

**BYLAWS
OF
SDC BADGER RANCH HOMEOWNERS ASSOCIATION**

ARTICLE 1

OFFICES

Principal Office

1.01. The principal office of the Association shall be located in McLennan County, Texas, at 7901 Woodway Drive, Suite 400, Waco, Texas 76712. The Association may have such other offices as the Board of Directors may determine or as the affairs of the Association may require from time to time.

Registered Office and Registered Agent

1.02. The Association shall have and continuously maintain in the State of Texas a registered office, and a registered agent whose office is identical with such registered office, as required by the Texas Non-Profit Corporation Act. The registered office may be, but need not be, identical with the principal office of the Association in the State of Texas, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE 2

MEMBERS

2.01 The members of the Association are the record owner or owners of the fee simple title to the Lots in the Subdivision, as defined in the Declaration of Protective Restrictions, Covenants, Reservations, and Easements for SDC Badger Ranch Addition, an Addition to the City of Woodway, McLennan County, Texas, pursuant to the provisions thereof.

Regular Meetings

2.03. A regular annual meeting of the members shall be held upon ten (10) days' notice at a time and place determined by the Board of Directors.

Special Meetings

2.04. Special meetings of the members may be called by or at the request of the President, the Board of Directors, or the members holding the voting rights to not less than 25% of the total votes outstanding.

Notice

2.05. Notice of any special meeting of the members shall be given at least ten (10) days previously thereto by written notice delivered personally or sent by mail or facsimile transmission to each member at his or her address as shown by the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage thereon prepaid. If notice be given by facsimile transmission, such notice shall be deemed to be delivered when the notice is transmitted by the Association to the member. Any member may waive notice of any meeting in writing. All such written waivers shall be filed with the minutes of such meeting. The attendance of a member at any meeting shall constitute a waiver of notice of such meeting, except where a member attends a meeting for the express purpose of objecting to be 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 members need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these Bylaws.

Quorum

2.06. Ten percent (10%) of the members shall constitute a quorum for the transaction of business at any regular or special meeting of the members; but if less than of the members are present at said meeting, a majority of the members present may adjourn the meeting from time to time without further notice.

Elections

2.07 The Board of Directors, the President, and the Secretary of the Association shall be elected at the annual meeting of the members by a majority vote of the members voting.

ARTICLE 3

BOARD OF DIRECTORS

General Powers

3.01. The affairs of the Association shall be managed by its Board of Directors.

Number, Election, Tenure and Qualification

3.02. The number of Directors shall be fixed by the members but shall be at least the number required by the Texas Nonprofit Corporation Act. The number of Directors shall be not more than five. Each Director shall hold office until the expiration of his or her one-year term of office and thereafter until his or her successor shall have been elected by the members and qualified or until his or her earlier death, resignation or removal.

Regular Meetings

3.03. A regular annual meeting of the Board of Directors shall be held upon ten (10) days' notice at a time and place determined by the Board of Directors. The Board of Directors may provide by resolution the time and place for the holding of additional regular meetings of the Board without notice other than such resolution.

Special Meetings

3.04. Special meetings of the Board of Directors may be called by or at the request of the President. A special meeting of the Board of Directors shall be called by the Secretary whenever requested in writing by a majority of the Directors.

Notice

3.05. Notice of any special meeting of the Board of Directors shall be given at least ten (10) days previously thereto by written notice delivered personally or sent by mail or facsimile transmission to each Director at his or her address as shown by the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage thereon prepaid. If notice be given by facsimile transmission, such notice shall be deemed to be delivered when the notice is transmitted by the Association to the Director. Any Director may waive notice of any meeting in writing. All such written waivers shall be filed with the minutes of such 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 be 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 required by law or by these Bylaws.

Quorum

3.06. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any regular or special meeting of the Board; but if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Manner of Acting

3.07. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless the act of a greater number is required by law or by these Bylaws.

Removal

3.08. Any Director elected by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Association would be served thereby.

Such action shall require the affirmative vote of at least a majority of the Directors elected to serve on the Board of Directors.

Vacancies

3.09. Any directorship to be filled by reason of an increase in the number of Directors shall be filled by a majority of the Board of Directors prior to such increase. Any vacancy occurring in the Board of Directors shall be filled by a majority of the remaining Directors, though less than a quorum. A Director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office or until his or her successor qualifies or until his or her earlier death, resignation or removal.

Powers

3.10. No Director, officer or employee of this Association shall have the power to incur any indebtedness on behalf of the Association in excess of One Thousand and No/100 Dollars (\$1,000.00) unless he or she has first obtained authorization to do so by the Board of Directors.

Informal Action by Directors

3.11. Any action required by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of Directors, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Directors.

ARTICLE 4

OFFICERS

Officers

4.01. The officers of the Association shall be members of the Association and shall be a President, a Secretary, and such other officers as may be elected in accordance with the provisions of this Article. The members may elect such other officers, including one or more Vice Presidents, as they shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the members. Any two or more offices, except the office of President and Secretary, may be held by the same person.

Election and Term of Office

4.02. The officers of the Association shall be elected annually by the members at the regular annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as possible. New offices may be created and filled at any meeting of the members. Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified.

Removal

4.03. Any officer elected or appointed by the members may be removed by the members whenever in their judgment the best interest of the Association would be served thereby.

Vacancies

4.04. A vacancy in any office because of death, resignation, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

President

4.05. The President shall be the principal executive officer of the Association and shall in general supervise and control all of the business and affairs of the Association. He or she shall preside at all regular and special meetings of the Board of Directors. He or she may sign, with the Secretary or any other proper officer of the Association authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws or by statute solely to the President or to some other officer or agent of the Association; and in general he or she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Vice President

4.06. If the members elect a Vice President or Vice Presidents, in the absence of the President or in the event of his or her inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in order of their election) shall perform the duties of the President and when so acting shall have all the powers of and shall be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him or her by the President or Board of Directors.

Secretary and Treasurer

4.07 The Secretary shall perform the following duties:

A. The Secretary shall keep the minutes of the meetings of the Board of Directors in one or more books provided for that purpose; give all notices in accordance with the provisions of these Bylaws or as required by law; be custodian of the corporate records; and, in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors .

B. The Secretary (or the Treasurer if a Treasurer is elected) shall have charge and custody of and shall be responsible for all funds and securities of the Association; receive and give receipts for moneys due and payable to the Association from any source whatsoever; and deposit all such moneys in the name of the Association in such banks, trust companies, or

other depositories as shall be selected in accordance with the provisions of Article 5 of these Bylaws; and in general perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors. The Secretary (or the Treasurer if a Treasurer is elected) shall make a written report of the finances of the Association at each regular meeting of the Directors and at such other times as the Directors shall require. If required by the Board of Directors, the Secretary (or the Treasurer if a Treasurer is elected) shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine.

ARTICLE 5

CONTRACTS, CHECKS, DEPOSITS, AND FUNDS

Contracts

5.01. The Board of Directors may authorize any officer or officers, agents or agents of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances.

Checks and Drafts

5.02. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Secretary (or the Treasurer if a Treasurer is elected) and countersigned by the President or a Vice President of the Association.

Deposits

5.03. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board of Directors may select.

Gifts

5.04. The Board of Directors may accept on behalf of the Association any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Association.

ARTICLE 6

INDEMNIFICATION

6.01. The Association shall indemnify any person who is or was a Director, officer, agent or employee of the Association for amounts incurred by such person in connection with an action, suit or proceeding to which such person may be party by reason of such person's position

with the Association or service on behalf of the Association, when and to the extent permitted by the Texas Non-Profit Corporation Act and other applicable law.

ARTICLE 7

BOOKS AND RECORDS

7.01. The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Directors.

ARTICLE 8

FISCAL YEAR

8.01. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December in each year.

ARTICLE 9

WAIVER OF NOTICE

9.01. Whenever any notice is required to be given under the provisions of the Texas Non-Profit Corporation Act or under the provisions of the Articles of Incorporation or the Bylaws of the Association, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE 10

AMENDMENTS TO BYLAWS

10.01. These Bylaws may be altered or amended in whole or in part or may be repealed and new bylaws adopted by a majority of the Directors present at any regular meeting or at any special meeting if at least ten (10) days' written notice is given of an intention to alter, amend, or repeal these Bylaws or to adopt new bylaws at such meetings, and such notice contains a statement of the nature of the proposed amendment or amendments.

The undersigned as Secretary of the Association does hereby certify that the foregoing are the Bylaws of the Association as approved and adopted by unanimous consent of the Directors on August 16, 2005.


Secretary