

**BY-LAWS
OF
SADDLEBROOK HOMEOWNERS ASSOCIATION**

ARTICLE I.

NAME AND LOCATION

The name of the corporation is Saddlebrook Homeowners Association, hereinafter referred to as the "Association." The principal office of the corporation shall be located at the Properties as defined below, but meetings of members and directors may be held at such places within the State of Nebraska as may be designated by the Board of Directors.

ARTICLE II.

DEFINITIONS

Section 1. "Association" shall mean and refer to Saddlebrook Homeowners Association, its successors and assigns.

Section 2. "Common Facilities" may include parks (public or otherwise); dedicated and non-dedicated roads, paths, ways and green areas; signs; the Outlots and entrances for Saddlebrook, the subdivision of which the Properties are a part.

Section 3. "Declarant" shall mean and refer to Saddlebrook Properties, LLC., a Nebraska limited liability company, and its successors and assigns, if such successors or assigns should acquire more than one undeveloped lot from the Declarant for the purpose of development.

Section 4. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties and recorded in the Office of the Register of Deeds of Douglas County, Nebraska. The term Declaration shall include all amendments thereto: (i) amending the provisions of the Declaration pursuant to Article VI of the Declaration, and (ii) submitting additional real estate to the terms of the Declaration and the jurisdiction of the Association ("Supplementary Declaration"), whether or not such amendments add provisions to the Declaration reflecting the unique character of the real estate being added.

Section 5. "Lot" shall mean and refer to any platted lot shown upon a recorded subdivision plat of any part of the Properties, with the exception of any park area and the Outlots, and includes any improvements now or hereafter appurtenant to that real estate.

Section 6. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 7. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract purchasers, but excluding those having such interest merely as security for the performance of an obligation. In the event that any Lot is leased for a period in excess of five (5) years, the Owner shall be deemed to be the lessee under said lease, except where the leasehold interest is not subject to the Declaration.

Section 8. "Properties" shall mean and refer to that certain real property described in and subject to the Declaration of Covenants, Conditions and Restrictions, filed of record in the Miscellaneous Records in the Office of the Register of Deeds of Douglas County, Nebraska, at Book _____, Page _____, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

ARTICLE III.

MEETING OF MEMBERS

Section 1. Annual Meetings. The annual meeting of the Members shall be held on the first Sunday of the Association's fiscal year in each year. If the day for the annual meeting of the Members is a legal holiday or is otherwise inconvenient as determined by the Board of Directors, the meeting will be held on the first Sunday following which is not a legal holiday or otherwise inconvenient. As long as there are Class B members as provided in the Declaration, the Declarant may waive the annual meeting in its sole discretion.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the Board of Directors, or upon written request of the Members who are entitled to vote two-thirds (2/3) of all of the votes of the membership.

Section 3. Notice of Meeting. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) days but not more than thirty (30) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members entitled to cast fifty percent (50%) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting,

action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented. Whenever reference is made to consent or a vote of Members, the number of votes allocated to Members shall be considered rather than the number of Members.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of the Member's Lot.

Section 6. Action by Written Ballot. The Board of Directors shall have the right to conduct annual, regular or special meetings of the Members by delivering a written ballot to every Member entitled to vote as provided in the Nebraska Nonprofit Corporation Act.

ARTICLE IV.

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) Directors, who shall be Members of the Association.

Section 2. Term of Office. At the next annual meeting the Members shall elect one director for a term of three (3) years, one director for a term of two (2) years, and one director for a term of one (1) year; and at each annual meeting thereafter, the Members shall elect the number of directors required to replace the director whose term is expiring, such directors to be elected for a term of three (3) years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve until the next election of directors at which time a new director will be elected to serve the remainder of the unexpired term of the director for whom an appointment has been made.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting

by obtaining the written approval of all of the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V.

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. The Nominating Committee shall also make nominations to replace a vacancy on the Board of Directors.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Each Owner shall be entitled to as many votes as the number of vacancies on the Board of Directors to be filled.

ARTICLE VI.

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board, provided that any monthly meeting may be waived by the Board.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two (2) directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII.

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

a. adopt and publish rules and regulations governing the use of the Common Facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof; provided, however, that such rules, regulations and penalties must be approved at a meeting of the Members before the same shall be effective;

b. suspend the voting rights of a Member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

c. exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

d. declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

e. employ a manager, independent contractors, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

a. cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-third (1/3) of the Members who are entitled to vote;

b. supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

c. as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot;

(2) send written notice of each assessment to every Owner subject thereto in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within ten (10) days after due date or to bring an action at law against the owner personally obligated to pay the same.

d. issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

e. procure and maintain adequate liability and hazard insurance on property owned by the Association;

f. cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

g. cause the repair, maintenance, administration and replacement of the Common Facilities and any personal property or fixtures related thereto; and

h. otherwise carry out the directions of the Members in accordance with the Declaration, the Articles of Incorporation and these By-Laws.

ARTICLE VIII. OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and shall each hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or be otherwise disqualified to serve. No person shall succeed himself or herself as President of the Association.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any time later specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

Section 7. Duties. The duties of the officers are as follows:

President

a. The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice President

b. The vice-president shall act in the place and stead of the president in the event of the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

Secretary

c. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

d. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall co-sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit

of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy to each of the Members.

ARTICLE IX.

COMMITTEES

The Association shall appoint a Nominating Committee, as provided in these By-Laws and, in addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X.

INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Association shall indemnify every Director and Officer, his or her heirs and personal representatives against all loss, costs and expense, including counsel fees, reasonably incurred by such Director or Officer in connection with any action, suit or proceeding to which he or she may be made a party by reason of being or having been Director or Officer of the Association, except as to matters as to which such Director or Officer shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Board of Directors may determine that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his or her duty as such Director or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Director or officer may be entitled. All liability, loss, damage, costs and expense incurred or suffered by the Association by reason of, arising out of, or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses; provided, however, that nothing in this Article X shall be deemed to obligate the Association to indemnify any Member or Owner, who is or has been a Director or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him or her under and by virtue of the Declaration as an Owner or a Member of the Association. In addition, the Association shall provide Director's liability insurance for each Director in such amounts as may be determined by the Board of Directors.

ARTICLE XI.

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XII.

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within ten (10) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum. The Association may bring an action at law against the Owner personally obligated to pay any delinquent assessment, or may foreclose the lien against the Owner's Lot in the same manner as mortgages or other liens against real property are enforceable in the State of Nebraska at the time such lien arises. No Owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of the Owner's Lot.

ARTICLE XIII.

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of two-thirds (2/3) of the Members entitled to vote at such meeting; provided, however, that the quorum requirements for a meeting under this section shall be two-thirds (2/3) of the votes of the membership.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.