

BYLAWS

OF

Saddlebrook Association, Inc.

A North Carolina Nonprofit Corporation

ARTICLE I

Name

Section 1. The name of this corporation is Saddlebrook Association, Inc.

Section 2. The corporation may have a seal to be adopted by the members.

ARTICLE II

Purposes

Section 1. The purposes for which this corporation is formed, are set out fully in the Articles of Incorporation on file with the North Carolina Secretary of State and the Declaration of Covenants, Conditions and Restrictions as recorded at Book 1703, Pages 1702-1716 in the public records of Forsyth County, North Carolina.

Section 2. This corporation is not formed for, nor does it contemplate, pecuniary gain or profit to the members thereof. No part of the net earnings of this corporation shall ever inure to the benefit of any director or member but shall be expended in accomplishing the primary purposes set forth above in the Articles of Incorporation and Declaration of Covenants, Conditions and Restrictions, and the activities incidental thereto.

Section 3. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the North Carolina Non-Profit Corporation Law shall govern the construction of these bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, the plural includes the singular, and the term "person" includes both a legal entity and a natural person.

ARTICLE III

Membership and Voting Rights

Section 1. Every owner of a Lot which is subject by covenants of record to assessment by the "Association," including contract sellers, shall be a Member of the "Association." The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the "Association."

Section 2. All Members of the "Association" shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Section 3. No member shall have the right to resign from membership in the Association at any time.

Section 4. No membership or right arising from membership shall be transferred or assigned except with the transfer of a lot.

Section 5. On the death or termination of eligibility of any member, the membership shall terminate unless the Association is notified that the membership shall continue with another member of the household at the same address.

ARTICLE IV

Meetings of Members

Section 1. The regular annual meeting of members shall be held in the month of May in each year, or as soon thereafter as reasonably practicable, at a place, date and hour to be fixed by the Board of Directors. At the annual meeting the annual report and account of the officers of the corporation shall be rendered, and such other business may be conducted as is properly brought before the meeting. Should quorum not be present or represented, the meeting shall be adjourned, by announcement at the meeting, to a fixed time and place. If all business is not finished at one meeting, an adjournment may be had from time to time by an announcement at the meeting until the business is completed. Notice of the annual meeting shall be given by written notice mailed, hand delivered or sent my electronic mail to the members at their address as they appear on the books of the corporation, at least twenty(20) days before the date set for the meeting. The notice shall state those matters which the Board of Directors, at the time the notice is given, intends to present for action by the members; however, any proper matter may be presented for

action at the meeting.

Section 2. Special meetings of the members may be called for any lawful purpose by giving at least thirty (30) days notice in writing, mailed (physically or electronically) to the members. Such special meetings shall be called upon the direction of the president; upon the resolution of the Board of Directors, or upon the written application of twenty-five percent (25%) or more of the Board of Directors, or upon the written application of twenty-five percent (25%) or more of the members. No business, other than the business that was set forth in the notice of the meeting, may be transacted at a special meeting.

Section 3. At any meeting of members, fifty percent (50%) of the total eligible votes present either in person or by proxy, shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same procedures, and the required quorum at the subsequent meeting shall be twenty-five percent (25%) of all members present, either in person or by proxy.

Section 4. If a quorum is present, the affirmative vote of a majority of the voting power represented at the meeting, entitled to vote and voting on a matter, shall be deemed the act of the members unless the vote of a greater number is required by North Carolina law, the Articles of Incorporation or the Declaration of Covenants, Conditions and Restrictions.

Section 5. The right of cumulative voting shall not exist.

Section 6. At all meetings of members, each member may vote in person or by proxy. Only written proxies may be recognized, and each proxy shall bear the signature of a member entitled to vote, the date of signature and residence address of the member. To be recognized, a proxy must be received by the president or secretary of the corporation at least fourteen (14) days before the date of the meeting at which such proxy is to be exercised.

ARTICLE V

Directors

Section 1. Subject to the provisions and limitations of the North Carolina Nonprofit Corporation Law and any other applicable laws, and subject to any limitations of the Declaration of Covenants, Conditions and Restrictions, Articles of Incorporation regarding actions that require approval of the members, the Association's activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board of Directors. The Board of Directors shall consist of at least three (3) but no more than nine (9) directors unless changed by amendment to these Bylaws. The exact number of directors shall be fixed, within those limits, by a resolution adopted by the Board of Directors. The qualifications for directors are membership in the Association, a

commitment to attend meetings of the Board of Directors, and a commitment to work on Association affairs between meetings of the Board of Directors. The Board of Directors shall act as a nominating committee and shall announce prior to the April meeting of the Board of Directors those persons it intends to submit for election at the annual meeting of members the following calendar year. Other persons may be nominated by submitting to the Secretary their resume and intention to be nominated in writing. However, no two members of the same household can serve on the Board at any time. Vacancies created by a resolution fixing the number within the limits set forth above, or by the death, resignation or removal of a director, may be filled by the Board of Directors.

Section 2. Any director who does not attend three successive Board meetings may be removed from the Board unless (a) the director requests a leave of absence for a limited period of time, and the leave is approved by the majority of the Executive Committee (if such leave is granted, the number of Board members will be reduced by one in determining whether a quorum is or is not present), or (b) the director suffers from an illness or disability that prevents him or her from attending meetings and the Board by resolution waives the automatic removal procedure of this Section.

Section 3. The Board of Directors intends to hold regular meetings on a monthly basis, however, the Board may or may not meet as it deems necessary. Special meetings shall be held on the call of the President or on the call of a majority of the directors. Notice of both regular and special meetings shall be given by the Secretary, by the President, or by any director. Notices of meetings shall be given by mail (physical or electronic) addressed to the directors.

Section 4. A quorum for the transaction of business at any meeting of the Board of Directors shall consist of fifty percent (50%) of the directors. A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of some directors, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting.

Section 5. In the event of an emergency, any action permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board of Directors shall individually or collectively consent in writing (including by electronic mail) to such action. In the event action is taken by such written consent, a copy of same shall be filed with the minutes of the meetings of the Board of Directors. Further, such consent shall recite that the action was taken pursuant to the unanimous written consent of the Board of Directors to so act. Any action taken pursuant to this Section shall have the same force and effect as a unanimous vote of the Board of Directors.

Section 6. The Board of Directors shall elect the officers of the corporation at the first meeting of the Board of Directors following the annual meeting of members, and shall have power to remove officers by vote of majority of the directors then in office. No

Director or officer shall receive any compensation for any service he or she may render to the corporation, except a Director or officer may be reimbursed for actual out-of-pocket expenses incurred in the performance of his or her duties.

Section 7. The Board of Directors shall each year appoint an Audit Committee of not less than two members or at least one member and a certified public accountant to examine the books and Annual Report of the Treasurer prior to the Annual Meeting. The Chairman of the Audit Committee shall make his or her report to the Annual Meeting of the members.

Section 8. Neither the Board of Directors nor any office, agent, or employee of this corporation shall have power to obligate this corporation for any amount in excess of the value of this corporation's net assets at the time such obligation is incurred.

Section 9. Operation of meetings. The President (or his designee) shall run the meetings of the Board and the members. He shall set the agenda, manage time and drive the various elements of the meeting, attempting in good faith to allocate time and drive the various elements of the meeting, attempting in good faith to allocate time as needed to review issues of importance. Any director or member may ask that an item be added to the agenda. However, the President reserves the right to decide how the agenda is set, what items go on it and how they are reviewed. If a director believes that an item has not made its way to the Board within a reasonable time frame, he may raise this at a future Board meeting. At that time, the President may provide an explanation for why an item has not made it to the agenda. If this explanation is insufficient, any director may call for a vote to put the item on the next Board meeting agenda.

Section 10. Decorum of the meeting. It is the stated objective of the Board that meetings will emphasize openness, collegiality, politeness and courteousness. It is understood that the President will identify who shall speak, the order in which persons shall speak, and for how long, and will maintain decorum and order during discussion processes. Any director who repeatedly interrupts, or carries on in an untoward manner or it ruse shall be warned after the meeting by the presiding officer. Repeated offenses by a director may result, upon vote of the Board, in suspensions from the Board for up to three months and/or omission from the Board-recommended slate of nominees for director recommended for the following year

Section 11. The Board of Directors shall be or shall appoint an Architectural Control Committee, as provided in the Declaration of Covenants, Conditions and Restrictions. All members of the Architectural Control Committee shall be members of the Association and may be members of the Board of Directors. In addition, the Board of Directors may appoint other committees at its discretion in order to carry out its purpose.

ARTICLE VI

Officers

Section 1. The Officers of the corporation shall be a President, a Secretary, and a Treasurer and such other officers as the Board may from time to time by resolution create. All officers must be members of the Association. Election of Officers shall take place at the first meeting of the Board of Directors or at the annual meeting of the members.

Section 2. The President (or his designee) shall preside at all meetings of the Board of Directors and at all meetings of members. He shall call such meetings as are herein provided to be called by him, and he shall see that the Bylaws are enforced and that the actions of the Board of Directors are carried out. He shall supervise, direct, and control the Association's activities, affairs, and officers, and at the annual meeting he shall make a report of the account in and general business of the corporation during the previous year. He shall sign, jointly with the Secretary, all contracts, bonds, and such instruments in writing as may be authorized or approved by the Board of Directors. He shall exercise the usual duties of President and shall perform such functions as may be delegated to him by the Board of Directors.

Section 3. The Secretary shall keep or cause to be kept, at the Association's principal office or such other place as the Board may direct, a book of minutes of all meetings, proceedings, and actions of the Board and of member's meetings. The minutes of meetings shall include the time and place that the meeting was held; whether the meeting was annual, general, or special, and, if special, how authorized; the notice given; the names of persons present at board meetings and the number of members present or represented at member's meetings. The Secretary shall keep or cause to be kept, at the Association's principal office or at a place determined by resolution of the Board, a record of the Association's members, showing each member's name and address. The Secretary shall give, or cause to be given, notice of all meetings of member's name and address. The Secretary shall keep the corporate seal, if any, in safe custody and shall have such other powers and perform such other duties as the Board or the Bylaws may require.

Section 4. The Treasurer shall, under the direction of the Board of Directors, receive and disburse the monies of the Association as hereinafter provided, and shall keep the usual and proper books of account and corporate records, and such other books as the Board of Directors may direct. The Treasurer, or any other officer as may be designated by the Board of Directors, shall issue and sign all checks, provided however that for each and every disbursement in excess of \$1,000.00, he or she shall require the authorization of the Executive Committee or the written approval of the President and Secretary and every disbursement in excess of \$5,000.00 shall require authorization of the Board of Directors. He or she shall further perform the usual functions of a Treasurer and such other functions as shall be delegated to him or her by the Board of Directors. The Treasurer shall compile

an annual financial statement which shall be distributed to the Board and be available for inspection by any member making a written request.

Section 5. The Board of Directors may require of any of the officers that they furnish a fidelity bond in such amount as the Board of Directors may prescribe, and the premium therefore shall be paid by the corporation.

Section 6. Any officer may at any time be removed from office with or without cause by a majority vote of the Board. Any officer may resign at any time by giving written (including electronic mail) notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or later as specified in the notice. The acceptance of such resignation shall not be necessary to make the resignation effective.

Section 7. 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 replaces.

ARTICLE VII

Dues and Assessments

Section 1. The Board of Directors shall determine annually the amount of annual assessments to be assessed members of the Association as set forth in the Declaration of Covenants, Conditions and Restrictions and Articles of Incorporation.

ARTICLE VIII

Director's Duty to Disclose Conflict of Interest or Appearance of Conflict of Interest

Section 1. Any director who may have a conflict of interest shall disclose such conflict to the Board of Directors. It is expected that each director will disclose any financial or business interest which relates to a matter under consideration by the Board. In addition, each director will disclose membership in a group or organization which has interest in a matter before the Board, or an interest in an individual or family capacity in a matter before the Board.

Section 2. Conflict of Interest. For purpose of disclosure, a conflict of interest is defined to include any financial or business interest in a matter which comes before the Board. A conflict of interest includes, but is not limited to: ownership of or a financial interest in real property which is under consideration by the Board, and compensation for professional services regarding the matter under consideration by the Board. A conflict of interest may include involvement in an individual or family capacity with an organization

that has a stated position on, or interest in, a matter before review by the Board. In such cases, it is incumbent upon the director to notify the Board of such involvement. Repeated failure to disclose such possible and material conflicts of interest may move the Board to recommend removal of said party from the Board.

Section 3. Appearance of a Conflict of Interest. Whenever there is the appearance of a conflict of interest, the director shall disclose the matter to the Board. Even is the directors interest is not necessarily adverse to the apparent interest of the corporation, the director's interest must be disclosed.

Section 4. Membership in Group or Organization. If a director is a member of a group or organization which has an interest in a matter before the Board, the director shall disclose such membership to the Board. Such membership must be disclosed to the Board regardless of whether the membership constitute a conflict of interest. The Board, acting without the vote of the affected director, will determine whether the director may vote pursuant to Section 6 below.

Section 5. Disclosure. Any disclosure by Sections 1 through 4 above shall be made immediately upon the director's awareness that the Board is considering or will consider a matter giving rise to a conflict of interest or appearance of a conflict of interest, and prior to the Board taking any action on the issue; membership in a group or organization (pursuant to Section 4 above) shall be disclosed as soon as the director becomes aware that the group or organization has an interest in a matter before the Board, Board meeting, then a disclosure shall be made at the Board meeting. If the awareness arises between Board meetings, then the disclosure shall be made to the Board in advance of the next Board meeting.

Section 6. Voting. The Board of Directors shall by vote determine whether there is a conflict of interest, or an appearance of a conflict of interest, without the vote of the director involved. If the Board determines there is a conflict if interest, the interested director shall be excluded from voting on any matter where such conflict of interest has been established. The Board may also exclude the director from any deliberations relating to the matters giving rise to such conflict of interest. If the Board determines that there is not an actual conflict of interest, but there may be the appearance of a conflict of interest, the Board will determine whether the director may participate in deliberations or voting or both.

Section 7. Director's Homes. Matters relating to a director's home ownership shall not be considered a conflict of interest, except for unusual circumstance. However, a director is encouraged to notify the Board of such a circumstance and to allow other directors to lead any initiative impacting his or her home.

Section 8. Interest of the Board. Each director agrees to undertake and support the interests of the Board and the Association and its members and agrees to fulfill his role, even if in implementing a position of the Board is contrary to that of the director personally. A director may always recuse himself from an issue where the Board has taken a view divergent from his personal view. In the case where a Director chooses to publicly take a different stand on an issue decided by the Board, it is the obligation of the Board member to notify the Board of his intention and to use his best efforts to ensure that persons, organizations and public officials in the community know and are aware that the director is a) taking a position personally, and, b) taking a position which is contrary to that taken by the Board. Material and repeated violations of this Section may cause the Board to seek removal of a director.

ARTICLE IX

Indemnification

Section 1. To the fullest extent permitted by law, the Association shall indemnify its directors, officers and employees, including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any proceeding, by reason of the fact that the person is or was a person so described in this section.

ARTICLE X

Insurance

Section 1. This Association shall have the right, and shall use its best efforts, to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, directors, employees, and other agents, to cover any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising from the officer's, director's, employee's, or agent's status as such.

ARTICLE XI

Records, Reports, and Rights of Inspection

Section 1. The Association shall keep the records, and make all annual reports and annual statements required by North Carolina law and the Declaration of Covenants, Conditions and Restrictions.

Section 2. The members and directors shall have the rights of inspection of the corporate books and records and minutes.

ARTICLE XII

Amendment of Bylaws

Section 1. The Bylaws may be amended or repealed, or new Bylaws may be adopted, by approval of a majority of the members at any annual or special meeting of the members provided notice of the meeting for such action provided the full text of any such proposed amendments.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration of Covenants, Conditions and Restrictions and these Bylaws, the Declaration shall control.

ARTICLE XIII

Disposition of Assets

Section 1. Upon dissolution of the Association, other than incident to a merger or consolidation, the Association shall dispose of the corporations assets in accordance with Article III of the Articles of Incorporation.

ARTICLE XIV

Miscellaneous

Section 1. The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of each year. Regular annual assessments shall be due on the 1st day of May of each year and shall cover the period beginning on the due date and continuing until the 30th day of April of the subsequent year.

IN TESTIMONY WHEREOF, Saddlebrook Association, Incorporated, has executed this the _____ day of _____, 2009.

Saddlebrook Association, Incorporated

By: _____,
_____, President

By: _____,
_____, Secretary

STATE OF NORTH CAROLINA

COUNTY OF FORSYTH

On this _____ day of _____, 2009, personally came before me, _____, a Notary Public of Forsyth County, State of North Carolina, the following persons acknowledging to me that they voluntarily signed the foregoing document for the purpose stated therein and in the capacities so indicated: _____, President; and _____, Secretary of Saddlebrook Association, Inc., a North Carolina non profit corporation, and that the foregoing instrument was duly executed by them for and on behalf of the said North Carolina non profit corporation after first being duly authorized by said non profit corporation for the purpose therein stated.

Witness my hand and official stamp or seal, this the _____ day of _____, 2009.

_____, Notary Public

(SEAL)

My Commission Expires: _____

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of Saddlebrook Association, a North Carolina Nonprofit Corporation; that these Bylaws, consisting of twelve (12) pages, including this page, are the Bylaws of this corporation as adopted by the members on _____, 2009; and that these Bylaws have not been amended or modified since that date.

Executed on _____, 2009, at Lewisville, North Carolina.

By: _____
_____, Secretary