

Vaquero

**THE VAQUERO CLUB, INC.
BYLAWS**

BYLAWS KEY POINTS

<p><u>THE CLUB FACILITIES</u></p>	<p>The Vaquero Club, Inc. (the “Club”) is located within the Vaquero residential community in Westlake, Texas. The Club offers certain golf, tennis, swimming, fitness, dining and social facilities.</p> <p>The facilities of the Club include the following:</p> <ul style="list-style-type: none"> • 18-hole golf course designed by Tom Fazio; • Driving range, practice chipping green, practice putting green and teaching center; • Clubhouse featuring a dining room, mixed grille, lounge, fitness facilities, pro shop and men’s and women’s locker rooms; • Four tennis courts; • Ranch House; • Golf course maintenance facility; • Reverse Osmosis Water Treatment Plant; • Fish Camp; • Swimming pools; • Community center; and <p>Such other buildings and adjacent real property, as determined by the Club, for recreational use by Members and such additions, modifications or deletions of the foregoing facilities, as determined by the Club from time to time (collectively, the “Club Facilities”).</p>
<p><u>BYLAWS</u></p>	<p>These Bylaws dated December 3, 2013 (the “Bylaws”) supersede, amend and replace all prior Bylaws and membership plans of any nature (including but not limited to the Bylaws dated January 31, 2001, as amended September 3, 2009 and the Membership Plan dated January 2001 as amended in August and November 2009) as amended for the Club, however titled (collectively, the prior membership plans and prior Bylaws the “Prior Plans”), and sets forth the rights and obligations of Membership in the Club. December 3, 2013 shall be referred to as the “Effective Date” of these Bylaws. All defined terms used in this section titled “Bylaws Key Points” shall have the meanings ascribed to them in these Bylaws.</p>
<p><u>MEMBERSHIP CATEGORIES</u></p>	<p><u>Memberships:</u> The following equity Membership categories are currently offered by the Club:</p> <ul style="list-style-type: none"> • Golf Membership <ul style="list-style-type: none"> ➤ Access to all Club Facilities, including golf facilities (golf course and practice area), tennis, swimming, fish camp, fitness, dining and social facilities. • Social Membership <ul style="list-style-type: none"> ➤ Access to all Club Facilities, except for the golf facilities (golf course and practice area), including tennis, swimming, fish camp, fitness, dining and social facilities.

	<p>Holders of Memberships are entitled to vote on matters submitted to the Members for a vote in accordance with the Membership Documents.</p>
<p><u>MEMBERSHIP BENEFITS HIGHLIGHTS</u></p>	<ul style="list-style-type: none"> • Refundable Membership Contribution. Members are eligible to receive a refund of their Membership Contribution, without interest, upon the earlier to occur of (i) the resignation and reissuance of the Membership through the Resigned List pursuant to the terms recited herein, or (ii) the transfer and reissuance of the Membership by other means authorized in these Bylaws, as summarized below: <ul style="list-style-type: none"> ➤ <u>Refund Upon Resignation and Reissuance of Membership.</u> Upon the resignation and reissuance of a Membership, the Member will receive eighty percent (80%) of the Membership Contribution received by the Club from the new Member, less any outstanding amount owed to the Club. The refund amount will be paid to the Resigning Member within thirty (30) days of <u>actual receipt</u> by the Club of the Membership Contribution as paid by the new Member. <p style="margin-left: 40px;">Notwithstanding anything to the contrary, the reissuance procedure for Memberships may be modified at the sole discretion of the Board for specific programs and procedures implemented to manage the membership roster and reduce the number of Members on the Resigned List.</p> • Transfer Upon Sale of Property. Members who own a property in the Vaquero Community may arrange for the transfer of their Membership through the Club to the subsequent purchaser of their property, subject to the approval and admission of the subsequent purchaser for Membership and the payment of the then current Membership Contribution by the subsequent purchaser to the Club within thirty (30) days of closing. Such transfer will not be subject to the Resigned List or any buyer’s wait list. • Resigned Memberships Reissued Prior to Membership Sell-Out. As provided in these Bylaws, a Resigning Member is not required to wait until all new Memberships in the Club have been issued before their Membership is reissued. • Resale Procedure. There will be two Resigned Lists for Memberships: one for Golf Memberships and one for Social Memberships. Prior to reaching the Membership cap for the applicable category of Membership, every fifth (5th) Membership in that category will be a resigned Membership on the Resigned List. The other four (4) Memberships issued by the Club will be the Club’s available Memberships. Once the Club reaches the Membership cap in a category of membership, each new Membership issued will be off the applicable Resigned List, as detailed in these Bylaws. Furthermore, the Club reserves the right to

adopt other programs and/or procedures for the sale, redemption or transfer of Memberships on the Resigned Lists, in the Club's sole discretion, which have the objective to reduce the number of Members on the Resigned List, including reducing the resale ratio prior to reaching the membership cap.

- **Legacy Transfer.** Members may transfer their Membership during the Member's lifetime, through the Club, to the Member's Spouse, Significant Other, an adult child or adult grandchild of the Member, who is approved for Membership. Such transfer will be permitted one time without the payment of the applicable Transfer Fee. Thereafter, any additional transfer to a family member or otherwise, must pay the then current Membership Contribution and the Resigning Member shall be paid eighty percent (80%) of the Membership Contribution received by the Club from the new Member, less amounts owed to the Club.
- **Inheritability.** Upon the death of an individual Member, the Membership can be transferred to the Member's surviving Spouse or Significant Other, without the payment of the applicable Transfer Fee. In the alternative, Memberships may be reissued to an adult child or adult grandchild of a deceased Member or placed on the Resigned List as provided in these Bylaws.
- **Immediate Family Privileges.** Immediate Family members have use privileges consistent with the Member's use privileges.
- **Golf Course Access.** The current total number of Golf Memberships that may be issued by the Club is three hundred eighty-five (385), subject to the terms of these Bylaws. The total number of Social Memberships that may be issued by the Club shall not exceed fifty (50), subject to the terms of these Bylaws.
- **Social Membership Upgrade Priority.** In the event the Golf Membership Cap has been reached, the Club will establish a wait list for Golf Membership. Priority on the wait list shall first be given to Social Members who desire to upgrade their Membership, followed by new applicants on a first-come, first-issued basis.
- **Club Newsletter.** The Club will provide, either by mail or by electronic transmission, a newsletter containing information about events and activities at the Club, as well as other items of interest to all Members from time to time.

<p><u>CAREFULLY REVIEW ALL MEMBERSHIP DOCUMENTS</u></p>	<p>Every person who desires to obtain a Membership should carefully read these Bylaws, Membership Agreement, Rules and Regulations and Schedule of Dues, Fees and Charges (collectively, the “Membership Documents”), and should seek professional advice to evaluate the Membership Documents. All Memberships are governed by the Membership Documents and Members agree to be bound to the terms and conditions contained in the Membership Documents. These Bylaws Key Points are summary provisions only and the Bylaws control in the event of a conflict.</p>
<p><u>RELY ONLY ON INFORMATION IN THE MEMBERSHIP DOCUMENTS</u></p>	<p>THE MEMBERSHIP DOCUMENTS SET FORTH ALL REPRESENTATIONS AND TERMS CONCERNING MEMBERSHIPS IN THE CLUB. NO PERSON HAS THE AUTHORITY TO MAKE ANY ADDITIONAL REPRESENTATION, MODIFICATION OR CONDITION, OR PROVIDE ADDITIONAL INFORMATION CONCERNING THE MEMBERSHIP DOCUMENTS AND, IF PROVIDED, THE INFORMATION MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CLUB. IN THE EVENT OF A CONFLICT BETWEEN THE TERMS OF MEMBERSHIP CONTAINED IN THE BYLAWS, RULES AND REGULATIONS AND MEMBERSHIP AGREEMENT WITH OTHER PRINTED MATERIALS INCLUDING THIS SUMMARY OR ANY OTHER DOCUMENT OR ORAL STATEMENTS, THE BYLAWS, RULES AND REGULATIONS AND MEMBERSHIP AGREEMENT WITH THE CLUB SHALL STRICTLY GOVERN.</p>
<p><u>MEMBERSHIPS AT THE CLUB ARE OFFERED ONLY FOR RECREATIONAL PURPOSES</u></p>	<p>MEMBERSHIPS AT THE CLUB ARE BEING OFFERED EXCLUSIVELY FOR THE PURPOSE OF PERMITTING MEMBERS THE RECREATIONAL USE OF THE CLUB FACILITIES. MEMBERSHIPS SHOULD NOT BE VIEWED AS AN INVESTMENT AND NO MEMBER SHOULD EXPECT TO DERIVE ANY ECONOMIC PROFITS FROM MEMBERSHIP AT THE CLUB. THE CLUB MAKES NO REPRESENTATIONS CONCERNING ANY TAX ISSUES INVOLVING THE MEMBERSHIPS. THE MEMBERSHIP IN THE CLUB IS NOT INCLUDED IN ANY RESIDENTIAL PROPERTY AND IS A SEPARATE AGREEMENT SOLELY BETWEEN THE CLUB AND THE MEMBER AS PROVIDED IN THE MEMBERSHIP DOCUMENTS. NOR DOES THE PURCHASE OF REAL ESTATE GUARANTEE THE PURCHASER A MEMBERSHIP.</p> <p>NO FEDERAL OR STATE AUTHORITY HAS PASSED UPON OR ENDORSED THE MERITS OF THE BYLAWS, OTHER MEMBERSHIP DOCUMENTS, OR ANY RECORDED DOCUMENT REFERENCED HEREIN.</p>
<p><u>APPLICATION PROCEDURE</u></p>	<p>Membership is by invitation only. All prospective members are required to submit a Membership Application and Agreement and must be invited and approved for membership, pursuant to the procedures</p>

	<p>established by the Club, as amended from time to time in the Board's sole discretion. The Club will use best efforts to notify the prospective member as to whether the prospective member is approved for membership within a reasonable amount of time. A prospective member who is invited and approved for membership in the Club must comply with the following requirements:</p> <ul style="list-style-type: none"> • Fully complete and execute the Membership Application and Agreement. • Deliver or mail to the Membership Office at the Club: (i) the completed and executed Membership Application and Agreement and (ii) a check in U.S. funds for the amount required in the Membership Application and Agreement. <p>Applicants must be financially qualified persons of good character who are at least twenty-one (21) years of age. The Club may accept or reject any applicant's application for Membership in its sole and absolute discretion, and the decision of the Club on any application shall be final and not associated with the purchase of real property.</p> <p>OWNERSHIP OF PROPERTY IN THE VAQUERO COMMUNITY IS NO GUARANTEE OF MEMBERSHIP AVAILABILITY OR APPROVAL INTO THE CLUB.</p>
<p><u>INQUIRIES AND QUESTIONS TO MEMBERSHIP DIRECTOR</u></p>	<p>All inquiries or questions regarding Membership in the Club, these Bylaws or other Membership Documents should be directed to the Membership Office at the Club by phone at 817-379-4555, or by visiting the Membership Office.</p>

Table of Contents

ARTICLE 1 — Name and Purpose

Section 1.1. Name 1
Section 1.2. Purpose 1
Section 1.3. Club Operations..... 1
Section 1.4. Club Emblem..... 1

ARTICLE 2 — Property

Section 2.1. Facilities 1
Section 2.2. Responsibility for Non-Club Property..... 2
Section 2.3. Removal of Club Property..... 2
Section 2.4. Damage..... 2
Section 2.5. Property Rights..... 2

ARTICLE 3 — Membership

Section 3.1. Definitions 2
Section 3.2. Membership Categories..... 2
Section 3.3. Honorary Memberships 2
Section 3.4. Other Memberships 3
Section 3.5. Policies 3
Section 3.6. Rules and Regulations 5
Section 3.7. Immediate Family 5

ARTICLE 4 — Resignation, Reissuance and Refund

Section 4.1. Resignation of Membership 5
Section 4.2. Transfer to Subsequent Purchaser 6
Section 4.3. Transfer via Resigned List 6
Section 4.4. Legacy Transfer to Spouse, Significant Other, Adult Child or Adult Grandchild 7
Section 4.5. Transfer Upon Death..... 7
Section 4.6. Refund of Membership Contribution 7
Section 4.7. Optional Refund Programs 8
Section 4.8. Tax Consequences 8
Section 4.9. No Advertising 8
Section 4.10. Legal Separation or Divorce..... 8

ARTICLE 5 — Fees, Dues, Charges, Assessments, Reserve Fund and Late Fees

Section 5.1. Fees, Dues and Charges..... 8
Section 5.2. Operating Assessments..... 9
Section 5.3. Reserve Fund..... 9
Section 5.4. Capital Assessments 9
Section 5.5. Memberships Held by the Club 9
Section 5.6. Payment Terms..... 9
Section 5.7. Late Fee Charges 10
Section 5.8. Facilities Unavailable 10
Section 5.9. Other Charges..... 10
Section 5.10. Account Charges 10

ARTICLE 6 — Suspension, Expulsion and Collections	
Section 6.1.	Suspension or Expulsion 10
Section 6.2.	“Cause” and “Material Liability Act” Defined 10
Section 6.3.	Hearings 11
Section 6.4.	Appeals..... 11
Section 6.5.	Dues, Fees, Charges and Assessments During Suspension or Expulsion 11
Section 6.6.	Collection 12
Section 6.7.	Liens 12
ARTICLE 7 — Complaint and Grievance Procedure	
Section 7.1.	Written Complaints Acceptable 12
Section 7.2.	Bylaws and Rules and Regulations Infractions 12
Section 7.3.	Procedure Regarding Employees 12
ARTICLE 8 — Guests	
Section 8.1.	Guests 13
ARTICLE 9 — Governance and General Management	
Section 9.1.	Board 13
Section 9.2.	Rules and Regulations and Quorum 15
Section 9.3.	President 15
Section 9.4.	Vice President 15
Section 9.5.	Secretary 16
Section 9.6.	Vacancies 16
Section 9.7.	Chief Operating Officer/General Manager..... 16
Section 9.8.	Bond 16
ARTICLE 10 — Committees	
Section 10.1.	Committees..... 16
Section 10.2.	Finance Committee 17
Section 10.3.	Membership Committee 17
Section 10.4.	Nominating Committee 17
Section 10.5.	Committee Members 18
Section 10.6.	Other Committees 18
ARTICLE 11 — Membership Meetings/Voting Privileges	
Section 11.1.	Annual Member Meeting/Quorum 18
Section 11.2.	Special Member Meetings/Quorum 19
Section 11.3.	Election of Board Members 19
Section 11.4.	Elections/Voting 19
Section 11.5.	Absentee Ballots..... 19
Section 11.6.	Voting Privileges..... 19
Section 11.7.	Conduct of Meetings 20
Section 11.8.	Action Without Meeting..... 20
ARTICLE 12 — Notices and Record Date	
Section 12.1.	Notices 20
Section 12.2.	Record Date..... 20

ARTICLE 13 — Non-Liability and Indemnification	
Section 13.1. Indemnification	20
Section 13.2. Insurance	21
ARTICLE 14 — Amendments	
Section 14.1. Amendments	21
ARTICLE 15 — Interpretation	
Section 15.1. Interpretation	21
ARTICLE 16 — No Distribution of Income/Liquidation	
Section 16.1. Prohibition Against Distribution of Income	21
Section 16.2. Dissolution	22
Section 16.3. Procedure and Rights.....	22
Section 16.4. Rights	22
ARTICLE 17 — Miscellaneous	
Section 17.1. Charter Memberships	22
Section 17.2. Gender and Number	23
Section 17.3. Captions	23
Section 17.4. Maintenance and Other Uses.....	23
Section 17.5. Membership Directory and Lists.....	23
Section 17.6. Conflict.....	23
Section 17.7. Severability.....	23
ARTICLE 18 — Arbitration of Disputes	
Section 18.1. Disputes	23
Section 18.2. Mediation	23
Section 18.3. Arbitration	24
EXHIBITS	
Exhibit A Definitions	1

BYLAWS

ARTICLE 1. Name and Purpose

1.1 Name. The corporate name of the Club is The Vaquero Club, Inc., a Texas nonprofit corporation (the “Corporation”). It shall also be known as “The Vaquero Club” and is referred to in these Bylaws as the “Club.”

1.2 Purpose. The purpose of the Corporation is to own and operate The Vaquero Club and any related property associated with it, as a private member owned golf, tennis, athletic, dining and social club for the pleasure and recreation of its Members, their family members and guests; and to have all rights, privileges and powers as may be conferred upon nonprofit corporations under the laws of the State of Texas, including, but not limited to, establishing Bylaws for and conducting the management, regulation and government of its affairs and property, the transaction of its business, entering into contracts, loan agreements and related documentation, buying, holding and selling real and personal property, and the calling and holding of meetings of its Members; provided, however, that the Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any activities that are not in furtherance of the primary purpose of the Corporation. No part of the Club’s net earnings shall inure to the benefit of any Member. The duration of the Club is perpetual.

1.3 Club Operations. The Club will manage and operate the Club Facilities. The Club reserves the right to engage a professional management company to operate the Club Facilities. The Club shall have the right to hold tournaments, outings and other special events at the Club Facilities from time to time and on such terms, as it shall determine.

1.4 Club Emblem. The emblem of the Club will be of a style and design to be approved by the Board.

ARTICLE 2. Property

2.1 Facilities. The facilities of the Club consist of the following:

- 18-hole golf course designed by Tom Fazio;
- Driving range, practice chipping green, practice putting green and teaching center;
- Clubhouse featuring a dining room, mixed grille, lounge, fitness facilities, complete pro shop and men’s and women’s locker rooms;
- Four tennis courts;
- Ranch house;
- Golf course maintenance facility;
- Reverse Osmosis Water Treatment Plant;
- Fish Camp;
- Swimming pools;
- Community center; and

Such other buildings and adjacent real property, as determined by the Club, for recreational use by Members and such additions, modifications or deletions of the foregoing facilities, as determined by the Club from time to time (collectively, the “Club Facilities”).

2.2 Responsibility for Non-Club Property. The Club will not, under any circumstances, be responsible for the property belonging to the Members, visitors, guests or other persons, brought to the Club for any purpose whatsoever.

2.3 Removal of Club Property. Property belonging to the Club shall not be loaned or removed from the Club, or put to any use other than that for which it was intended, except when expressly permitted in writing by the Board.

2.4 Damage. Members must pay for all breakage or damage to any property owned or leased by the Club caused by the Members, their Immediate Family or their guests.

2.5 Property Rights. No Member or any other person shall have or acquire any property rights or other interest of any nature in any property of the Club or the Club Facilities, except as provided in the Club's Articles of Incorporation or these Bylaws concerning solely a dissolution and liquidation of the Club.

ARTICLE 3. Membership

3.1 Definitions. The defined terms used in these Bylaws shall have the meanings set forth in Exhibit A.

3.2 Membership Categories.

3.2.1 Golf Membership. A Golf Membership ("Golf Membership") entitles the Member and the Member's Immediate Family to full use of all Club Facilities. Golf Members are subject to dues, assessments and other fees and charges as determined by the Board from time to time (subject to these Bylaws), but will not be required to pay greens fees for use of the golf course or court fees for use of the tennis facilities by the Member and/or his or her Immediate Family. The total number of Golf Memberships in the Club shall not exceed three hundred eighty-five (385) subject to the terms of these Bylaws (the "Golf Membership Cap").

3.2.2 Social Member. A Social Membership ("Social Membership") entitles the Member and the Member's Immediate Family to unlimited use of the tennis, swimming, fitness, dining and social facilities of the Club, but not the golf facilities. Social Members are subject to dues, assessments and other fees and charges as determined by the Board from time to time (subject to these Bylaws). Social Members will not be required to pay court fees for use of the tennis facilities. The total number of Social Memberships shall not exceed fifty (50), subject to the terms of these Bylaws (the "Social Membership Cap") unless otherwise determined by the Board to be deemed in the best interest of the Club and its Members.

3.3 Honorary Memberships. The Board reserves the right to issue not more than five (5) Honorary Memberships in the Club with Immediate Family usage of all Club Facilities and certain special benefits, which will be granted to select individuals for their contribution to the Club, and/or the community or for other activities, as determined by the Board. Honorary Members shall not count toward the Golf Membership Cap or the Social Membership Cap. Honorary Members will not pay any Membership Contribution, but shall be required to pay such fees and charges as determined by the Board from time to time and all other fees and charges incurred at the Club. Honorary Members are not subject to assessments and do not pay greens fees or court fees for their use of the golf and tennis facilities. Honorary Memberships are not assignable or transferable by the Honorary Members via legacy transfer or any other method. Honorary Memberships will terminate and be surrendered to the Club upon receipt of written notice from the Club.

3.4 Other Memberships. Subject to the restrictions and vote requirements in Section 11.1, the Board is authorized from time to time to (i) establish subcategories and classifications of Memberships and (ii) supplement the privileges of any category of members, in the sole discretion of the Board, in order to facilitate the changing needs and desires of the Club's Membership. For example, the Board may create junior memberships, senior memberships or similar other specialized offerings. Such subcategories and classifications of membership shall count towards either the Golf Membership Cap or the Social Membership Cap as determined by the Board. In no event, however, shall the modified or new membership category cause the number of Members in the Club to exceed the Golf Membership Cap or Social Membership Cap without the required vote of the Members set forth in these Bylaws.

3.5 Policies. In addition to the Rules and Regulations, and other terms and conditions recited herein and in the Member's Membership Agreement, the following policies shall apply to the Members:

3.5.1 Application for Membership. Applicants must be financially qualified persons of good character, who are at least twenty-one (21) years of age. Each applicant must complete an application for membership and, if accepted, a membership agreement in the forms established by the Board (the "Membership Application and Agreement"). The Membership Application and Agreement must be submitted to the Membership Office for consideration and review. The Club may issue a Membership to any person that the Club, in its sole discretion, determines appropriate from time to time. The purchase of property within the Vaquero Community is not a guarantee that a Membership in the Club will be available or that an application for Membership will be approved. The Club may require the applicant to pay the applicable Membership Contribution to the Club for the Membership selected either upon application or upon approval pursuant to the procedures established by the Club, as amended from time to time in the Board's sole discretion.

3.5.1.1 Screening of Applicants. The Board will evaluate all applicants who submit a completed Membership Application and Agreement. Evaluations will be conducted with the intent and purpose of securing the optimum number of Members with compatible social, vocational and professional attainment from all segments of the community. All evaluations shall be made without regard to race, color, national origin, sex, sexual orientation, religious preference, creed or any disabilities of the applicant. The screening process may include sponsorship by current Members, interviews and other evaluation criteria pursuant to the procedures established by the Club.

3.5.1.2 Membership Approval and Notification. If a decision is made to accept an application by the Club, through the Board, after review and approval by the Board, the Membership Office shall use best efforts to notify the applicant within five (5) days of the approval date. Upon notification, the applicant shall be responsible for payment of the Membership Contribution and all dues, fees and charges and shall then be entitled to the rights and privileges of the applicable membership category. If a Membership is not activated, including payment of all required amounts, within thirty (30) days of the approval date, the approval shall be rescinded. If the Member does not pay the Membership Contribution when due, whether upon approval or pursuant to an installment plan, the Member will not be entitled to any use privileges. In addition, the Membership of such person can be terminated, without refund of any portion of the Membership Contribution previously paid. In the event a Membership is terminated due to non-payment of the Membership Contribution, the Membership will revert to the Club, and the Club may issue the Membership to any applicant approved by the Club, in its sole discretion.

3.5.1.3 Declination of Application. The Club, through the Board, may approve or reject any applicant in its sole and absolute discretion, and the decision of the Club on any application shall be final. If an applicant has been considered for Membership and the applicant's application is denied, the Membership Office shall use best efforts to notify the applicant of such decision within five (5) days of its denial. The applicant may not be further considered for Membership in the Club for a period ending one (1) year following the date of the Club's notice to the applicant of the declination. The Club is

under no obligation to give any reason for denying an applicant. In the event the applicant paid the applicable Membership Contribution to the Club for the Membership selected, such Membership Contribution shall be refunded, without interest, upon notice to the applicant of the declination.

3.5.1.4 Wait List. The Board may establish a separate wait list for new applicants in each category of Membership at the time that the Club contains the full complement of Members in each such category. The Board may charge a non-refundable deposit for applicants to be placed on the wait list. Each wait list shall be maintained on a first-come (determined by date of application), first-issued basis, provided that Memberships shall be issued from the wait list first to Social Members who desire to upgrade their Memberships. Except for Social Members on a wait list to upgrade their Membership, persons shall have no obligation to pay dues until a Membership is available. The Club may revise the wait list priority as determined by the Board in its sole discretion.

3.5.2 Title of Membership. Memberships in the Club are generally issued in the name of an individual. Prior to the Effective Date, the Club permitted the issuance of a Membership in the name of a company, partnership, trust or other form of business entity or multiple ownership, but this policy has been discontinued. For the existing Memberships held in the name of a business entity, changes in the designation of the individual are discouraged and may be permitted only in the Club's sole and absolute discretion and may be subject to a transfer fee. Other individuals using the Club Facilities during the same time period as the beneficial user may do so either as Immediate Family or as guests, subject to the rules and regulations and Bylaws of the Club, and for guests upon payment of the applicable guest charges.

3.5.3 Upgrades. At the discretion of the Board and provided a membership is available, a Social Member may become a Golf Member, by requesting such status and by paying, as a Membership Contribution, the difference between the Membership Contribution paid by the Member at the time he or she was accepted and the Membership Contribution for a Golf Membership in effect at the time the Member upgrades. Pursuant to Section 3.5.1.4 above, if the Club has reached the Golf Membership Cap, when Golf Memberships become available, the Memberships shall be issued from the wait list first to current Social Members who desire to upgrade to Golf Membership. Any Golf or Social Member who resigns his or her status and is subsequently proposed for Membership to the Club shall, upon approval for Membership by the Club, pay the then current Membership Contribution for the Membership, unless otherwise revised by the Board. Upgrades will not be counted against the Resigned List as sales of new Memberships in the Club, unless otherwise determined by the Club, in its sole discretion.

3.5.4 Downgrades. Downgrades shall not be permitted by the Club.

3.5.5 Membership Certificates. The Board shall have the authority to issue, cancel and transfer membership certificates. Every accepted Member who pays the required Membership Contribution shall receive a membership certificate. Each membership certificate shall be in a form approved by the Board and shall state that the same is issued subject to the Bylaws of the Club as they now are or may be amended and shall be subscribed by the President and Secretary of the Club. Membership certificates are not redeemable or transferable except as specifically provided by these Bylaws and then only through the Vice President of the Club. Whenever any person shall cease to be a Member, whether by death, resignation, recall, expulsion or other provisions of these Bylaws, such cessation shall operate to authorize the Vice President of the Club to effectuate the redemption, cancellation, purchase or sale of the Membership in accordance with and in the manner prescribed by these Bylaws.

3.5.6 Restrictions on Use of Memberships as Collateral. A Membership may not be used as collateral unless approved by the Club for a loan solely utilized to acquire the Membership. Any such loan is subject to the Club's prior right to be paid all amounts due and owing to the Club, and a lender that acquires a Membership in connection with its foreclosure of its lien on the Membership, must pay all

amounts due and owing to the Club, including past balances as well as all further dues, fees and charges incurred from and after the lender's acquisition of the Membership.

3.5.7 No Advance Sign-Up Privilege. It is the intention of the Club to have no tee time reservation policy. Members will be welcome to play without having to make a tee time. However, in the event the Club finds it necessary in order to provide for the utmost playing pleasure of the Members, the Club reserves the right to establish tee time policies in its sole discretion.

3.5.8 Leave of Absence. Leaves of absence concerning a Membership are not permitted.

3.5.9 Exchange of Membership Privileges. Members who do not desire to retain their full membership privileges may arrange through the Club to exchange their membership privileges and respective dues obligations with those of another Member in a different membership category, upon obtaining the approval of the Club, in its sole discretion. The right to exchange membership privileges will be on a 12-month basis and will not affect the exchanging Members' rights or obligations to their underlying Membership other than the payment of dues for the period in which the exchange occurs. There is no guarantee Members will be able to exchange their membership privileges with another Member.

3.5.10 Reserved Memberships. At the discretion of the Board, Memberships held by the Club may be reserved by the Club and may not be considered available Memberships in the Club. The Club may not be compelled to sell a reserved Membership. Reserved Memberships shall count towards the Golf Membership Cap or Social Membership Cap (as applicable), but will not be responsible for dues, fees or assessments.

3.6 Rules and Regulations. In order to provide for the orderly administration of the Club and the utmost enjoyment of the Club Facilities by the Members, the Board reserves the right to modify the privileges of Membership in the Club, including but not limited to, establishing rules governing access, sign-up privileges and starting times with respect to the golf course and any other Club Facilities. The Board has the authority and shall adopt, establish and publish on a periodic basis, rules and regulations concerning the operation of the Club and the usage of the Club Facilities by the Members, their Immediate Family and their guests (the "Rules and Regulations").

3.7 Immediate Family. A Members' legal Spouse or Significant Other and unmarried children under the age of twenty-three (23) who are living at home, full-time students, or serving in the U.S. Armed Forces (collectively, "Immediate Family") shall have privileges equal to those afforded by the Club to the Member (excluding only voting rights and the right to share in liquidation proceeds), subject to these Bylaws and the Club Rules and Regulations. A Member may terminate (or reinstate following termination) the Club privileges of any one or more of the Member's Immediate Family by written notice, effective seven (7) days following receipt of the notice by the Club. The Board, in its discretion, may allow other relatives to use the Club Facilities with use privileges equivalent to Immediate Family.

ARTICLE 4. Resignation, Reissuance and Refund

4.1 Resignation of Membership. A Member in good standing may transfer his or her Membership only to the Club by resigning the Membership and arranging for the Club to reissue the Membership. Should a Member desire to resign from the Club, the Member (the "Resigning Member") shall be required to give written notice to the Club. To be effective, the notice of resignation must be accompanied by payment in full of all current obligations owed to the Club. The Board reserves the right to charge a fee to a Member to be placed on a Resigned List pursuant to Section 4.3, in the amount

determined in the Board's sole discretion (the "Resignation List Fee"). The Resignation List Fee, if applicable, shall be due and payable with the resignation notice to the Club and shall be refunded upon the reissuance of the Membership. Resignation of a Member is irrevocable, unless otherwise determined by the Club.

4.2 *Transfer to Subsequent Purchaser.* Members in good standing who resign from the Club upon the sale of his or her property in the Vaquero Community may arrange for the Club to reissue his or her Membership to the subsequent purchaser of his or her property in the Vaquero Community, regardless of whether all of the memberships in that category have been issued and regardless of whether there are any resigned Memberships on the Resigned List. The subsequent purchaser desiring the resigned Membership will be required to submit a Membership Application and Agreement, will be subject to the approval of the Club and will be required to pay the Membership Contribution that is then in effect. The subsequent purchaser must acquire the Membership within thirty (30) days of the real estate closing. The transfer will be subject to the approval of the Club and to the Transfer Fee determined by the Club from time to time. The resigned Membership will not be subject to any Resigned List.

4.3 *Transfer via Resigned List.* A Resigning Member may transfer his or her Membership only to the Club. The Club shall maintain two (2) Resigned Lists, one for Golf Members and one for Social Members (each a "Resigned List"). In the event the Member has met the requirements under Section 4.1, the Member shall be placed on the applicable Resigned List. A Resigning Member in all events shall continue to be obligated to pay dues, fees, charges, and assessments until the Membership is reissued by the Club. Resignation of a Membership is irrevocable, unless otherwise determined by the Board. In the event that a Membership is reissued mid-Membership Year, the Member will be entitled to a refund of a pro rata portion of any dues paid in advance. The Club will reissue Memberships of Resigning Members on a first-resigned, first-reissued basis by category of Membership as follows:

4.3.1 If the Club has not reached the Golf Membership Cap or Social Membership Cap (as applicable), every fifth Membership issued in that category (1 in 5) will be a resigned Membership from the Resigned List, provided there is a resigned Membership on the Resigned List. The other four (4) Memberships sold will be from the Memberships held by the Club for sale. This procedure allows the reissuance of resigned Memberships and payment of the refund to the Resigning Member prior to the issuance of all Memberships in the Club. Furthermore, the Club reserves the right to adopt other programs and/or procedures for the sale, redemption or transfer of Memberships on the Resigned Lists, in the Club's sole discretion, which have the objective to reduce the number of Members on the Resigned List, including reducing or eliminating the resale ratio prior to reaching the membership cap.

4.3.2 If the Club has reached the Golf Membership Cap or Social Membership Cap (as applicable), each Membership sold in that category will be a resigned Membership from the Resigned List.

4.3.3 In the event a Member on a Resigned List is delinquent in paying the dues, fees, charges or assessments for sixty (60) days, the Membership shall be suspended by the Club and the Member and his/her Immediate Family shall have no usage rights or voting rights at the Club until the Member's account is current.

4.3.4 In the event a Member on a Resigned List is delinquent in paying the dues, fees, charges or assessments for one hundred and twenty (120) days, the Board shall have the option pursuant to Article 6 to (i) bring suit for the collection of the delinquent dues while maintaining the Member's continued obligation to pay dues until the Membership is reissued off the Resigned List, or (ii) terminate the Member's Membership and the terminated Member's name shall be removed from the Resigned List and the Member's refund rights shall be rendered null and void, and/or (iii) pursue any other remedies at law or in equity due to the default by the Member.

4.4 Legacy Transfer to Spouse, Significant Other, Adult Child or Adult Grandchild. In lieu of being placed on the applicable Resigned List, Members are entitled, on a one-time basis, to transfer their Memberships during their lifetimes to a Spouse, Significant Other, an adult child or an adult grandchild who is approved by the Club for Membership without the payment of any additional Membership Contribution or a Transfer Fee. The transfer shall not be subject to any wait list. No refund shall be paid to the Member or otherwise in connection with such a transfer. A Membership transferred under this section cannot be transferred again through this provision. For the purposes of calculating number of transfers, the original Membership may be transferred once during the original Member's lifetime or at death to a Spouse, Significant Other, an adult child or an adult grandchild who is approved for Membership, but may not be transferred an additional time.

4.5 Transfer Upon Death. Upon the death of a Member, the Membership will be transferred to the Member's surviving Spouse, if any, or to the legatee as heir as determined by the member's will or a court order, subject to Club approval. If the deceased Member is not survived by a Spouse, then the legatee or heir of the membership certificate, if eligible for membership in the Club and approved by the Board, shall have the right to acquire the deceased Member's Membership without the payment of any additional Membership Contribution or Transfer Fee. In this event, the legatee or heir of such membership certificate shall be required to notify the Club in writing of his or her desire to acquire the deceased Member's Membership in the Club. However, the legatee or heir must make application no later than ninety (90) days after acquiring the right to possession of the membership certificate, and pay all debts and assessments for the intervening period between the date of the Member's death and the date of the application, in addition to dues and all other applicable charges. If the legatee or heir does not apply for a Membership within ninety (90) days after acquiring the right to possession of the membership certificate, the Membership shall automatically without further notice by the Club be deemed to be surrendered to the Club and placed at the bottom of the applicable Resigned List, and thereafter, the Club may reissue the membership certificate, whereupon the Club shall pay the estate of the deceased Member, upon payment of the Membership Contribution in full by the successor Member, an amount equal to eighty percent (80%) of the Membership Contribution then charged for the Resigning Member's category of membership.

4.6 Refund of Membership Contribution.

4.6.1 Refund for Members. Upon the resignation and reissuance of a Membership, the Member will receive, when reached on the Resigned List, eighty percent (80%) of the Membership Contribution received by the Club from the new Member, less any amounts owed to the Club. The refund amount will be paid to the Resigning Member within thirty (30) days of the actual receipt by the Club of the Membership Contribution paid by the new Member. This section shall not apply to Memberships reissued pursuant to Section 4.7.

4.6.2 Conflict. In the event of a conflict between the above provisions and an individual Member's Membership Application and Agreement or another documentation with the Club regarding the refund amount to be paid; the refund to such Member, upon the resignation and reissuance of the Membership, shall be paid in accordance with the terms and conditions set forth in these Bylaws.

4.6.3 Timing of Refund. Refund amounts shall be payable within thirty (30) days of the reissuance of the Membership and the Club's actual receipt of the Membership Contribution paid by the new Member. In the event the Membership Contribution to be received by the Club from the new Member is financed by the Club on such terms as determined by the Club, if any, in its sole discretion, the refund shall be paid in installments correlating to the new Members' financing of the Membership Contribution, and each installment will be distributed on a prorata basis between the Club's Transfer Fee and the Resigning Member's refund. The Club will deduct, from the amount to be refunded to a Resigning Member, any amount that the Member owes the Club.

4.7 *Optional Refund Programs.* The Board reserves the right to offer other reissuance programs or procedures for the sale, redemption or transfer of Memberships on the Resigned List, as determined in the Board's sole discretion, on a temporary or permanent basis to manage the Membership roster and to reduce the number of Members on the Resigned List.

4.8 *Tax Consequences.* The Club makes no representations and expresses no opinions regarding the federal, state or local tax consequences of acquiring a Membership or with respect to any Membership Contributions, dues, fees, charges, assessments or other amounts paid to the Club. All Memberships shall be acquired subject to all applicable tax laws, as the same may be amended from time to time. Accordingly, Members should consult with their own tax advisors with respect to the tax consequences of any Membership Contributions, dues, fees, charges, assessments or other amounts paid to the Club.

4.9 *No Advertising.* A Member's or a Member's agent or assigns use of the internet, texting, websites, magazines, newspapers, posters, billboards and other forms of media, as may be determined by the Board, that are used to communicate a public solicitation of a sale or transfer of their Membership, is strictly prohibited, except for specific references to the sale or transfer of a Membership that may be associated with the sale of property in the Vaquero Community pursuant to the terms of these Bylaws and the specific language approved by the Board in writing in advance. Such public advertising or solicitation for the sale or transfer of a Membership will result in the disallowance of a transfer or reissuance of such Membership and may result in termination of the Membership and forfeiture of all Membership rights and refund rights and privileges thereunder, as determined in the sole discretion of the Board.

4.10 *Legal Separation or Divorce.* In the event a Member is legally separated or divorced from his or her Spouse, the Membership, including all rights and benefits to the holder thereof, shall remain in the Member's name, unless otherwise determined by court decree or agreement among the parties, subject to Club approval, and in the event the Club does not approve, the Membership shall be deemed resigned. In the event a final, non-appealable order of a court having jurisdiction awards the Membership to the Member's Spouse, the Member shall become a Resigning Member and the Club will seek to reissue the Membership on the same basis as any other Resigned Membership. Upon reissuance of the Membership and receipt of the applicable Membership Contribution, the Member's Spouse awarded the Membership shall be entitled to the refund of the Membership Contribution less the applicable Transfer Fee, subject to the terms and conditions recited herein, unless a court order directs otherwise. A Member shall be required to give written notice to the Club of a divorce or legal separation and shall remain responsible for the payment of all dues, fees, charges and assessments associated with Membership, including, but not limited to, any charges incurred by a Member's Spouse or Significant Other. In the case of legal separation, the Member may, in his or her discretion, restrict use of the Club Facilities by members of the Club Member's Immediate Family, designated by the Member. In the case of a divorce, if the Club has been unable to determine which spouse is legally entitled to the Membership within six (6) months after the date of the divorce decree, the Membership shall be automatically deemed resigned.

ARTICLE 5

Fees, Dues, Charges, Assessments, Reserve Fund and Late Fees

5.1 *Fees, Dues and Charges.* The amount of Membership Contributions, Transfer Fees, initiation fees, other membership fees, deposits, dues and charges for each classification of Membership, shall be as periodically established by the Board. The Board's right to establish other membership fees from time to time shall include the right to establish food and beverage minimums or guest fees. The Board shall maintain and publish a current list of dues, fees, charges, Membership Contributions and Transfer Fees (the "Schedule of Dues, Fees and Charges"). All monetary transactions between a Member and the Club shall be charged to the Member's account, except as specifically provided by the Membership Documents and policies as established by the Board from time to time. Membership dues

for Members are currently payable annually for each Membership Year, in advance or on such other basis as determined from time to time by the Board. The failure of any Member to pay the required dues, fees or charges within the prescribed time period shall constitute grounds for the Member's suspension or expulsion from the Club as provided in these Bylaws. When a Membership is issued in more than one name, each individual will be jointly and severally liable for all dues, fees, other charges and liabilities associated with such Membership. Neither individual will be discharged or released from liability for prior dues, fees, other charges and liabilities but may be released from liability for subsequent dues, fees, other charges and liabilities when notice is received by the Club of a Member's desire to be released from such liability, coupled with the resignation of such Member.

5.2 Operating Assessments. All Members shall be subject to operating assessments, in addition to dues, as determined and levied by a majority vote of the Board to fund Operating Deficits. The Board has the authority to operate the Club on an annual balanced operating budget basis and has the power to assess the Members the amount necessary to cover any Operating Deficit as determined by the Board. Notwithstanding anything to the contrary, an annual balanced operating budget includes, but is not limited to: (i) all operating expenses, (ii) debt incurred by the Club, and (iii) payments to the Reserve Fund. Operating assessments shall be prorated among Members based on the amount of dues charged to each Member during the year in which the Operating Deficit occurs.

5.3 Reserve Fund. The Board may establish and maintain a separate reserve fund (the "Reserve Fund") in an amount established by the Board, which shall be funded by either (i) an allocation of the Club's gross revenue, or (ii) a separate reserve charge to be paid by the Members. The Reserve Fund shall be utilized for expenditures for repairs and replacements to the Club Facilities, as determined by the Board to be in the best interests of the Club and its Members. However, to the extent the funds in the Reserve Fund are not sufficient for repairs or replacements to the Club Facilities that result from acts of God, natural disasters, weather, fires, pestilence, requirements imposed by governmental authorities, and any events beyond the reasonable control of Club ("Extraordinary Repairs or Replacements"), the Board is authorized to assess the Members without a vote of the Members, as provided in Section 5.4, the necessary amount to cover the deficit for the required Extraordinary Repairs or Replacements.

5.4 Capital Assessments. A capital assessment requires a vote of the Members unless it is an assessment required to pay for Extraordinary Repairs or Replacements. As set forth in Section 11.1 of these Bylaws, capital assessments that are not for Extraordinary Repairs or Replacements shall require the vote of either (i) a majority of the Members that constitute a quorum or (ii) a majority of all outstanding Members entitled to vote if the capital assessment constitutes a Major Decision. Each assessment shall be apportioned among the issued Memberships in accordance with the terms set forth below. Any assessment for capital expenditures which must be voted on by the Members shall be paid as follows:

5.4.1 Assessments for capital expenditures to the golf facilities (i.e., the golf course, golf practice facilities and golf maintenance facility) shall be voted on by and prorated among all of the Golf Members.

5.4.2 Assessments for capital expenditures to the social facilities, clubhouse, swimming, fitness, tennis and other facilities, except golf facilities, shall be voted on by and prorated equally among all Golf and Social Members.

5.5 Memberships Held by the Club. Any Membership held by the Club is not subject to the requirement to pay dues, charges or assessments.

5.6 Payment Terms. All fees, dues, charges, assessments and Membership Contributions (if financed) are due and payable immediately on receipt of billing pursuant to the payment methods set forth in the Rules and Regulations. The Board shall have the authority to determine whether to finance

Membership Contributions and the terms of any such financing. Any Member who fails to pay the statement of account on or before the close of business on the 30th day of the following month shall be considered delinquent.

5.7 Late-Fee Charges. A late-fee charge of one and one-half percent (1.5%) per month of the late amount may be levied by the Club for each month or portion thereof that the account remains delinquent.

5.8 Facilities Unavailable. Even though certain Club Facilities may be unavailable for Member's use due to renovation, capital improvements, fire, hurricane, casualty or other similar occurrence beyond the Club's control, the Members will continue to be liable for the timely payment of all dues, fees, charges and assessments.

5.9 Other Charges. The Board shall have the power to establish fines or other appropriate charges for infractions of these Bylaws and the Rules and Regulations.

5.10 Account Charges. The Club shall render a statement of account to each Member following the last day of each month. If mailed, the statement of account shall be deemed received by the Member three (3) days after the mailing date. If the Member has provided email contact information, the statement will be sent via email and deemed received on the same day.

ARTICLE 6.

Suspension, Expulsion and Collection

6.1 Suspension or Expulsion. Any Member (including the Member's Immediate Family or Significant Other) may be suspended by the Board as provided below for non-payment of dues, fees, charges and/or assessments to the Club for over sixty (60) days, at the sole discretion of the Board, or be expelled by the Board for non-payment of dues, fees, charges and/or assessments to the Club for over one hundred and twenty (120) days. No hearing is required for any non-payment action taken by the Club; however, the Member shall be provided (i) not less than fifteen (15) days written notice of the suspension, expulsion or termination (the "Written Notice") and (ii) the opportunity to respond in writing not less than five (5) days prior to the effective date of the suspension, expulsion or termination. For any other Cause, a Member (including the Member's Immediate Family, Significant Other or guest) may be expelled or suspended or other appropriate action may be taken (including, but not limited to, fines or reprimands), as follows: (i) after hearing by the Board pursuant to Section 6.3 or (ii) an immediate temporary suspension may be issued by the Board due to a Material Liability Act, as defined below, by a Member subject to the requirements to have a hearing within twenty-one (21) days of the suspension pursuant to Section 6.3. Member may appeal rulings as provided in Section 6.4. The rulings by the Board may be confirmed, rescinded or modified by a vote of a majority of the Board. Notwithstanding anything to the contrary, at the Board's option the Member's Membership, including any right to be placed on or remain on the Resigned List, may be terminated, and the Member's refund rights shall be rendered null and void, if a nonpayment of dues, fees, charges and/or assessments continues for one hundred and twenty (120) days after the due date.

6.2 "Cause" and "Material Liability Act" Defined. The term "Cause" for purposes of Section 6.1 hereof shall include, but not be limited to: (i) failure to meet eligibility for membership; (ii) submission of false information on the Membership Application or Membership Agreement; (iii) submission of false information regarding an application for use privileges for a guest of the Member; (iv) unsatisfactory behavior, deportment or appearance including, without limitation, intoxication or conduct inconsistent with the peaceful enjoyment of the Club by the Member; (v) use of the Member's membership or Club account by a non-member; (vi) failure to accompany a guest where required when using facilities of the Club; (vii) failure to pay dues, fees, sales tax or other amounts required by Texas

law in connection with the Member's Membership in the Club, charges or Club accounts in a proper and timely manner; (viii) failure to abide by the Rules and Regulations as set forth for use of the Club Facilities; (ix) treatment of the personnel or employees of the Club in an unacceptable manner; (x) destruction of Club property; (xi) conviction of a crime (Member or Spouse); (xii) verbal abuse of the Members, directors or officers of the Club; (xiii) conduct endangering the good order, welfare or character of the Club; (xiv) violation of these Bylaws; (xv) violation of international or domestic laws and/or injunctions; or (xvi) any other action deemed to have an adverse effect on the Club or its Members, as determined by the Board, in its sole discretion. The term "Material Liability Act" is defined as any act conducted by a party that results in, or could result in (i) physical damage to the Club Facilities, (ii) abusive treatment of other Members or disruption of other Members' use of the Club Facilities, (iii) abusive treatment of employees, (iv) potential liability exposure to the Club, the Club's employees or other Members, or (v) such other acts of a comparable nature that may be established by the Board, in its sole discretion.

6.3 Hearings. A hearing by the Board shall be required for suspension or expulsion, except for a suspension or expulsion for nonpayment of dues, fees, charges and/or assessments (which is subject to Written Notice and the requirements in Section 6.1, and no hearing is required) or a temporary suspension due to a Material Liability Act. The Board shall give notice, in writing, of such hearing at least ten (10) days in advance of the hearing date to the Member stating the reason for the proposed suspension or expulsion (excluding a temporary suspension due to a Material Liability Act), and notifying such Member that he or she has a right to be heard orally or in writing at the hearing. The hearing date shall be not less than five (5) days before the effective date of the proposed expulsion or suspension by the Board (excluding a temporary suspension due to a Material Liability Act). The written notice shall be delivered to the Member via certified mail with a return receipt requested or by email with confirmation of receipt to the Member's last known address or email address shown on the records of the Club. The Board, by a majority vote, may confirm, rescind or modify any suspension or expulsion, upon or without conditions, at its sole discretion. Notwithstanding anything to the contrary, in the event of a Material Liability Act, the Board is authorized to act immediately without a hearing, so long as the maximum suspension without a hearing is a twenty-one (21) day period and the matter is noticed and scheduled for a hearing prior to the expiration of the twenty-one (21) day period.

6.4 Appeals. Any Member may appeal suspension or expulsion, except for a suspension or expulsion for nonpayment of dues, fees, charges and/or assessments for which no appeal hearing is allowed, by written notice to the Board and a subsequent hearing will be conducted by the Board. The notice of appeal must be delivered to the Club office within fifteen (15) days after written notice of the action taken by the Board. If a fine has been imposed, payment thereof shall constitute a condition precedent to the right of appeal. Upon appeal, the Board will review at the hearing on such terms and procedures as established by the Board in the Board's sole discretion, the action taken and will conduct a second vote to uphold, modify or rescind the initial suspension or expulsion by a majority vote of all the Members of the Board. Upon expulsion, all Membership rights shall terminate and the Member's Membership, at the Board's sole option, (i) shall be placed on the applicable Resigned List and the Member shall continue to be responsible for the payment of all dues and assessments until the Membership is reissued, or (ii) the Member's right to be placed on the applicable Resigned List and the Member's refund rights shall be rendered null and void. In the event the expelled Membership is placed on the Resigned List and then reissued, upon reissuance, the Transfer Fee and any amounts, charges, fines and fees shall be retained by the Club and the balance paid to the expelled Member.

6.5 Dues, Fees, Charges and Assessments during Suspension or Expulsion. During a period of suspension (which may be up to a period of one (1) year), the suspended Member shall continue to be responsible for applicable dues, fees, charges and/or assessments and the Member, the Immediate Family and Significant Other (if any) shall not have any Club privileges, including but not limited to, the right to vote on matters submitted for a Member vote. If a Member is expelled by the Board and upon appeal to

the Board, the Board's decision to expel the Member is overturned, then a condition precedent to the reinstatement shall be the immediate payment of all dues, fees, charges and/or assessments applicable to the temporary period of expulsion.

6.6 Collection. In the event of any default or breach by a Member in the (i) payment of any dues, fees, assessments or charges or (ii) the terms of these Bylaws or Membership Agreement, the Club reserves the right to file suit to recover the amount owed, as well as any and all other remedies allowed by law, plus all other costs, expenses and reasonable attorney fees. The Club reserves the right to charge the Member's account for any collection costs incurred to recover amounts owed.

6.7 Liens. The Club shall have a lien against each Membership for any unpaid dues, fees, charges, assessments and reasonable attorneys' fees incurred by the Club incident to the collection thereof, or the enforcement of any lien, whether or not legal proceedings are initiated. The lien may, but need not be, recorded among the public records of Tarrant County, Texas, by filing a claim therein which states the name of the Member, the number of the Membership and the amount claimed to be due. The lien shall continue in effect until all sums secured by the lien, together with all costs incurred in recording and enforcing the lien, have been paid. A claim of lien may be signed by any officer of the Club. Upon full payment, the Member making payment shall be entitled to be reinstated as a Member in good standing of the Club and shall be entitled to a release of lien to be prepared and recorded at the Member's expense. All liens may be foreclosed by the Club, in any action at law or in equity, or without legal proceedings upon five days prior to the notice of intended foreclosure, as may be deemed appropriate by the Club. The Club may also, at its option, sue to recover a money judgment for unpaid dues or other charges, without thereby waiving its lien securing the same. No Member shall be permitted to create, incur, assume or suffer to exist upon the Member's Membership any liens and security interests whatsoever except as provided in Section 3.5.6 of these Bylaws.

ARTICLE 7. Complaint and Grievance Procedure

7.1 Written Complaints Acceptable. Member complaints and grievances regarding matters not concerning employees shall be held in strictest confidence, submitted in writing, signed and dated by the complainant, and appropriately addressed to the Board and submitted to the Chief Operating Officer/General Manager.

7.2 Bylaws and Rules and Regulations Infractions. The chief operating officer/general manager of the Club ("Chief Operating Officer/General Manager") shall make an initial evaluation and refer complaints to the Board, except for a Material Liability Act, in which event, the Board may, at its sole discretion, after notification of a Material Liability Act, issue an immediate suspension action and set the matter for a hearing pursuant to Section 6.3. Any infractions of these Bylaws and Rules and Regulations of the Club shall be reported to the Board by the (i) Board or (ii) Chief Operating Officer/General Manager, if assigned to the Chief Operating Officer/General Manager for review, investigation and possible resolution by the Board. The Board shall investigate the charge or review the Chief Operating Officer/General Manager's report and report the findings to the Board at its next regular or a special meeting called for that purpose. If the Board or the Chief Operating Officer/General Manager (if assigned to the Chief Operating Officer/General Manager) cannot resolve the issue independently, the Board shall determine the appropriate action to be taken, if any, and the Club Secretary shall report the Board action, if any, to the complainant.

7.3 Procedure Regarding Employees. Complaints concerning employees of the Club shall be made only to the Chief Operating Officer/General Manager. The Chief Operating Officer/General Manager shall investigate the complaint and determine the action to be taken by the Club. The Chief Operating Officer/General Manager shall advise the complainant of the action taken, if any. Repeated

complaints against the same employee shall be brought to the attention of the Board by the Chief Operating Officer/General Manager. Complaints against the Chief Operating Officer/General Manager shall be made directly to the Club President who will investigate and report to the Board at its next regular or special meeting, the President's recommendation. With the approval of the Board, the President will resolve the complaint with the Chief Operating Officer/General Manager and report to the complainant the action taken, if any.

ARTICLE 8.

Guests

8.1 Guests. Members may invite guests to use the Club Facilities upon payment of the applicable guest charges. Guest use shall be in compliance with the Rules and Regulations, as amended from time to time by the Board, and these Bylaws, which may include, without limitation, restrictions on the number of times a particular guest may use all or a portion of the Club Facilities during each Membership Year, the total number of guests a Member can sponsor during any Membership Year or portion thereof and a requirement that guests of a Member be accompanied by the Member. The Club, through the Board, reserves the right to establish guest policies from time to time. Unless paid directly by the guest, all guest fees, if any, shall be charged to and be the responsibility of the sponsoring Member. The sponsoring Member shall at all times be responsible for the conduct, charges attributable to, and actions of the Member's guests and the Member may be fined, disciplined, suspended or other remedies as provided in these Bylaws for improper conduct of the Member's guest. Only Members in good standing may sponsor accompanied guests. Guest privileges may only be extended to the use of Club Facilities the sponsoring Member is entitled to use pursuant to his or her particular Membership category. The Board may establish restrictions to be set forth in the Rules and Regulations on guest usage to protect usage and access rights of the Members.

ARTICLE 9.

Governance and General Management

9.1 Board. The governance and general management of the Club shall be vested in a board of directors (herein the "Board") consisting of nine (9) elected members, which will currently include the three (3) Officers of the Club, namely, a President, a Vice President and a Secretary (and such other Officers as the Board determines). Each member of the Board shall be elected for a three (3) year term. Except as otherwise provided by a resolution adopted by the Members, the term of a newly elected Board member shall begin following the Annual Meeting at which his/her election is announced. Officers shall each serve one (1) year terms, with a maximum of three consecutive terms in the same office. Each year, the Board shall hold its annual meeting to elect Officers, and to consider any other matters that may be properly brought before the meeting. The Board shall have the authority to invite the outgoing President and any other outgoing Board members, on a case-by-case basis, to participate as an ex-official non-voting participant at Board meetings to assist in an orderly transition. The participation of the outgoing President or outgoing Board members shall be at the sole discretion of the Board and for such time period as determined by the Board. The Board shall act in accordance with the Board Policies Manual, as amended from time to time by the Board.

9.1.1 Powers. The Board shall have power and authority to do the following without a vote of the Membership: (i) establish and revise the Club's Rules and Regulations, and adopt such policies and rules for the conduct of the Board's meetings, (ii) management of the Club, (iii) set the amount of Membership Contribution, dues, fees, charges and assessments, subject to Section 5.4, (iv) elect Officers of the Club, (v) appoint and assign duties to committees, (vi) fill vacancies on the Board due to death, resignation, inability to perform or otherwise, or replace any director who fails to attend 50% of the regular meetings of the Board within a Membership Year, until the next election by the Members, (vii) exchange rights to use the Club Facilities with members of other clubs, (viii) expend funds in the Club's treasury or

owing to the Club in the ordinary course of operation of the Club, (ix) incur debt for the Club with a principal amount that does not exceed twenty percent (20%) of Annual Gross Revenues, (x) authorize capital improvement projects for the Club that on an annual basis do not exceed ten percent (10%) of Annual Gross Revenues, provided an assessment is not required, (xi) authorize general repairs and maintenance as required in the ordinary course of operation of the Club, (xii) establish reserves for maintenance, repair and replacements, for working capital, and for water infrastructure or related water obligations, (xiii) execute contracts in proper exercise of the Board's powers, (xiv) select, employ, supervise and discharge Club officers and employees, (xv) employ a management company to manage day-to-day operations, (xvi) establish Club operating hours and Club services, (xvii) establish the Club's budget, financial controls and operating policies, (xviii) obtain directors and officers liability insurance for the Board and Club officers, and general liability and property insurance for the Club, (xix) establish privacy and nondisclosure policies concerning financial and employee information and other confidential matters, (xx) admit new Members, (xxi) determine Member grievances, suspensions and expulsions, and (xxii) all other powers and authority expressly granted to the Board in these Bylaws. The decisions of the Board relative to the proper exercise of these powers and authority shall be final. Any action that is not authorized by the Board powers and authority enumerated in this section shall require a Member vote pursuant to Article 11.

9.1.2 Regular Meetings. The Board shall hold at least six (6) regular meetings each year. At each regular meeting of the Board, the date, time and location of the next regular Board meeting shall be designated, unless previously established. Members of the Board may participate in any meeting by means of a conference telephone or similar communications equipment pursuant to procedures established by the Board. The Board may from time to time meet in executive session to discuss and vote on personnel matters, litigation in which the Club is or may become involved or other business of a similar or otherwise sensitive nature.

9.1.3 Special Meetings of the Board. Special meetings of the Board may be called by the President or any three (3) directors. The person authorized to call the special meeting of the Board may fix any place as the place for holding the special meeting. Notices of any special meeting must contain a statement of the purpose for which the special meeting is called.

9.1.4 Notice of a Board Meeting. Notice of any regular or special meeting of the Board shall be given at least two days previous thereto by written notice to each director at his or her address as shown by the records of the Club (email acceptable), except that no special meeting of directors may remove a director unless written notice of the proposed removal is delivered to all directors at least twenty (20) days prior to such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. Notice of a special meeting of the Board may also be given forty-eight hours in advance by telephone, telegraph, personal delivery or electronic mail of a written notice to each director. Notice of any special meeting of the Board may be waived in writing signed by the person or persons entitled to the notice either before or after the time of the meeting. The attendance of a director at any 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 because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically requested by law or these Bylaws.

9.1.5 Action Without Meeting. Any action that may be taken at a meeting of the Board may be taken without a meeting if written consent describing the action taken is signed by the unanimous written consent of all members of the Board and is delivered to the Club for inclusion in the minutes for filing with the corporate records reflecting the action taken. Such consents may be provided electronically in the form of email and will have the same effect as a vote at a meeting of the Board and may be described as such in any document.

9.1.6 Voting Percentage. A majority of the votes cast on a particular matter during any meeting at which a quorum of the Board is present to vote on such matters is necessary for passage of any motion, except as otherwise expressly provided herein.

9.1.7 Standing/No Remuneration. All Officers and Board members must be voting Members (or their Spouses) in good standing. No elected Officer or Board member shall receive any remuneration for his or her official services, but may be reimbursed for reasonable expenses incurred, if approved by the Board.

9.1.8 Conflict of Interest. No Officer or Board member shall use his or her position for personal gain. Such activity shall be deemed a conflict of interest and shall be a cause for removal under Section 9.1.9 of this Article.

9.1.9 Removal of Officers and Board Members. Officers and Board members may be removed for cause by an affirmative majority vote of the full Board (currently, a vote of five (5) Board members) or by an affirmative vote of a majority of the votes cast of a quorum of the Members eligible to vote at any annual or special meeting. Causes for removal of an Officer or Board member include, but are not necessarily limited to: (i) failure to attend three (3) consecutive Board meetings without excuse, (ii) breach of the standards of conduct prescribed in these Bylaws and Rules and Regulations (including but not limited to the suspension or expulsion provisions in these Bylaws), (iii) a breach of the provisions in the Board Policies Manual, (iv) a breach of confidentiality, (v) a breach of any fiduciary duty, and (vi) resignation, suspension or expulsion of the Board member's Membership in the Club.

9.2 Rules and Regulations and Quorum. The Board may adopt such rules and regulations for the conduct of their meetings, as they deem proper. A quorum for the conduct of any business by the Board is a majority of the Board members in person, or by telephonic conference call or other forms of electronic or internet voting. The Board may authorize committees of the Club as the Board determines may be helpful or have unique experience in the transaction of the Club's business.

9.3 President. The President shall be the Chief Executive Officer of the Club and shall preside at all meetings of the Board and the Membership. The President (or such officer delegated by the President) shall, with the Secretary, sign all obligations, contracts, deeds, mortgages, promissory notes, and other instruments as approved by the Board unless otherwise provided in these Bylaws. The President, acting on behalf of the Board and with their direct input shall oversee the activities of the Club's Chief Operating Officer/General Manager. Specifically, the President shall be responsible for properly communicating to the Chief Operating Officer/General Manager, the direction, decisions and policies set forth by the Board for implementation by Club management. The President, with prior Board input, shall also be responsible for preparing and delivering to the Chief Operating Officer/General Manager an annual review of his/her performance together with goals and objectives for the coming year as set forth by the Board, along with the approval of the annual compensation for the Chief Operating Officer/General Manager. The President shall also be responsible for appointing committee chairpersons with approval by the Board, for the various committees so authorized by the Board or required by these Bylaws.

9.4 Vice President. The Vice President shall perform the duties of the President when the President is absent or unable to perform such duties and shall perform such other duties as may, from time to time, be assigned by the President. In the absence of both the President and Vice President, the Board shall appoint from among the Board members, an Acting President. The Vice President shall be chairman of the Finance Committee. The Vice President shall cause to be collected, held and disbursed, under the direction of the Board, all monies of the Club, and it shall be the Vice President's duty to collect monies due the Club from the issuance of memberships, dues and charges of Members of the Club, and all amounts due from others. The Vice President shall keep, or cause to be kept, at the Club, regular books

of account and all financial records of the Club, and shall prepare budgets and financial statements, when and in the form requested by the Board. The Vice President shall deposit or cause to be deposited all monies of the Club in an account or accounts in the Club's name, in the bank or banks designated by the Board, and shall give a surety bond for faithful performance in the amount directed by the Board, which surety bond premium shall be paid by the Club. Any other person or persons having access to monies of the Club or its bank accounts shall be similarly bonded.

9.5 Secretary. It shall be the duty of the Secretary to keep a record of the proceedings of the Club and, with the President, to sign all obligations, contracts, deeds, mortgages, promissory notes, and other instruments, and to discharge such other duties as may be entrusted by the Board. In addition, the Secretary shall have such other duties and responsibilities as prescribed by the Board. The Secretary may delegate any of the foregoing duties to the Chief Operating Officer/General Manager acting as Assistant Secretary as the Board approves.

9.6 Vacancies. Any vacancy occurring in the Board shall be filled by the Board at a Board meeting called for that purpose by the affirmative vote of a majority of the remaining Board members, though the remaining Board members may constitute less than a quorum of the Board (or, if there be only one remaining Board member, by that Board member). A Board member elected to fill a vacancy shall be elected for the remainder of the year until the next election. At the next election, there will be open elections to fill the previously vacated seat for the unexpired term of the previously vacated seat, if any. A majority of the Members may, with Cause, terminate the term of office of all or any of the Board members by an affirmative vote of a majority of the votes cast of a quorum of the Members eligible to vote at any annual or special meeting called for that purpose. Such removal shall be effective immediately upon such action of the Members even if successors are not elected simultaneously, and the vacancies on the Board, caused by such action shall be filled only by election by the Members. The Board may create a new office at any meeting of the Board. Any officer may be given additional assignments and duties by the Board.

9.7 Chief Operating Officer/General Manager. Reference to the title of Chief Operating Officer/General Manager will designate the responsible party who may from time to time have a different corporate title but in any event shall be responsible for managing the affairs, and direct the work and employees of the Club, subject to, and in accordance with, the direction of the Board, acting through the President, who will exercise supervisory authority on behalf of the Board over the Chief Operating Officer/General Manager. The Chief Operating Officer/General Manager shall prepare budgets of expenses and capital refurbishment and replacement for approval of the Board, and shall be authorized to incur expenses and capital expenditures in accordance with the approved budgets, or as directed by the Board. The Chief Operating Officer/General Manager shall attend all meetings of the Board and shall be an ex officio and non-voting member of the Standing Committees. The Chief Operating Officer/General Manager shall make reports of work and affairs of the Club to the President, to the Board and to Members at Membership meetings, as requested by the President. Each year, the Chief Operating Officer/General Manager shall provide the Board with the Chief Operating Officer/General Manager's goals and objectives for the following year, along with a self-assessment of the preceding year.

9.8 Bond. The Board may require that any one or more Officers, Board members or other Club employees be bonded in amounts determined by the Board. The cost thereof shall be paid by the Club.

ARTICLE 10. Committees

10.1 Committees. The Board shall be required to create the following standing committees: (i) Finance (to include the Club's Vice President), (ii) Membership (to include the Club's Secretary), and

(iii) Nominating (collectively, the “Standing Committees”). Each year, as soon after the Annual Meeting as practical, the President shall appoint or re-appoint a chairperson for each Standing Committee. The President shall also appoint the members of the Standing Committees subject to approval by the full Board. Although non-Board members may serve on such Standing Committees, a Board member must be appointed as a Standing Committee chairperson in order to report to the Board, no less than on a quarterly calendar basis, the status, recommendations and progress of each Standing Committee. Other committees may be created by the President from time to time as needed, subject to approval by the Board. Chairpersons shall be responsible for determining the composition of their respective committee, subject to Board approval. For committees that are not Standing Committees under these Bylaws, there is no requirement that the Chairperson of such committees be a Board member. All committee members must be Members in good standing. Committee meetings (except for executive session) shall be open to any non-committee Board member who may attend and participate, with the exception of committee business requiring a vote. Guidelines for expenditure of funds necessary to conduct committee business shall be established by the Board. Funds in excess of such guidelines must be reviewed and approved by the Board prior to such expenditure.

10.2 Finance Committee. The Finance Committee shall receive and review the proposed budget for the succeeding Fiscal Year, and, if applicable, recommend any suggested revisions. In addition, the Finance Committee shall advise and assist the Board in (i) negotiations of contracts, (ii) determining the amounts and places of all investments, savings accounts, and checking accounts, (iii) reviewing and approving the annual salaries of the Chief Operating Officer/General Manager and other employees and recommending appropriate salary adjustments, (iv) reviewing all expenditures/projects above \$100,000 and recommending disbursements, (v) reviewing various dues, fees, charges, assessments and the amount of Membership Contributions, (vi) identifying financial matters that should be brought to the attention of the Membership, (vii) reviewing loan and debt service requirements and options for financing, and (viii) preparing a summary of the Club’s annual financial report for publication in the newsletter. The Finance Committee must be chaired by a Board member. The Finance Committee shall approve all salary levels for all executive level staff that report to the Chief Operating Officer/General Manager. The Chief Operating Officer/General Manager shall provide the Finance Committee with recommendations for increases in salary for members of the staff. The Finance Committee may have separate subcommittees to handle insurance and other issues, as necessary.

10.3 Membership Committee. The Membership Committee shall review and process all Membership Applications and Agreements and no Membership Application and Agreements will be formally voted upon by the Board until the application has been reported upon by the Membership Committee. The Membership Committee shall strive to meet the Club’s goals for new Members. The Membership Committee must be chaired by a Board member. The Membership Committee shall receive all complaints submitted in accordance with Article 6, Section 7.1 and Section 7.2, in addition to matters raised by the Board.

10.4 Nominating Committee. Each year, nominations for election to the Board shall be made by a Nominating Committee (the “Nominating Committee”). The Nominating Committee shall consist of two (2) members of the Board (one of which is the highest ranking Board Officer not running for re-election) and three (3) other Members of the Club (non-Board). The Chief Operating Officer/General Manager shall serve on the Nominating Committee in an advisory and non-voting capacity. The Nominating Committee shall be appointed by the Board not less than sixty (60) days prior to each election to serve a term of generally one (1) year or until their successors are appointed, and such appointment shall be announced at each such election. The Nominating Committee shall make in no event less than the number of positions to be filled and in no event more than five (5) nominations for election to the Board. In making its nominations, the Nominating Committee shall use reasonable efforts to nominate candidates representing the expertise, experience and diversity that exist within the pool of potential candidates. Further nominations may be made by petition of voting Members, addressed to the

chairperson of the Nominating Committee, containing the signatures of ten percent (10%) or more of the Members entitled to vote and requesting that a particular Member or Members therein named be nominated and included in the previous nominations. Such petitions must be received by the chairperson of the Nominating Committee at least thirty (30) days before the voting package is distributed and must contain the written consent and resume of each nominee named. Nominations by petition shall not exceed three (3) candidates, creating a possible total of eight (8) nominees on the ballot. In the event more than three (3) candidates are submitted by petition, the three (3) candidates with the most signatures shall appear on the ballot. Such nominations shall also be posted on the Club website. All nominees must be dues paying and in good standing Members of the Club for at least three (3) years. In addition to being responsible for the nominating procedure, the Nominating Committee will be responsible for all voting procedures and protocols, including the coordination of elections. However, in the discretion of the Board, the votes may be counted by an independent third party, which may be the Club's third party accounting firm.

10.4.1 The Nominating Committee shall prepare the list of nominees for election to the Board, at least sixty (60) days prior to each Annual Meeting, the Nominating Committee shall make a written report to the voting Membership of nominations by mailing or emailing a copy to each Club voting Member and by posting copies thereof on the Club bulletin board or website.

10.4.2 The Nominating Committee may not nominate any of its own members as candidates for election.

10.4.3 The above provisions are the only means by which a nomination for the Board can be made.

10.5 *Committee Members.* All committee members shall be Members (or their Spouses) in good standing and shall serve at the discretion and with the approval of the Board. All committees, excepting only the Nominating Committee are advisory to the Board.

10.6 *Other Committees.* Other committees may be created by the President from time to time as needed, subject to approval by the Board. Chairpersons shall be responsible for determining the composition of their respective committee, subject to Board approval. All committee members must be Members in good standing. Committee meetings (except for executive sessions) shall be open to any non-committee Board member who may attend and participate, with the exception of committee business requiring a vote. Guidelines for expenditure of funds necessary to conduct committee business shall be established by the Board. Funds in excess of such guidelines must be reviewed and approved by the Board prior to such expenditure.

ARTICLE 11.

Membership Meetings/Voting Privileges

11.1 *Annual Member Meeting/Quorum.* The annual meeting of the Members (the "Annual Meeting") shall be held at the Club during September of each calendar year at a time and place in the State of Texas as designated in the notice of such meeting by the Board. The Annual Meeting shall be held for the purposes of receiving reports of officers and others, to elect members of the Board and for such other business as may be properly brought before the meeting. One third (1/3) of the Members entitled to vote, whether in attendance, in person, by proxy, absentee ballot or by electronic or internet voting pursuant to procedures established by the Board, shall constitute a quorum, except for meetings where Major Decisions are made. If the required quorum provided above is present for the vote issue, the affirmative vote of a majority of votes cast at the meeting in person, by proxy, absentee ballot or by electronic or internet voting pursuant to procedures established by the Board and entitled to vote on the subject matter shall be the act of the Club. For Major Decisions, the vote of a majority of the outstanding votes of all the

Members entitled to vote, and whether in attendance, in person, by proxy, absentee ballot, or by electronic or internet voting pursuant to procedures established by the Board, is required. Each voting Member shall have voting privileges as set forth in Section 11.6. Notwithstanding the above, any proposed amendment to these Bylaws shall be governed by the provisions of Article 14.

11.1.1 Major Decisions. The term “Major Decisions” shall be defined as: (a) an assessment for a capital expenditure that (i) is over ten percent (10%) of Annual Gross Revenues and (ii) does not constitute Extraordinary Repairs or Replacements, (b) an incurrence of debt for the Club with a principal amount in excess of twenty percent (20%) of Annual Gross Revenues, (c) a sale of all Club Facilities or any major component of the Club Facilities, (d) a material adverse change to the Membership refund amount or percentage to be paid to existing Members, or (e) a change or addition to the Membership categories or changes in existing Membership categories that would cause the number of Members to exceed the Golf Membership Cap or Social Membership Cap.

11.2 Special Member Meetings/Quorum. Special meetings of Club Members may be called by the President or majority of the Board upon giving written notice to the Members, and such notice shall specify the purpose of the meeting and no other business may be conducted at the meeting. Further, the Board shall call a special meeting of the Membership upon written request of at least twenty-five percent (25%) of all the Members entitled to vote. Upon receipt of the notice from the referenced number of Members, the President shall call the special meeting within thirty (30) days after receipt of the written notice. The quorum required for an action taken at a special meeting shall be the same as the quorum required at an Annual Meeting.

11.3 Election of Board Members. At each Annual Meeting, Board members shall be elected pursuant to the provisions in these Bylaws. In addition, any Board vacancies for which an unexpired term remains shall be filled by election.

11.4 Elections/Voting. There will be no cumulative voting and no preemptive rights. Voting will either be in person, by proxy or by absentee ballot. In the event of a proxy or absentee ballot received via email, the Secretary shall determine vote validity. The number of candidates necessary to fill the vacancies on the Board receiving the highest number of votes at the Annual Meeting of the Members for each designated term shall be declared elected.

11.5 Absentee Ballots. Members in good standing and eligible to vote who are unable to attend a meeting of the Membership shall be allowed to vote by absentee ballot. An absentee ballot shall be included with the notification of any meeting of the Membership and shall also be available at the Club. Unless delivered electronically, the number of the ballot shall be written on the ballot and on the return envelope and the name of the Member and the number of the ballot sent shall be registered in an absentee ballot register. Absentee ballots shall be retained until after the validation of the election by the Secretary of the Board. Absentee ballots shall be returned to the Club in the sealed and numbered return envelope provided or emailed pursuant to procedures established by the Board, no later than the close of business on the day prior to the scheduled meeting date. The Chief Operating Officer/General Manager shall be responsible for safeguarding absentee ballots until the Membership meeting and shall deliver them to the election judges at the Membership meeting.

11.6 Voting Privileges. Each Membership that is in good standing entitles the Member to vote on various Club matters as set forth in these Bylaws, including the election of the Board. On all matters to be voted upon by the Members of the Club, Golf Members are entitled to two (2) votes per Membership, and Social Members are entitled to one (1) vote per Membership. Members with past due Club accounts shall not be considered in good standing. The Board will have the final authority to determine which categories of Members are entitled to vote on matters put to a vote of the Members. If a Membership is jointly owned by both spouses, either spouse may cast all of the votes associated with such Membership on

any matter upon which Members vote. The total number of votes associated with the Membership cannot be split between the two spouses. The Club is not entitled to vote the Memberships that they hold for sale on matters submitted to the vote of the Members.

11.7 Conduct of Meetings. The conduct of all Membership meetings shall be governed by Roberts Rules of Order except as they may conflict with these Bylaws, in which case these Bylaws shall prevail.

11.8 Action Without Meeting. Action may be taken by the Members of the Club only at a properly called and noticed annual or special meeting of the Members. Action may not be taken by the written consent of the Members in lieu of such annual or special meeting. Notwithstanding the foregoing, in the event the Board desires to poll the Membership on a matter that does not require a vote of the membership, such poll may be done by mail provided that the polling materials set forth in reasonable detail the subject of the poll.

ARTICLE 12. Notices and Record Date

12.1 Notices. Unless otherwise provided herein, written notice required for meetings of the Membership, or the Board, as applicable, stating the place, day and hour of the meeting, and if a special meeting the purposes thereof, shall be forwarded by email and posted on the website, or delivered to each Member or Director, as applicable, or deposited in the United States Mail or overnight service (such as FedEx, UPS or DHL) in a sealed envelope, addressed to each Member in good standing at the address shown by the books of the Club, with postage prepaid or in the case of overnight delivery service, the Club's billing account information thereon or with payment of the delivery fee, not less than (i) ten (10) nor more than sixty (60) days before member meeting, and (ii) two (2) days prior to a meeting of the Board. A Member or Board member, either before or after a meeting, may waive notice of any meeting, and such waiver shall be deemed the equivalent of giving notice. Attendance in person by a voting Member at a meeting, providing an absentee ballot, or electronic or internet voting pursuant to procedures established by the Board shall constitute waiver of notice of the meeting, unless he or she attends for the express purpose of objecting to the notice.

12.2 Record Date. For the purpose of determining the Members entitled to notice of or to vote at any meeting of the Members, or in order to make a determination of the Members for any other proper purpose, the Board of the Club may fix in advance a date as the record date for any such determination of the Members, as follows: (a) the record date for notices shall be no more than sixty (60) days and not less than ten (10) days, before the date of such meeting. If no record date is fixed by the Board, the business day before the date on which notice of the meeting is mailed shall be the record date for such determination of the Members. When determination of the Members entitled to vote at any meeting of the Members has been made, such determination shall apply to any adjournment of the meeting.

ARTICLE 13. Non-Liability and Indemnification

13.1 Indemnification. To the fullest extent permitted by law and the Texas Nonprofit Corporation Act, the (i) Board and members thereof, (ii) any committee of the Club and members thereof, and (iii) any officer of the Club (collectively, the "Indemnified Parties"), while acting in their applicable capacity shall not be liable to any Member, any class or class action of Members, to the owner of any Membership or to anyone else for any damage, loss, or prejudice suffered or claimed on account of any decision, approval or disapproval, course of action, act (including resignation), inaction, omission, error, negligence or the like made in good faith in connection with the Club, the Club Facilities, these Bylaws, the Rules and Regulations or the negotiation, execution or performance of any agreement entered into

between the Club and any unrelated third party. The Club shall indemnify, defend and hold each and every one of the Indemnified Parties harmless for, from and against any such claim or liability arising out of events described in this Article 13, including all costs and expenses incurred in connection therewith (including any legal or administrative proceedings or orders arising therefrom), including without limitation, all court costs and attorneys' fees, all of which the Club shall pay as and when due (as opposed to reimbursing following payment by any indemnitee) with respect to members of the Board or non-salaried officers of the Club, the individuals serving in said capacities shall not be liable to any Member, to the owner of any membership or to anyone else for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval, course of action, act (including resignation), inaction, omission, error, negligence or the like made in good faith in connection with the Club, the Club Facilities, these Bylaws, or the Rules and Regulations. With respect to members of the Board and any non-salaried officers of the Club, all conduct shall be deemed to be in good faith. In the event that claims covered by the foregoing indemnity are asserted, the Club's choice of counsel to defend against such claims shall be subject to approval by the Indemnified Parties against whom such claims have been asserted, such approval not to be unreasonably withheld or delayed.

13.2 Insurance. The Club will have the power to purchase or maintain insurance on behalf of its agents, against any liability asserted against or incurred by any agent in such capacity arising out of the agent's status as such, whether or not the Club would have the power to indemnify the agent against such liability under the Indemnification section of this Article.

ARTICLE 14. Amendments

14.1 Amendments. Amendments to the Bylaws may be proposed by a majority Board vote or twenty-five percent (25%) of the Members eligible to vote. The Bylaws may be amended at the Annual Meeting or any special meeting of the Membership provided written notice is given at least ten (10) days but not more than sixty (60) days prior to the regular or called meeting at which the vote is taken. An amendment of these Bylaws requires the affirmative vote of sixty-six and two-thirds percent (66 2/3%) of the outstanding votes of all the Members eligible to vote, by a vote in person, absentee ballot or by electronic or internet voting pursuant to the procedures established by the Board. Provided, however, any amendment that is (i) necessary to correct or clarify an existing provision of these Bylaws that is not materially adverse to the Members and does not otherwise require a vote of Members under these Bylaws or (ii) required by new governmental regulations or statutes may be approved by a two-thirds (2/3) vote of the Board, without a vote of the Members.

ARTICLE 15. Interpretation

15.1 Interpretation. The interpretation of these Bylaws shall rest with the Board unless and until superseded by a two-thirds (2/3) vote of the votes cast of the quorum of Members required for an Annual Meeting or special meeting of the Membership.

ARTICLE 16. No Distribution of Income/Liquidation

16.1 Prohibition Against Distribution of Income. The Club is a non-profit entity and by charter does not permit pecuniary gain or profit. No part of any net earnings shall inure to the benefit of any Member, director or officer, and as such, they will have no interest in or title to any of the property or assets of the Club. Nothing herein shall prohibit the Club from reimbursing its directors and officers for all expenses reasonably incurred in performing services rendered to the Club.

16.2 Dissolution. A sale or disposition of substantially all of the property and assets of the Club or the dissolution of the Club shall require the affirmative vote of two-thirds (2/3) of all the Members entitled to vote.

16.3 Procedure and Rights. Upon a dissolution and liquidation of the Club for any reason, the Board shall cause the Club's independent accountants to make a full and proper accounting of the assets, liabilities and operations of the Club, as of and including the last day of the month in which the dissolution occurs, and shall liquidate the assets as promptly as is consistent with obtaining the fair value thereof, and shall apply and distribute the proceeds therefrom as follows and in the following order of priority:

16.3.1 All liabilities and obligations of the Club shall be paid and discharged, or adequate provisions shall be made therefor.

16.3.2 Assets held by the Club upon condition requiring return, transfer, or conveyance, which condition occurs by reason of the dissolution, shall be returned, transferred or conveyed in accordance with such requirements.

16.3.3 Members in good standing will be entitled to receive a pro rata share of such remaining assets, as determined by the Board. Any Member that is not a Member in good standing is not entitled to receive any portion of the Club's remaining assets in the event of dissolution and liquidation of the Club.

16.4 Rights. Members shall look solely to the assets of the Club for any refund of their Membership Contribution that is provided pursuant to the terms of these Bylaws. If the Club's assets remaining after the payment or discharge of all debts and liabilities of the Club are insufficient to return their deposit either in part or in full, they shall have no recourse against the Club, the Officers, the Board, or the employees.

ARTICLE 17. Miscellaneous

17.1 Charter Memberships. Previously, WB Texas Resort Communities, L.P., a Texas limited liability company, was permitted to issue up to twelve (12) "Charter Memberships" in the Club to specifically named individuals designated by the Company in accordance with the terms of the Club Transfer Agreement dated January 26, 2001. Charter Memberships are a license to use the Club Facilities and shall not count toward the Golf Membership Cap or the Social Membership Cap. A Charter Membership entitles the Member to use all of the golf, tennis, fitness, and social facilities of the Club. Charter Members will not be charged green fees or court fees for use of the golf and tennis facilities. Charter Members will not be required to pay any Membership Contributions or operating or capital assessments. Charter Members will pay twenty five percent (25%) of Golf Member dues. Charter Members will be required to pay food and beverage charges and for personal services and treatments. Charter Members shall not have voting privileges. Charter Memberships do not entitle the holder thereof to any equity or ownership interest in the Club or the Club Facilities. The Charter Memberships shall not be assignable or transferable, except for a one-time transfer through the Club to the Member's Spouse or adult child, during the life of the Member or after the death of the Member as indicated in a writing of the Member, without payment of any Membership Contribution. In the absence of a writing from the Charter Member directing the Club to transfer to the Spouse or an adult child, the Charter Membership shall transfer after the death of the Member through the Club to the Member's Spouse, and if there is no Spouse or the Spouse does not desire the Membership, to an adult child indicated in a writing signed by the Spouse or by all of the Member's adult children. The Charter Membership shall terminate and be surrendered to the Club upon the death or resignation of the Member's Spouse or child, or if the Charter

Membership is not so transferred to a Spouse or child, upon the death or resignation of the Member. The rights of the Charter Memberships may not be rescinded, amended or terminated, by the Club, its successors or assigns.

17.2 Gender and Number. All pronouns in these Bylaws shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons referred to may require.

17.3 Captions. Captions and headings contained in these Bylaws are as a matter of convenience. In no way should they be construed to define, limit or extend their scope, intent or any provision hereof.

17.4 Maintenance and Other Uses. The Club may permit prospective purchasers of Memberships in the Club to use the Club Facilities on such terms and conditions as may be determined from time to time by the Club. The Club reserves the right, in its sole and absolute discretion, to restrict or to otherwise reserve in advance the Club Facilities for maintenance, and for tournament or other special events, from time to time. Private events and functions are permitted only with prior permission of the Club.

17.5 Membership Directory and Lists. No Member may disclose or furnish the Membership directory or Membership lists to any non-member. The Membership directory and all information on the “member’s only” portion of the website may not be used for solicitations or business purposes of any kind or for any purpose that would be in conflict with or in violation of Section 6.2 of these Bylaws.

17.6 Conflict. In the event of a conflict between the terms and conditions in these Bylaws and a Member’s Membership Application and Agreement issued by Club, the Member’s Membership Application and Agreement shall control. In the event of a conflict between these Bylaws and the Articles of Incorporation, the later shall prevail.

17.7 Severability. If any provision of these Bylaws is declared void or unenforceable, such provision shall be severed from these Bylaws and the remainder of these Bylaws shall otherwise remain in full force and effect.

ARTICLE 18. Arbitration of Disputes

18.1 Disputes. Each and every dispute, claim or other matter of disagreement between the Club, its officers, directors, or affiliates on one hand and any Member or applicant for membership on other hand relating to or arising out of the Bylaws or Rules and Regulations or any transaction contemplated by the Bylaws or Rules and Regulations, shall only be decided by mediation, and if necessary, arbitration in accordance with the Texas Arbitration Code, and no right shall exist to have any such dispute litigated in a court or by jury trial; provided, however, that the Club shall have the right to collect, through a court proceeding, any Club account or other amount owing as a result of the Members’ loss or destruction of the Club’s property or injury caused to any party. In the event there is any such dispute, the same shall be resolved in the following manner:

18.2 Mediation. Within ten (10) days after the receipt of notice of a dispute. by one party from the other, the parties shall attempt in good faith to negotiate for a period of thirty (30) days in an effort to resolve the dispute. If the parties are unable to resolve the dispute within such thirty-day period, they shall retain a mutually acceptable mediator (i.e., a partner or principal of an accounting, consulting, legal or engineering firm with experience in the country club industry) to assist them in resolving the dispute within ten (10) additional days, failing which they shall each retain a mediator within ten (10) additional

days and the two mediators thus chosen shall together act as the mediator for the purpose of this paragraph. If either party shall fail to appoint a mediator as required hereunder, the mediator appointed by the other party shall be the sole mediator. Within thirty (30) days after the mediators (or such single mediator) have been retained, the mediators (or such Single mediator) shall, on a non-binding basis, advise the parties in writing of their views. The fees and expenses of the mediators (or such single mediator) shall be borne equally. If the parties are still unable to resolve the dispute within such thirty-day period, the parties shall resort to the arbitration procedures set forth below.

18.3 Arbitration. Either party may submit the matter to binding arbitration. In any such arbitration the parties agree that there shall be only one arbitrator that such arbitrator will be selected by the Club with the only limitations on such selection being that such arbitrator must be qualified by experience, education or training in country club operations. The arbitrator shall be selected by the Club within ten (10) days after the arbitration provision is invoked. The arbitration proceeding shall be held In Tarrant County, Texas and shall be governed by the commercial arbitration rules of the American Arbitration Association then in force, except as otherwise provided herein.

Each party shall submit a proposal setting forth its resolution of the issue(s) submitted to arbitration within ten days after notice of selection of the arbitrator. The decision of the arbitrator, where appropriate, shall take into account the operation of the Club Facilities in comparison to the operation of other similar clubs in Texas. The arbitrator shall investigate the facts and shall hold hearings at which the parties may present evidence and arguments, be represented by counsel and conduct cross-examination. The arbitrator shall render a written decision upon the matter presented within thirty (30) days after the date upon which the last party submitted its proposal to the arbitrator, and such decision shall be final and conclusive upon all parties. Judgment upon the award rendered in such arbitration may be entered by any court having jurisdiction thereof, and the judgment shall be entered unless the award is vacated, modified or corrected as provided by law.

The parties shall advance on an equal basis any necessary costs of the arbitration, such as reporter's fees and arbitrator's fees. The prevailing party shall be entitled to recover as part of the award all such advanced costs and reasonable attorneys' fees and related costs, fees or expenses of the arbitration. In the event of any dispute over any such fees and costs, each party may apply to the arbitrator within thirty (30) days of the decision on the merits for a determination of an award of fees, costs and expenses. The arbitrator shall enter an award on such application within thirty (30) days from its receipt, without a hearing, but with consideration of any factual materials or brief submitted by the parties, and such award shall be paid within thirty (30) days from the date of such award. Any time period set by this paragraph may be shortened or extended by the mutual agreement of the parties to the arbitration.

If any court or arbitrator shall find any provision of this Article to be in violation of or in contradiction to the Texas Arbitration Code, the parties agree such provision or provisions shall be void, but all other provisions of this Article shall remain in effect. Should any Member bring suit against the Club or others in contravention of this arbitration mandate, all costs and expenses incurred by the Club or others in the defense of such suit, including court costs, attorneys' fees and other costs, including para-professional fees and travel costs through all trial and appellate proceedings, shall be recoverable as part of the arbitration award.

Judgment upon the award rendered in such arbitration shall be entered by any court having jurisdiction thereof, and the judgment shall be entered unless the award is vacated, modified or corrected as provided by law.

Exhibit A

Definitions

Annual Gross Revenues. “Annual Gross Revenues” shall mean all revenues received by the Club for the last Fiscal Year according to the financial statements of the Club.

Annual Meeting. “Annual Meeting” shall have the meaning set forth in Section 11.1.

Board. “Board” shall have the meaning set forth in Section 9.1.

Bylaws. “Bylaws” shall have the meaning set forth in the Bylaws Key Points Section.

Bylaws Key Points. “Bylaws Key Points” shall mean the Bylaws Key Points Section in these Bylaws on pages i-v.

Cause. “Cause” shall have the meaning set forth in Section 6.2.

Charter Memberships. “Charter Memberships” shall have the meaning set forth in Section 17.1.

Chief Operating Officer/General Manager. “Chief Operating Officer/General Manager” shall have the meaning set forth in Section 7.2.

Club. “Club” shall mean “The Vaquero Club, Inc.” as set forth in Section 1.1.

Club Facilities. “Club Facilities” shall have the meaning set forth in Section 2.1.

Corporation. “Corporation” shall have the meaning set forth in Section 1.1.

Effective Date. “Effective Date” shall have the meaning set forth in the Bylaws Key Points Section.

Extraordinary Repairs or Replacements. “Extraordinary Repairs or Replacements” shall have the meaning set forth in Section 5.3.

Fiscal Year. “Fiscal Year” shall commence on the first day of January and conclude on the last day of December.

Golf Membership. “Golf Membership” shall have the meaning set forth in Section 3.2.1.

Golf Membership Cap. “Golf Membership Cap” shall have the meaning set forth in Section 3.2.1.

Immediate Family. “Immediate Family” shall have the meaning set forth in Section 3.7.

Indemnified Parties. “Indemnified Parties” shall have the meaning set forth in Section 13.1.

Major Decisions. “Major Decisions” shall have the meaning set forth in Section 11.1.1.

Material Liability Act. “Material Liability Act” shall have the meaning set forth in Section 6.2.

Members. “Members” shall mean the Members who hold a Golf Membership or a Social Membership and are entitled to vote, hold office, and share in liquidation proceeds pursuant to the terms of these Bylaws.

Memberships. “Memberships” shall mean equity memberships in the following classifications: (i) Golf Memberships, and (ii) Social Memberships.

Membership Application and Agreement. “Membership Application and Agreement” shall have the meaning set forth in Section 3.5.1.

Membership Contribution. “Membership Contribution” shall mean the amount periodically established by the Club that is required to be paid to the Club by a Member for a Membership in the Club.

Membership Documents. “Membership Documents” shall mean the (i) Bylaws, (ii) Membership Agreement, (iii) Rules and Regulations, and (iv) Schedule of Dues, Fees and Charges.

Membership Year. “Membership Year” shall mean the twelve (12) month period commencing on January 1 and ending on December 31.

Nominating Committee. “Nominating Committee” shall have the meaning set forth in Section 10.4.

Officers. “Officers” shall mean the officers of the Board, namely a President, a Vice President and a Secretary (and such other Officers as the Board determines). The non-capitalized term “officer” shall mean the Officers and any other person holding an office of authority or trust within the Club who are Club employees, including the Chief Operating Officer/General Manager.

Operating Deficit. “Operating Deficit” shall mean for each Fiscal Year or part thereof the amount by which (i) the total of (a) all costs and expenses of the Club determined in accordance with generally accepted accounting principles applied consistently from year to year, including without limitation, all equipment lease payments, and (b) the amount funded to the Reserve Fund (if any), but excluding depreciation expense and amortization expense exceeds (ii) the gross revenues for the Club, including proceeds from the Transfer Fees, determined in accordance with generally accepted accounting principles, applied consistently from year to year.

Prior Plans. “Prior Plans” shall have the meaning set forth in the Bylaws Key Points Section.

Reserve Fund. “Reserve Fund” shall have the meaning set forth in Section 5.3.

Resignation List Fee. “Resignation List Fee” shall have the meaning set forth in Section 4.1.

Resigned List. “Resigned List” shall have the meaning set forth in Section 4.3.

Resigning Member. “Resigning Member” shall have the meaning set forth in Section 4.1.

Rules and Regulations. “Rules and Regulations” shall have the meaning set forth in Section 3.6.

Schedule of Dues, Fees and Charges. “Schedule of Dues, Fees and Charges” shall have the meaning set forth in Section 5.1.

Significant Other. “Significant Other” shall mean to qualify as a significant other. The Member and the proposed significant other must not be related by blood, must be unmarried, must reside in the

same household and must hold themselves out to be in a personal couple relationship (“Significant Other”). Upon written request of a Member designating a Significant Other and furnishing such information as the Board requires, the Board may determine and authorize, in its sole and absolute discretion, whether the individual qualifies as a Significant Other and is entitled to the use of the Club Facilities by a designated Significant Other without the payment of additional dues or guest fees (if any), and have the same privileges as other members of the Immediate Family. A Member may not request a change in the designation of a Significant Other more than once in any two (2) calendar years.

Social Membership. “Social Membership” shall have the meaning set forth in Section 3.2.2.

Social Membership Cap. “Social Membership Cap” shall have the meaning set forth in Section 3.2.2.

Spouse. “Spouse” shall mean the legal husband or wife of the Member.

Standing Committees. “Standing Committees” shall have the meaning set forth in Section 10.1.

Transfer Fee. “Transfer Fee” shall mean the twenty percent (20%) portion of the Membership Contribution retained by the Club upon reissuance of a Membership in accordance with these Bylaws.

Vaquero Community. “Vaquero Community” shall mean the residential lots, residents and residential units in the Vaquero development in Westlake, Texas.

Written Notice. “Written Notice” shall have the meaning set forth in Section 6.1.