

**FIRST AMENDED BY-LAWS  
OF  
SADDLE OAKS HOMEOWNERS' ASSOCIATION, INC.**

**ARTICLE I**

Section 1. **Declaration.** These By-laws shall govern the operation of the Saddle Oaks Homeowners' Association, Inc. (the "Association"), a Texas nonprofit corporation created pursuant to the Saddle Oaks Declaration of Covenants, Conditions and Restrictions (the "Declaration"), dated September 3, 1999, filed and recorded October 21, 1999, in the Real Property Records of Denton County, Texas as Document No. 107868.

Section 2. **Terms.** Terms used herein that are defined in the Declaration shall have the same meanings as in the Declaration.

Section 3. **Priority of Declaration and Articles.** The provisions of the Declaration and the Articles shall have priority over these By-laws, and any provision hereof which is contrary to or inconsistent with the Declaration or the Articles shall be void to the extent of such inconsistency.

Section 4. **Principal Office.** The principal office of the Association shall be located in Denton County, Texas..

Section 5. **Seal.** The Board of Directors may obtain a seal for the Association, which shall bear the name of the Association, the word "Texas" and the word "nonprofit," the year of incorporation, and such other matters as the Board of Directors may elect, but the use of a seal is optional and is not required for the validity of any contract, deed or other document.

**ARTICLE II  
Membership**

Section 1. **Members.** The Association shall have one class of voting membership as defined in the "Declaration". Other than its Members, the Association shall have no shareholders, and no capital stock shall be authorized or issued. Notwithstanding anything to the contrary in the Declaration, no Builder shall be entitled to vote for a Lot or dwelling unit until it holds a Certificate of Occupancy by the appropriate governmental agency for such Lot or dwelling unit.

Section 2. **Meetings.** The first annual meeting of the Members shall be held within one (1) year from the date of incorporation of the Association or at such time as the Board of Directors shall designate. Thereafter, annual meetings of the Members shall be held on the last Thursday in February of each year beginning at 3:00 p.m. at the principal office of the Association. Said annual meeting may be held at such other reasonable place or time as may be designated by written notice by the Board, delivered not less than ten (10) days or mailed not less than fifteen (15) days prior to the date fixed for said meeting, to all Members.

Section 3. **Special Meetings.** A special meeting of the Members shall be promptly scheduled by the Board in response to:

- (a) the vote of the Board itself, or
- (b) a written request for a special meeting signed by the Members representing at least five percent (5%) of the total voting power of the Members entitled to vote on the matter to be considered at the special meeting.

Section 4. **Notice of Meetings.** Notices of meetings of Members shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. The notice for a special meeting shall be given to each Member by: (a) personal delivery; or (b) first class mail, postage prepaid and shall be given not less than ten (10) days nor more than fifty (50) days before the date of any meeting at which Members are required or permitted to take any action. Any Member may waive notice of any meeting before, during or after the meeting. If mailed, the notice shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Association, postage prepaid.

Section 5. **Voting.** The voting rights of the Members shall be as provided in the Declaration. It is hereby expressly acknowledged that the Declaration is subject to amendment to change the qualifications and requirements as to who are the Members of the Association and their voting rights.

Section 6. **Quorum.** The presence at any meeting, in person or by proxy, of a majority of the Members of the Association is required to constitute a quorum. Unless the vote of a greater number is required by these By-laws, the Articles, the Declaration or applicable law, the affirmative vote of a majority of the Members (as defined in the Declaration) shall be

binding as the act of the Members. A meeting of the Members shall not be organized, and no business of the Association shall be transacted at any meeting of Members (except as provided in Section 7), unless a quorum of Members is present at the meeting in person or by proxy.

Section 7. **Adjourned Meetings.** If any meeting of Members cannot be organized because the quorum requirements have not been satisfied, a majority of the Members who are present, either in person or by proxy, may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum by those in attendance shall be to a date not less than forty eight (48) hours and not more than thirty (30) days from the original meeting date. The quorum for an adjourned meeting shall be waived, and any action at the adjourned meeting shall be taken by a vote of the majority of the votes present. 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 date of the adjourned meeting shall be given to the Members in the manner prescribed in Section 4 of these By-laws.

Section 8. **Action Taken Without A Meeting.** The Members shall have the right, pursuant to applicable Texas law, as may be amended from time to time, to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent of Members to resolutions specifying the action. The foregoing written consent of Members shall be unanimous, unless Texas law allows the action to be taken with the written consent of a lesser percentage, in which event the action may be taken upon the written consent of the greater of (i) the percentage required under Texas law; or (ii) the percentage required under the Declaration and the By-laws.

Section 9. **Proxy.** Any Owner may give a revocable written proxy to any person authorizing the latter to cast the Owner's votes on any matter. Any form of proxy or written ballot distributed by any person to the Owners shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, except it shall not be mandatory that a candidate for election to the Board be named in the proxy or written ballot. The proxy or written ballot shall provide, where the Owner specifies a choice, that the vote shall be cast in accordance with that choice. The proxy shall also identify the individual or individuals authorized to exercise the proxy and shall not be valid for a period greater than eleven (11) months.

Section 10. **Order of Business.** The order of business at all meetings of the Members shall be as follows:

- a) Verification of proxies.
- b) Proof of notice of meeting or waiver of notice.
- c) Reading of minutes of preceding meeting.
- d) Report of officers.
- e) Reports of committees.
- f) Appointment of inspectors of election, when required.
- g) Announcement of the intent to cumulate votes, when required.
- h) Election of members of the Board, when required.
- i) Unfinished business.
- j) New business.
- k) Adjournment

### **ARTICLE III Board of Directors.**

Section 1. **Number and Qualification.** The business, property and affairs of the Association shall be managed, controlled and conducted by a Board of Directors. The initial Board of Directors shall consist of three (3) members. The number of directors may be altered from time to time by resolution of a majority vote of the Board of Directors, but only within the limits prescribed by the Articles. In the event of any increase in the number of directors in advance of the annual meeting, each additional director shall be elected by the then members of the Board of Directors and hold office until his successor is elected and shall qualify.

Section 2. **Powers and Duties.** The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association, and may do all such acts and things as are not by law or otherwise directed to be exercised and done by the Members or the President. The powers of the Board of Directors shall include, but not be limited to, all of the rights and duties of the Board of Directors as set forth elsewhere in these Bylaws, the Articles and the Declaration and shall also include the power to promulgate such rules and regulations pertaining to the rights and duties of Members of the Association, and all other matters, as may be deemed proper and which are consistent with the foregoing.

Section 3. **Election and Term of Office.** The members of the Board shall be elected by a plurality of votes cast at the annual meeting of the

Members, or if approved by the Board, by the optional mailed ballot procedure provided in Section 14 of this Article below.. A director shall serve until removed or until his successor is duly elected and qualified. Any director may resign at any time by giving written notice to the Board, the President or the Secretary. The resignation of any director 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 a resignation shall not be necessary to make it effective.

Section 4. **Vacancies.** Vacancies on the Board of Directors caused by any reason shall be filled by vote of the majority of the remaining directors even though less than a quorum, or by the remaining director if there be only one, and each individual so elected shall be a director until his successor is duly elected and shall qualify.

Section 5. **Compensation.** No compensation shall be paid to directors for their service, as directors. No remuneration shall be paid to a director for services performed by him for the Association in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken. Directors and Officers, however, may be reimbursed for any actual expense incurred in connection with their duties as such officers or directors.

Section 6. **Regular Meetings.** Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of directors, but at least two such meetings (including an organizational meeting within ten days of the election of directors) shall be held during each fiscal year. The meeting place shall ordinarily be within the Property itself, unless, in the judgment of the Board, a larger meeting room shall be located as close as reasonably possible to the Property. Notice of the time and place of the meeting shall be communicated to directors not less than four (4) days prior to the meeting unless the time and place of the meeting is fixed by the Bylaws. Notice of a meeting need not be given to any director who has signed a waiver of notice or written consent to holding of a meeting.

Section 7. **Special Meetings.** Special meetings of the Board of Directors may be called by the president on not less than seventy two (72) hours prior written notice signed by the President, or oral notice by the President, and given to each director, personally or by mail, telephone or telephone facsimile, computer, fiber optics or other electronic communication device, with confirmation of transmission. The notice shall

state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall also be called by the President in like manner and on like notice, upon the written request of at least two (2) of the directors other than the President. Notice of a special meeting of the Board shall also be posted in the manner prescribed for notice of regular Board meetings. Notice of any such meeting need not be given to any director who signed a waiver of notice or a written consent to holding of the meeting. Special meetings of the Board shall ordinarily be held within the Property itself, unless in the judgment of the Board, a larger room is required than exists within the Property, in which case the meeting room shall be located as close as reasonably possible to the Property.

Section 8. **Waiver of Notice.** Before, at or after any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be deemed to be a waiver of notice by film of the time and place thereof if all the directors are present at any meeting of the Board, no notice shall be required, and any business may be transacted at such meeting.

Section 9. **Quorum.** A majority of the Board of Directors shall constitute a quorum for the transaction of business, but if at any meeting of the Board there be less than a quorum present, a majority of those present may adjourn the meeting from time to time. No business of the Board shall be transacted at any meeting unless a quorum is present. Every act or decision made or done shall be by a majority of the directors present at a duly held meeting.

Section 10. **Adjournment.** The Board of Directors may adjourn any meeting from day to day or for such other time as may be prudent or necessary in the interests of the Association, provided that no meeting may be adjourned for a period of longer than thirty (30) days. In addition, the Board may, with the approval of a majority of a quorum of its members, adjourn a Board meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved and orders of business of a similar nature. The nature of any and all business considered by the Board in executive session shall first be announced in open session.

Section 11. **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 from the directors a unanimous written consent to resolutions specifying the action. Any action so approved shall

have the same effect as though taken at a meeting of the directors.

Section 12. **Fidelity Bonds.** The Board of Directors may require, in its discretion, that all officers and employees of the Association handling or responsible for the Association's funds shall be appropriately bonded. In the event such bonds are required upon determination of the Board of Directors, the premiums therefore shall be paid by the Association.

Section 13. **Committees.** The Board of Directors may appoint committees of the Board, which committees shall have the powers and authority designated in the resolution or resolutions establishing them.

Section 14. **Optional Election Procedure.** Nominations for election to the Board of Directors may also be made by a Nominating Committee. The Nominating Committee, if any, shall consist of a Chairman, who shall be a member of the Board, and three or more Members. The Nominating Committee shall be appointed by the Board not less than thirty (30) days prior to each election to serve until their successors are appointed, and such appointment shall be announced in the notice of each election.

The Nominating Committee may make as many nominations for election to the Board as it shall in its discretion determine. Each candidate shall be given a reasonable, uniform opportunity to communicate his or her qualifications to the Members and to solicit votes.

At the option of the Board, elections for Directors may be held by mail. The Secretary shall cause notice of the elections to be mailed or delivered to each Owner at least ten (10) days prior to the closing date established by the Board for filing of ballots. Such notice shall be accompanied by a written ballot listing all candidates for each vacancy who have qualified in accordance with the procedures described in this Section, and all candidates for each vacancy nominated by the Nominating Committee, if any. The notice shall specify the name and address to which the ballots should be returned and the date by which they must be received in order to be counted, which shall be the date of the election.

On that date, the Board or its designated representative shall open and count the ballots. That number of candidates equal to the number of positions to be filled receiving the greatest number of votes shall be elected. Directors may be elected to serve any number of consecutive terms.

## **ARTICLE IV**

## Officers

Section 1. **Designation.** The principal officers of the Association shall be a President, a Vice President and a Secretary/Treasurer, all of whom shall be elected by the Board of Directors. The directors may appoint an Assistant Secretary and/or an Assistant Treasurer, and such other officers as in their judgment may be necessary. Any person holding the office of President must be a director. Persons holding offices other than that of President need not be directors. Any one person may hold two or more offices at the same time, except that no one person shall simultaneously hold the office of President and Secretary.

Section 2. **Election of Officers.** The officers of the Association shall be elected from time to time by the Board of Directors. Prior to each election of directors, the Board shall prescribe the opening date and the closing date of a reasonable filing period in which each and every eligible person who has a bona fide interest in serving as a director may file as a candidate for any position to be filled by votes of Members. The Board shall also establish such other rules and regulations, as it deems appropriate to conduct the nomination of directors in a fair, efficient and cost effective manner.

Section 3. **Removal of Officers.** Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, with or without cause, and his successor elected.

Section 4. **Resignation of Officers.** Any officer may resign at any time by giving written notice to the Board, President or the Secretary. The resignation of an officer 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 a resignation shall not be necessary to make it effective.

Section 5. **Vacancies.** A vacancy in any office may be filled by vote of a majority of the Board of Directors. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 6. **President.** The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Members of the Association and of the Board of Directors. He shall have all of the general powers and duties that are normally vested in the office of the President of a corporation, including, but not limited to, the power to appoint committees from among the Members of the Association from time to time as he may, in his discretion, decide is appropriate to assist in the



conduct of the affairs of the Association. The President shall also have such other powers as provided for in the Declaration.

Section 7. **Vice President.** The Vice President shall take the place of the President and perform his duties whenever the President shall be absent, unable to act or refuses to act. If neither the President nor a Vice President is able to act, the Board of Directors shall appoint some other member of the Board to act on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 8. **Secretary.** The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Members; he shall have the custody of any seal of the Association; he shall have charge of the Membership books and such other books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of the Secretary.

Section 9. **Treasurer.** The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

Section 10. **Compensation.** No compensation shall be paid to officers for their services as officers. No remuneration shall be paid to an officer for services performed by him for the Association in any other capacity; unless, before the services are undertaken, a resolution authorizing such remuneration shall have been unanimously adopted by the Board in accordance with the provisions of the Declaration, the Articles, these By-laws and applicable law.

## **ARTICLE V**

### **Architectural Committee**

There shall be an Architectural and Environmental Control Committee (the "Architectural Committee"). The Architectural Committee shall be appointed by the Board and shall have such duties and powers as provided for in the Declaration.

## **ARTICLE VI Enforcement**

Section 1. **Power of Board.** Subject to any restrictions under the Declaration, the Articles and applicable law, the Board shall have the power to impose reasonable fines, which shall not exceed fifty dollars (\$50.00) per violation, and to suspend an Owner's right to use any Association Property for a period not to exceed thirty (30) days, for violation of the Declaration, the Articles, these Bylaws, or any rules and regulations duly adopted hereunder; provided, however, nothing herein shall authorize the Association or the Board to prevent ingress or egress to or from the Owner's Lot or Parcel. The failure of the Board to enforce any provision of the Declaration, the Articles, these Bylaws or any rule or regulation of the Association shall not be deemed a waiver of the right of the Board to do so thereafter.

Section 2. **Covenants Committee.** The Board may delegate all of a portion of its authority pursuant to this Article VI to a committee, which the Board may designate and name as it chooses (the "Covenants Committee").

Section 3. **Notice and Hearing.** Prior to imposition of any sanction hereunder, the Board or its delegate shall serve the Owner with written notice describing in detail the particulars of noncompliance. If upon expiration of thirty (30) days from the date of such notification, the Owner has failed to remedy such noncompliance, the Board shall provide notice to the Owner of a hearing at which meeting, it shall determine whether the noncompliance exists and, if so, the estimated cost to correct or remove the problem. If noncompliance exists, Owner shall have forty five (45) days from the date of the Board's ruling to remedy the problem. If Owner does not comply with the ruling within the forty five (45) day period, the Board may either remove or remedy the noncompliance at the Owners expense. If such expenses are not promptly repaid by Owner to the Association, the Board shall levy an assessment against such Owner and his land.

## **ARTICLE VII Miscellaneous**

Section 1. **Books and Accounts.** Subject to the provisions of the Declaration, the Board, at all times, shall keep, or cause to be kept by the Treasurer (or another duly appointed representative), true and correct records of account in accordance with generally accepted accounting principles, and shall have available for the inspection of all Members and

other persons as specified in the Declaration, if any, at reasonable times, such books that shall specify in reasonable detail all expenses incurred and funds accumulated from assessments or otherwise. The Board shall also establish reasonable rules with respect to:

- a) Notice to be given to the custodian of 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.

Every director of the Association shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and copies of documents.

## Section 2. **Books and Records.**

(a) Inspection by Members and Mortgagees. The Declaration, Bylaws and Articles of Incorporation, any amendments to the foregoing, the rules and regulations of the Association, the membership register, books of account, and the minutes of meetings of the Members, the Board and committees shall, upon written request stating a proper purpose for the request, be made available for inspection and copying by any holder, insurer or guarantor of a First Mortgage on a Lot, Member of the Association, or by the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in the Lot at the office of the Association or at such other place within the Community as the Board shall prescribe.

(b) Rules for Inspection. The Board may establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents requested.

Section 3. **Execution of Corporate Documents.** With the prior authorization of the Board of Directors, all notes, checks and contracts or

other obligations shall be executed on behalf of the Association by such one or more directors or officers of the Association as the Board shall designate.

Section 4. **Fiscal Year.** The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board of Directors.

Section 5. **Venue.** The proper venue for any dispute arising in connection with these By-laws shall be Denton County, Texas.

Section 6. **Notice.** Any written notice to the Members, the Association or any committee thereof that is required or permitted under the By-laws or the Declaration shall be at its principal office, as set forth in Article 1, Section 4 of these By-Laws.

