voting	3
Section 4.05.	Majority	3
Section 4.06.	Quorum	3
Section 4.07.	Proxies	3

ARTICLE V
ASSOCIATION RESPONSIBILITIES AND
MEETINGS OF MEMBERS

Section 5.01.	Association Responsibilities	3
Section 5.02.	Place of Meeting	4
Section 5.03.	Annual Meetings	4
Section 5.04.	Special Meetings	4
Section 5.05.	Notice of Meetings	4
Section 5.06.	Order of Business	4

094-75-1864

**ARTICLE VI
BOARD OF DIRECTORS**

Section 6.01. Number and Qualification	5
Section 6.02. Powers and Duties	5
Section 6.03. No Waiver of Rights	5
Section 6.04. Quorum; Required Vote for Director Action	5
Section 6.05. Meetings; Order of Business	5
Section 6.06. Election and Term of Office	6
Section 6.07. Vacancies	6
Section 6.08. Annual Meetings	6
Section 6.09. Regular Meetings	6
Section 6.10. Special Meetings	6
Section 6.11. Compensation	6
Section 6.12. Presumption of Assent	6
Section 6.13. Action by Written Consent or Telephone Conference	6
Section 6.14. Proxies	7

**ARTICLE VII
COMMITTEES**

Section 7.01. Designation; Powers	7
Section 7.02. Procedure; Meetings; Quorum	8
Section 7.03. Dissolution	8

**ARTICLE VIII
OFFICERS**

Section 8.01. Number, Titles and Term of Office	8
Section 8.02. Salaries	8
Section 8.03. Removal	8
Section 8.04. Vacancies	8
Section 8.05. Powers and Duties of the Chief Executive Officer	8
Section 8.06. Powers and Duties of the President of the Board	9
Section 8.07. Vice Presidents	9
Section 8.08. Treasurer	9
Section 8.09. Assistant Treasurers	9
Section 8.10. Secretary	9
Section 8.11. Assistant Secretaries	10

**ARTICLE IX
INDEMNIFICATION OF DIRECTORS,
OFFICERS, EMPLOYEES AND AGENTS**

Section 9.01. Right to Indemnification	10
Section 9.02. Advance Payment	11

Section 9.03. Indemnification of Employees and Agents 11
Section 9.04. Appearance as a Witness 11
Section 9.05. Nonexclusivity of Rights 11
Section 9.06. Insurance 11
Section 9.07. Savings Clause 12

**ARTICLE X
MISCELLANEOUS PROVISIONS**

Section 10.01. Fiscal Year 12
Section 10.02. Corporate Seal 12
Section 10.03. Notice and Waiver of Notice 12
Section 10.04. Resignations 12
Section 10.05. Facsimile Signatures 12
Section 10.06. Books and Records 13
Section 10.07. Notice of Lien or Suit 13
Section 10.08. Mechanic's Lien 13

**ARTICLE XI
AMENDMENTS**

Section 11.01. Amendments 13

**ARTICLE XII
EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING
ADDRESS AND DESIGNATION OF VOTING REPRESENTATIVE**

Section 12.01. Proof of Ownership 13
Section 12.02. Registration of Mailing Address 13

**ARTICLE XIII
CONFLICTING OR INVALID PROVISIONS**

Section 13.01. Conflicting or Invalid Provisions 14

094-75-1866

EXHIBIT C
BYLAWS OF
SADDLEBROOK SUBDIVISION HOMEOWNERS ASSOCIATION, INC.
(A Texas Non-Profit Corporation)

ARTICLE I
NAME; DEFINITION

Section 1.01. Name. The name of this Corporation shall be SADDLEBROOK SUBDIVISION HOMEOWNERS ASSOCIATION, INC. (hereinafter called the "Association").

Section 1.02. Definitions. All capitalized terms used herein shall have the meanings ascribed to such terms in the Restrictions as defined in the instrument to which these Bylaws are attached.

ARTICLE II
OFFICES

Section 2.01. Registered Office. The registered office of the Association shall be as designated with the Secretary of State of the State of Texas, as it may be changed from time to time.

Section 2.02. Other Offices. The Association may also have offices at such other places both within and without the State of Texas as the Board of Directors may from time to time determine or the business of the Association may require.

ARTICLE III
PURPOSES

Section 3.01. Purposes. The purpose or purposes for which the Association is organized are to act as agent for the owners of the properties comprising the Saddlebrook Subdivision as more particularly described in the Deed Restrictions filed in the Deed Records of Harris County, Texas at Volume 2479, Pages 305-328, as amended from time to time (the "Subdivision"), and to exercise all of the powers and privileges and perform all of the duties and obligations of the Association as set forth in the Restrictions.

Section 3.02. Parties. All present or future Owners, tenants, future Residents, or any other person who might use in any manner the Property or any portion thereof are subject to the provisions and any regulations set forth in these Bylaws. The mere acquisition, lease or rental of all or any portion of a Lot or the mere act of occupancy of all or any portion of the Lot will signify that these Bylaws are accepted, approved, ratified, and will be complied with.

ARTICLE IV
MEMBERSHIP

Section 4.01. Membership. Each and every Owner shall automatically become, and must remain, a Member in Good Standing of the Association (as defined in Section 4.02) during such Owner's period of ownership of such Lot or portion thereof. Such membership shall be appurtenant to each Lot, or portion thereof, and may not be severed from or held separately therefrom. The membership of a person or entity in the Association shall terminate automatically whenever such person or entity ceases to be an Owner, except that such termination shall not release or relieve any such person or entity from any liability or obligation

incurred under or in any way connected with the Association or the Restrictions during the period of ownership, nor impair any rights or remedies which the Association or any other Owner has with regard to such former Owner.

Section 4.02. Member in Good Standing. A Member of the Association shall be considered to be a Member in Good Standing and eligible to vote if such Member:

- (a) has, not less than seven (7) days prior to the taking of any vote by the Association, fully paid all assessments or other charges levied by the Association then due and payable, as such assessments or charges are provided for hereunder;
- (b) does not have a lien filed by the Association against its Lot;
- (c) has discharged other obligations to the Association as may be required of Members hereunder; and
- (d) is not in any manner contesting the applicability, validity or the Board's interpretation of the Restrictions; and
- (e) has met the proof of ownership requirement, if any, provided for in Section 12.01 of these Bylaws.

The Board shall have sole responsibility and authority for determining the Good Standing status of any Member at any time, and shall make such determination with respect to all Members prior to a vote being taken by the Association on any matter. The Board shall have the right and authority, in its sole discretion, to waive the seven (7) days prior payment requirement established herein and require only that such payment be made at any time before such vote is taken if the Board shall determine, in its own judgment, that extenuating circumstances exist which have prevented a particular Member from meeting any or all of the requirements stated herein at or before seven (7) days in advance of any vote. Any Member not conforming with the provisions of this Section shall be declared by the Board to be not a Member in Good Standing and unless the time requirement required hereunder is specifically waived by the Board in writing prior to any particular vote being taken, shall be disqualified from voting on matters before the Association until such time as Member in Good Standing status is attained and so declared by the Board.

Section 4.03. Voting Rights in the Association. Only Members in Good Standing shall be entitled to vote, and voting membership shall be decreased by the number of Members who are not Members in Good Standing to determine the votes entitled to be cast for the purpose of establishing a quorum, such determination of the total number of Members in Good Standing to be as of the date of which a vote is taken. Each Member in Good Standing shall be entitled to one vote on each matter submitted to the Members; provided, however, that in no case shall there be more than one vote cast with respect to any Lot. If for any Lot there is more than one Resident that is an Owner of such Lot, the vote for such Lot shall be exercised by the Owners, among themselves, as they may determine and advise the Association in writing prior to the meeting at which the vote is to be cast. In the absence of such agreement or advice, the vote for such Lot shall be suspended if more than one Member seeks to exercise it. The vote of the majority of those votes entitled to be cast by the Members in Good Standing present or voting by legitimate proxy at a duly called meeting at which a quorum of Members are represented shall be sufficient for the transaction of any business, unless otherwise provided by law and except for an amendment to the Restrictions by the Members as provided in the Restrictions.

Section 4.04. Cumulative Voting. At all meetings of the Association voting shall not be cumulative.

Section 4.05. Majority. As used in these Bylaws, the term "Majority of Owners" or "Majority of Members" shall mean those voting Members in Good Standing holding fifty-one percent (51%) of the votes of the Association.

Section 4.06. Quorum. A Majority of Owners shall constitute a quorum for voting on matters brought before the Association at meetings of Members called by the Board. The Members in Good Standing present at a duly organized meeting may continue to transact business until adjournment.

Section 4.07. Proxies. Each Member entitled to vote at a meeting of members or to express consent or dissent to action in writing without a meeting, may authorize another person or persons to act for him by proxy. Proxies for use at any meeting of members shall be filed with the Secretary, or such other officer as the Board of Directors may from time to time determine by resolution, prior to or at the time of such meeting. All proxies shall be received and taken charge of and all ballots shall be received and canvassed by the secretary of the meeting who shall also decide all questions with respect to the validity of such proxies, the qualification of voters, and the acceptance or rejection of votes.

ARTICLE V ASSOCIATION RESPONSIBILITIES AND MEETINGS OF MEMBERS

Section 5.01. Association Responsibilities. The Members shall constitute the Association which will have the responsibility of administering and enforcing the covenants, conditions and restrictions contained in the Restrictions, including the collection and disbursement of charges and assessments created therein, through a Board of Directors. In the event of any dispute or disagreement between any Members relating to the Property, or any questions of interpretation or application of the provisions of the Restrictions including the Articles and these Bylaws, such dispute or disagreement shall be submitted to the Board. The determination of such dispute or disagreement by the Board shall be binding on each and all such Members, subject to the right of Members to seek other remedies provided by law after such determination by the Board.

Section 5.02. Place of Meeting. Meetings of the Association shall be held at such suitable place, convenient to the Members, as the Board may determine.

Section 5.03. Annual Meetings. Annual meetings of the Association shall be held on or before February 15 of each calendar year. At such meetings beginning in 1994, there shall be elected by ballot of the Members a Board of Directors. The members may also transact such other business of the Association as may properly come before them.

Section 5.04. Special Meetings. It shall be the duty of the President to call a special meeting of the Members as directed by resolution of the Board of Directors or upon a petition signed by a majority of Members and having been presented to the Secretary of the Association. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business except as stated in the notice shall be transacted at a special meeting. Any such meetings shall be held after the first annual meeting and shall be held within thirty (30) days after receipt by the President of such resolution or petition.

Section 5.05. Notice of Meetings. It shall be the duty of the Secretary or Assistant Secretary of the Association to mail a notice to each Member at the address set forth for such member at the address set forth for such member on the signature pages of the Restrictions of each annual or special meeting, stating the purpose thereof as well as the time and place it is to be held, to each Member entitled to vote at such meeting, at least ten (10) days, but not more than thirty (30) days prior to such meeting. The mailing of a notice in the manner provided in this paragraph shall be considered notice served.

Section 5.06. Order of Business. The order of business at all meetings of the Members shall be as follows:

- (a) roll call and certifying proxies;
- (b) proof of notice of meeting or waiver of notice;
- (c) reading and disposal of unapproved minutes;
- (d) reports of officers;
- (e) reports of committees;
- (f) election of directors;
- (g) unfinished business;
- (h) new business; and
- (i) adjournment.

ARTICLE VI BOARD OF DIRECTORS

Section 6.01. Number and Qualification. The affairs of this Association shall be governed by a Board of Directors consisting of six members or such greater or lesser number as may be provided for in a duly adopted amendment to these Bylaws. The Board of Directors shall be divided into three classes (Class 1, Class 2 and Class 3) with each class consisting of two members. Voting for each class of directors shall be staggered to coincide with the expiration of the term of such class of director as stated in further detail in the Articles of Incorporation and these Bylaws.

The powers of the Association shall be exercised by or under the authority of, and the business and affairs of the Association shall be managed under the direction of, the Board of Directors.

Each Director shall hold office for the term for which he or she is elected and thereafter until his or her successor shall have been elected and qualified, or until his or her earlier death, resignation or removal.

Section 6.02. Powers and Duties. The powers and duties of the Board of Directors shall include the rights, powers and authorization granted to the Association in the Restrictions.

Section 6.03. No Waiver of Rights. The omission or failure of the Association, the Board or any Member to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations or other provision of the Restrictions, the Bylaws or the rules and regulations adopted pursuant thereto, shall not constitute or be deemed a waiver, modification or release thereof, and the Board of Directors shall have the right to enforce the same thereafter.

Section 6.04. Quorum; Required Vote for Director Action. Unless otherwise required by law or provided in the Articles of Incorporation or these Bylaws, a majority of the total number of Directors fixed by, or in the manner provided in, the Articles of Incorporation or these Bylaws shall constitute a quorum for the transaction of business of the Board of Directors, and the act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 6.05. Meetings; Order of Business. Meetings of the Board of Directors may be held at such place or places as shall be determined from time to time by resolution of the Board of Directors. At all meetings of the Board of Directors business shall be transacted in such order as shall from time to time be determined by the Chairperson of the Board (if any), or in his or her absence by the President (if the President is a Director), or by resolution of the Board of Directors.

Attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 6.06. Election and Term of Office. The Directors shall hold office for such term as is provided in the Articles.

Section 6.07. Vacancies. Vacancies in the Board of Directors caused by death, resignation or disqualification, i.e., 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; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association held for such purpose. Any person becoming a director due to a vacancy shall be of the same class of director as the person creating such vacancy, and such new director shall serve for the remainder of the term of the director creating such vacancy.

Section 6.08. Annual Meetings. The annual meeting of the Board of Directors shall be held at a time and place designated by the resolution of the Board of Directors.

Section 6.09. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times and places as shall be designated from time to time by resolution of the Board of Directors. Notice of such regular meetings shall not be required.

Section 6.10. Special Meetings. Special meetings of the Board of Directors may be called by the President of the Board (if any), the President or, on the written request of any one Director, by the Secretary, in each case on at least 24 hours personal, written, telegraphic, cable or wireless notice to each Director. Such notice, or any waiver thereof pursuant to Article X, Section 3 hereof, need not state the purpose or purposes of such meeting, except as may otherwise be required by law or provided for by the Articles of Incorporation or these Bylaws.

Section 6.11. Compensation. Directors, as such, shall not receive any salary or compensation for their services as Directors; provided, that nothing contained herein shall be construed to preclude any Director from receiving compensation which is not excessive for personal services (rendered in other than a "Director" capacity) which are reasonable and necessary in carrying out the Association's purposes.

Section 6.12. Presumption of Assent. A Director who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent to such action with the person acting as secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 6.13. Action by Written Consent or Telephone Conference. Any action permitted or required by the TNPCA, the Articles of Incorporation or these Bylaws to be taken at a meeting of the Board of Directors or any committee designated by 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 the members of the Board of Directors or committee, as the case may be. Such consent shall have the same force and effect as a unanimous vote at a meeting and

may be stated as such in any document or instrument filed with the Secretary of State, and the execution of such consent shall constitute attendance or presence in person at a meeting of the Board of Directors or any such committee, as the case may be. Subject to the requirements of the TNPCA, the Articles of Incorporation or these Bylaws for notice of meetings, unless otherwise restricted by the Articles of Incorporation, members of the Board of Directors, or members of any committee designated by the Board of Directors, may participate in and hold a meeting of the Board of Directors or any committee of Directors, as the case may be, by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such meeting shall constitute attendance and presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 6.14. Proxies. A Director may vote in person or by proxy executed in writing by the Director. No proxy shall be valid after three (3) months from the date of its execution. Each proxy shall be revocable unless expressly provided therein to be irrevocable, and unless otherwise made irrevocable by law.

ARTICLE VII COMMITTEES

Section 7.01. Designation; Powers. The Board of Directors, by resolution adopted by a majority of the Board of Directors, may designate from among its members one or more committees, each of which shall be comprised of one or more of its members, and may designate one or more of its members as alternate members of any committee, who may, subject to any limitations imposed by the Board of Directors, replace absent or disqualified members at any meeting of that committee. Any such committee, to the extent provided in such resolution or in the Articles of Incorporation or Bylaws shall have and may exercise all of the authority of the Board of Directors, subject to the limitations set forth in the TNPCA or below.

No committee of the Board of Directors shall have the authority of the Board of Directors in reference to:

- (1) amending the Articles of Incorporation;
- (2) amending, altering or repealing the Bylaws of the Association or adopting new Bylaws of the Association;
- (3) filling vacancies in the Board of Directors;
- (4) filling vacancies in or designating alternate members of any such committee;
- (5) filling any directorship to be filled by reason of an increase in the number of Directors;
- (6) electing or removing officers of the Association or members or alternate members of any such committee;
- (7) fixing the compensation of any member or alternate members of such committee; or
- (8) altering or repealing any resolution of the Board of Directors that by its terms provides that it shall not be so amendable or repealable.

Section 7.02. Procedure; Meetings; Quorum. Any committee designated pursuant to Section 7.01 of this Article shall choose its own chairperson and secretary, shall keep regular minutes of its proceedings

094-75-1872

and report the same to the Board of Directors when requested, shall fix its own rules or procedures, and shall meet at such times and at such place or places as may be provided by such rules, or by resolution of such committee or of the Board of Directors. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum, and the affirmative vote of a majority of the members present shall be necessary for the adoption by it of any resolution.

Section 7.03. Dissolution. The Board of Directors may dissolve any committee at any time, unless otherwise provided in the Articles of Incorporation or these Bylaws.

**ARTICLE VIII
OFFICERS**

Section 8.01. Number, Titles and Term of Office. The officers of the Association shall be a President, a Treasurer and a Secretary and such other officers as the Board of Directors may from time to time elect or appoint, including, without limitation, a Chairperson of the Board, one or more Vice Presidents (any one or more of whom may be designated Executive Vice President or Senior Vice President), one or more Assistant Treasurers and one or more Assistant Secretaries. Each officer shall hold office until his or her successor shall be duly elected and shall qualify or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided. Any number of offices may be held by the same person. Except for the Chairperson of the Board, if any, no officer need be a Director.

Section 8.02. Salaries. The salaries or other compensation, if any, of the officers and agents of the Association shall be fixed from time to time by the Board of Directors.

Section 8.03. Removal. Any officer or agent or member of a committee elected or appointed by the Board of Directors may be removed, either with or without cause, by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby.

Section 8.04. Vacancies. Any vacancy occurring in any office of the Association may be filled by the Board of Directors.

Section 8.05. Powers and Duties of the Chief Executive Officer. The President shall be the chief executive officer of the Association unless the Board of Directors designates another officer as chief executive officer. Subject to the control of the Board of Directors, the chief executive officer shall have general executive charge, management and control of the properties, business and operations of the Association with all such powers as may be reasonably incident to such responsibilities; he or she may agree upon and execute all leases, contracts, evidences of indebtedness and other obligations in the name of the Association; and he or she shall have such other powers and duties as designated in accordance with these Bylaws and as from time to time may be assigned to him or her by the Board of Directors.

Section 8.06. Powers and Duties of the President of the Board. The President of the Board shall preside at all meetings of the Board of Directors; and the President shall have such other powers and duties as designated in these Bylaws and as from time to time may be assigned to him or her by the Board of Directors. Unless the Board of Directors otherwise determines and subject to the control of the Board of Directors, the President shall have the authority to agree upon and execute all leases, contracts, evidences of indebtedness and other obligations in the name of the Association; and the President shall have such other powers and duties as designated in accordance with these Bylaws and as from time to time may be assigned to him or her by the Board of Directors.

Section 8.07. Vice Presidents. The Vice President(s), if any, shall perform such duties and have such powers as the Board of Directors may from time to time prescribe. In addition, in the absence of the Chairperson of the Board (if any) or President, or in the event of their inability or refusal to act, (i) a Vice

President designated by the Board of Directors or (ii) in the absence of such designation, the Vice President who is present and who is senior in terms of time as a Vice President of the Association, shall perform the duties of the Chairperson of the Board (if any), or the President, as the case may be, and when so acting shall have all the powers of and be subject to all the restrictions upon the Chairperson of the Board (if any), or the President; provided that he or she shall not preside at meetings of the Board of Directors unless he or she is a Director.

Section 8.08. Treasurer. The Treasurer, if any, shall have responsibility for the custody of all the funds and securities of the Association, and he or she shall have such other powers and duties as designated in these Bylaws and as from time to time may be assigned to him or her by the Board of Directors. He or she shall perform all acts incident to the position of Treasurer subject to the control of the chief executive officer and the Board of Directors; and the Treasurer shall, if required by the Board of Directors, give such bond for the faithful discharge of his or her duties in such form as the Board of Directors may require.

Section 8.09. Assistant Treasurers. Each Assistant Treasurer, if any, shall have the usual powers and duties pertaining to his or her office, together with such other powers and duties as designated in these Bylaws and as from time to time may be assigned to him or her by the chief executive officer or the Board of Directors or the Treasurer. The Assistant Treasurers shall exercise the powers of the Treasurer during that officer's absence or inability or refusal to act.

Section 8.10. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors in books provided for that purpose; he or she shall attend to the giving and serving of all notices; he or she may in the name of the Association affix the seal (if any) of the Association to all contracts of the Association and attest thereto; he or she may sign with the other appointed officers all certificates for shares of capital stock of the Association; he or she shall have charge of the certificate books, transfer books and stock ledgers, and such other books and papers as the Board of Directors may direct, all of which shall at all reasonable times be open to inspection of any Director upon application at the office of the Association during business hours; he or she shall have such other powers and duties as designated in these Bylaws and as from time to time may be assigned to him or her by the chief executive officer or the Board of Directors; and he or she shall in general perform all duties incident to the office of Secretary, subject to the control of the chief executive officer and the Board of Directors.

Section 8.11. Assistant Secretaries. Each Assistant Secretary, if any, shall have the usual powers and duties pertaining to his or her office, together with such other powers and duties as designated in these Bylaws and as from time to time may be assigned to him or her by the chief executive officer or the Board of Directors or the Secretary. The Assistant Secretaries shall exercise the powers of the Secretary during that officer's absence or inability or refusal to act.

ARTICLE IX INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

Section 9.01. Right to Indemnification. Subject to the limitations and conditions as provided in this Article IX, each person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitral or investigative (hereinafter a "proceeding"), or any appeal in such a proceeding or any inquiry or investigation that could lead to such a proceeding, by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a Director or officer of the Association or while a Director or officer of the Association is or was serving at the request of the Association as a Director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise shall be indemnified by the Association to the fullest extent permitted by the TNPCA, as the same exists or may here-

after be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Association to provide broader indemnification rights than said law permitted the Association to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including, without limitation, attorneys' fees) actually incurred by such person in connection with such proceeding, and indemnification under this Article IX shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnity hereunder. **TO THE FULLEST EXTENT PERMITTED BY THE TNPCA AND OTHER APPLICABLE LAW, THE INDEMNITY REQUIRED HEREUNDER SHALL APPLY TO ACTS AND OMISSIONS INVOLVING THE ACTIVE, PASSIVE, SOLE OR CONCURRENT NEGLIGENCE OF THE PARTIES TO BE INDEMNIFIED.** The rights granted pursuant to this Article IX shall be deemed contract rights, and no amendment, modification or repeal of this Article IX shall have the effect of limiting or denying any such rights with respect to actions taken or proceedings arising prior to any such amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Article IX could involve indemnification for negligence or under theories of strict liability. The Association shall indemnify each person who served as a member of the Saddlebrook Committee (i.e., the successor to Phylcar Corporation) in the manner provided in this Article IX as if each such person were, as a member of the Saddlebrook Committee, acting as a Director of the Association.

Section 9.02. Advance Payment. The right to indemnification conferred in this Article IX (including, without limitation, the right conferred upon members of the Saddlebrook Committee) shall include the right to be paid or reimbursed by the Association the reasonable expenses incurred by a person of the type entitled to be indemnified under Section 1 who was, is or is threatened to be made a named defendant or respondent in a proceeding in advance of the final disposition of the proceeding and without any determination as to the person's ultimate entitlement to indemnification; *provided, however,* that the payment of such expenses incurred by any such person in advance of the final disposition of a proceeding, shall be made only upon delivery to the Association of a written affirmation by such person of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under this Article IX and a written undertaking, by or on behalf of such person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified person is not entitled to be indemnified under this Article IX or otherwise.

Section 9.03. Indemnification of Employees and Agents. The Association, by adoption of a resolution of the Board of Directors, may indemnify and advance expenses to an employee or agent of the Association to the same extent and subject to the same conditions under which it may indemnify and advance expenses to Directors and officers under this Article IX; and, the Association may indemnify and advance expenses to persons who are not or were not Directors, officers, employees or agents of the Association but who are or were serving at the request of the Association as a Director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any liability asserted against him or her and incurred by him or her in such a capacity or arising out of his or her status as such a person to the same extent that it may indemnify and advance expenses to Directors under this Article IX.

Section 9.04. Appearance as a Witness. Notwithstanding any other provision of this Article IX, the Association shall pay or reimburse expenses incurred by a Director, officer or Saddlebrook Committee member in connection with his or her appearance as a witness or other participation in a proceeding at a time when he or she is not a named defendant or respondent in the proceeding.

Section 9.05. Nonexclusivity of Rights. The right to indemnification and the advancement and payment of expenses conferred in this Article IX shall not be exclusive of any other right which a Director or officer or other person indemnified pursuant to this Article IX may have or hereafter acquire under any law (common or statutory), provision of the Articles of Incorporation of the Association or these Bylaws, agreement, or otherwise.

Section 9.06. Insurance. At the discretion of the Board of Directors, the Association may purchase and maintain insurance, at its expense, to protect itself and any person who is or was serving as a Director, officer, employee or agent of the Association, member of the Saddlebrook Committee, or is or was serving at the request of the Association as a Director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, proprietorship, employee benefit plan, trust or other enterprise against any expense, liability or loss, whether or not the Association would have the power to indemnify such person against such expense, liability or loss under this Article IX.

Section 9.07. Savings Clause. If this Article IX or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Association shall nevertheless indemnify and hold harmless each Director, officer or any other person indemnified pursuant to this Article IX as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative to the full extent permitted by any applicable portion of this Article IX that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE X MISCELLANEOUS PROVISIONS

Section 10.01. Fiscal Year. The fiscal year of the Association shall be such as established from time to time by the Board of Directors.

Section 10.02. Corporate Seal. The Board of Directors may provide a suitable seal, containing the name of the Association. The Secretary shall have charge of the seal (if any). If and when so directed by the Board of Directors, duplicates of the seal may be kept and used by the Treasurer, if any, or by any Assistant Secretary or Assistant Treasurer.

Section 10.03. Notice and Waiver of Notice. Whenever any notice is required to be given by law, the Articles of Incorporation or these Bylaws, except with respect to notices of special meetings of Directors (with respect to which the provisions of Section 6.10 apply), said notice shall be deemed to be sufficient if given (a) by telecopy, (b) by deposit of same in a post office box in a sealed prepaid wrapper addressed to the person entitled thereto at his or her address as it appears on the records of the Association or (c) by personal delivery, and such notice shall be deemed to have been given on the day of such transmission, mailing or personal delivery, as the case may be.

Whenever notice is required to be given by law, the Articles of Incorporation or these Bylaws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice.

Section 10.04. Resignations. Any Director, member of a committee or officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the chairperson (if any), president or secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 10.05. Facsimile Signatures. In addition to the provisions for the use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Association may be used whenever and as authorized by the Board of Directors.

Section 10.06. Books and Records. The Association shall keep books and records of account and shall keep minutes of the proceedings of its Board of Directors and each committee of its Board of Directors. The Association shall keep at its registered office or principal place of business, or at the office of its transfer

094-75-1876

agent or registrar, a record of the original issuance of shares issued (if any) by the Association and a record of each transfer of those shares that have been presented to the Association for registration of transfer. Any books, records, and minutes may be in written form or in any other form capable of being converted into written form within a reasonable time.

Section 10.07. Notice of Lien or Suit. Upon the Association's request, an Owner shall notify the Association of every lien or encumbrance upon his Lot or subdivided portion thereon, other than for taxes and assessments, and notice of every suit or other proceeding which may affect the title to his Lot or subdivided portion thereon (if permitted), and such notice shall be given within five (5) days after the Owner has knowledge thereof.

Section 10.08. Mechanic's Lien. Each Owner agrees to indemnify and to hold each of the other Owners harmless from any and all claims of mechanic's liens filed against other portions of the Property for labor, materials, services or other products incorporated in the Owner's Lot.

ARTICLE XI AMENDMENTS

Section 11.01. Amendments. These bylaws may be amended in the manner set forth in the Restrictions; provided, any technical or other amendment necessary to correct typographical errors may be effected by the Board of Directors.

ARTICLE XII EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS AND DESIGNATION OF VOTING REPRESENTATIVE

Section 12.01. Proof of Ownership. Any person, on becoming an Owner, shall furnish to the Board of Directors a true and correct copy of the original or a certified copy of the recorded instrument vesting that person with an interest or ownership in a Lot, which copy shall remain in the files of the Association. A Member shall not be deemed to be in Good Standing nor shall he be entitled to vote at any annual or special meeting of Members unless this requirement is first met.

Section 12.02. Registration of Mailing Address. The Owner or Owners of a Lot shall have one and the same registered mailing address to be used by the Association for mailing of statements, notices, demands and all other communications, and such registered address shall be the only mailing address of a person or persons to be used by the Association. Such registered address of an Owner or Owners shall be deemed to be the mailing address of the Lot or subdivided part thereof (with respect to those Lots that subdivision is permitted by the Restrictions) owned by said Owner or Owners unless a different registered address is furnished by such Owner(s) to the Board of Directors within fifteen (15) days after transfer of title, or after a change of address; and such registration shall be in written form and signed by all of the Owners of the Lot or the particular subdivided part thereof (with respect to those Lots that subdivision is permitted by the Restrictions) or by such persons as are authorized by law to represent the interest of (all of) the Owner(s) thereof.

ARTICLE XIII CONFLICTING OR INVALID PROVISIONS

Section 13.01. Conflicting or Invalid Provisions. Notwithstanding anything contained herein to the contrary, should all or part of any Article of these Bylaws be in conflict with the provisions of the Texas Non-Profit Corporation Act or any other Texas law, such Act or law shall control; and should any part of these Bylaws be invalid or inoperative for any reason, the remaining parts, so far as is possible and is reasonable, shall be valid and operative.

094-75-1877

Adopted by the Board of Directors effective January 1, 1994.

Secretary

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COUNTY CLERK
HARRIS COUNTY, TEXAS

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.
THE STATE OF TEXAS
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me; and was duly RECORDED, in the Official Public Records of Real Property of Harris County, Texas on

APR 8 1994



Beverly B. Hoffman

COUNTY CLERK
HARRIS COUNTY, TEXAS

RECORDER'S MEMORANDUM:
At the time of recordation, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discolored paper, etc. All blockouts, additions and changes were present at the time the instrument was filed and recorded.