



*Nutcracker Member
Golf Club*

MEMBERSHIP BYLAWS

AUGUST 15, 2017

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PLAN AND BYLAWS

ARTICLE 1. Name and Purpose

1.1 Name. The corporate name of the Club is Nutcracker Member Golf Club, Inc., a Texas nonprofit corporation d/b/a the Nutcracker Member Golf Club (the "Corporation") and is referred to in these Bylaws as the "Club."

1.2 Purpose. The purpose of the Corporation is to own and operate the Nutcracker Member Golf 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 and amending the Bylaws and other Membership Documents 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 own 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 together with a driving range, practice chipping area and practice putting green;
- Clubhouse;
- Fitness area;
- Golf course maintenance facility;
- Parking lot; and

Such other buildings and real property, as determined by the Club, in its sole discretion, 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 by the Board or the General Manager.

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 Equity Golf Membership. An Equity Golf Membership ("Equity Golf Membership") entitles the Member and the Member's Immediate Family to full use of all Club Facilities. Equity 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 Equity Golf Memberships is currently capped at four hundred (400) which may be revised, as determined by the Board, subject to the terms of these Bylaws (the "Equity Golf Membership Cap").

3.3 Non-Equity Memberships. The outstanding non-equity memberships listed below that were issued pursuant to the Prior Plans in the Club (collectively, the "Non-Equity Memberships" and individually, a "Non-Equity Membership") will continue to be honored by the Club to those Members who elect to not convert to an Equity Golf Membership in the Club (the "Non-Equity Members"). The Non-Equity Memberships are subject to the terms, conditions, restrictions, rights and privileges set forth in their respective Membership Agreement, as amended by these Bylaws, and as may be subsequently amended by the Club (the "Non-Equity Membership Agreements"). Non-Equity Members are not entitled to vote, hold office or participate in any share of liquidation proceeds of the Club, if any. Non-Equity Memberships are non-transferable, except as may be specifically provided in the Non-Equity Membership Agreement with the Club.

3.3.1 Fitness Membership. A Fitness Membership ("Fitness Membership") entitles the Member and the Member's Immediate Family to unlimited use of the fitness, dining and social facilities of the Club, but not the golf facilities, except for certain rounds a year established by the Board. Fitness Members are subject to dues and other fees and charges as determined by the Board from time to time (subject to these Bylaws). Fitness Members will not be required to pay fees for use of the fitness facilities. The total number of Fitness Memberships that may be issued in the Club will be determined by the Board, subject to the terms of these Bylaws (the "Fitness Membership Cap").

3.3.2 Social Membership. A Social Membership ("Social Membership") entitles the Member and the Member's Immediate Family to unlimited use of the dining and social facilities of the

Club, but not the fitness or golf facilities. Social Members are subject to dues and other fees and charges as determined by the Board from time to time (subject to these Bylaws).

3.4 Other Memberships. The Board is authorized from time to time to amend these Bylaws to (i) establish other categories 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 honorary memberships, junior memberships, senior memberships or similar other specialized offerings, in the Board's sole discretion, and the details of such programming changes shall be announced to the Club's Membership from time to time. In no event, however, shall the modified or new Membership category have golf privileges equal to or greater than Equity Golf Memberships. Furthermore, in the event additional recreational facilities are added to the Club, the Board may amend these Bylaws to provide for an appropriate category and the number of additional Memberships.

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 Club 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 Nutcracker 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 Club shall use best efforts to notify the applicant within ten (10) 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 ten (10) 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 Fitness Members who desire to upgrade their Memberships. Except for Fitness 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 certain Corporate Memberships in the name of a company, partnership, trust or other form of business entity or multiple ownership. After the Effective Date, the policy will be continued only as to the existing Non-Equity Memberships previously issued in a corporation and for new Non-Equity Corporate Memberships.

3.5.3 Upgrades. At the discretion of the Board and provided an Equity Golf Membership is available, a Fitness Member may become an Equity Golf Member, by requesting such status and by paying, as a Membership Contribution for the Equity Golf Membership, an amount equal to the difference between (i) the total of the Membership Contribution paid for the Fitness Membership and (ii) the Membership Contribution for an Equity Golf Membership in effect at the time the Member upgrades.

3.5.4 Downgrades. Equity Members may have the option to downgrade to a lower category of membership with lesser Club privileges for which they are eligible if a lesser category of Equity Membership is then available and not reserved and subject to such additional conditions as may be set forth in the Club Documents. The Club reserves the right to establish and modify terms and conditions for downgrade and to limit the timing, frequency and number of downgrades by Equity Members. Non-Equity Members shall not be permitted to downgrade, except for extraordinary conditions due to illness or other reasons determined in the sole and absolute discretion of the Board.

3.5.5 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.

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

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-five (25) and also (i) living at home, (ii) full-time students, or (iii) 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. The Club has the right to require a Member to provide such information and documentation as may be requested by the Club, from time to time, to verify to the satisfaction of Club, the status of any person a Member claims is entitled to use of the Club Facilities through their status as an immediate family member of the applicable Member.

3.8 Extended Family. The Board reserves the right and discretion from time to time, to permit an extended family member of a Member who resides with such Member to use the Club Facilities upon payment of such fees as may be established by Club. The extended family of a Member may include such persons as Club determines, from time to time, in Club’s sole and absolute discretion. The Club may modify or terminate any extended family privileges and establish such rules with respect thereto as it may determine, from time to time, in Club’s sole and absolute discretion. For example, the Club may restrict extended family privileges on holidays and weekends.

ARTICLE 4. Resignation, Reissuance and Refund

4.1 Resignation of Membership. A Member in good standing may resign and transfer his or her Membership only pursuant to the requirements and the procedures set forth in this Article 4. 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. No refund is due to Member upon resignation of their Membership. Resignation of a Member is irrevocable, unless otherwise determined by the Club.

4.2 Transfer to Subsequent Purchaser. Equity Members in good standing who resign from the Club upon the sale of his or her property may arrange for the Club to reissue his or her Membership to be reissued in same membership category or a higher category of Equity Membership (as determined based on dues amount) to the subsequent purchaser of his or her property, regardless of whether all of the memberships in that category have been issued. 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 payment of the then current Membership Contribution determined by the Club from time to time. The resigned Membership will not be subject to any Resigned List.

4.3 Legacy Transfer to Spouse, Significant Other, Adult Child or Adult Grandchild.

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

4.4 Transfer Upon Death. Upon the death of an Equity Member, the Equity Membership will be transferred to the Equity 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 and payment of the applicable Transfer Fee. If the deceased Equity 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's Membership without the payment of any additional Membership Contribution. 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'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 Equity 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 an Equity 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, whereupon the Club shall pay the estate of the deceased Equity Member, upon payment of the Membership Contribution in full by the successor Member, the applicable refund amount.

4.5 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.

4.6 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 Nutcracker 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.

4.7 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. Until a complete copy of the final decree of divorce awarding the Membership is provided to Club, both spouses will be jointly and severally liable for the prompt payment of all dues and charges incurred and both may continue to enjoy Membership privileges so long as such amounts are timely paid and each comply with the Club Documents.

ARTICLE 5

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

5.1 Fees, Dues and Charges. The amount of Membership Contributions, initiation fees, other membership fees, deposits, dues, Transfer Fees and charges for each classification of Membership (including but not limited to, different dues levels for Equity Memberships and Non-Equity Memberships), shall be as periodically established by the Board, at its sole and absolute discretion. 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 monthly 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. 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 Equity 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 Equity 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 Equity Members based on the amount of dues charged to each Equity Member during the year in which the Operating Deficit occurs. Non-Equity Members shall not be subject to operating assessments.

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 Equity 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. Non-Equity Members shall not be subject to an assessment for Extraordinary Repairs or Replacements.

5.4 Capital Assessments. A capital assessment requires a vote of the Equity 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 Equity Members that constitute a quorum or (ii) a majority of all outstanding Equity Members entitled to vote if the capital assessment constitutes a Major Decision. Each assessment shall be apportioned among the issued Equity Memberships in accordance with the terms set forth below. Non-Equity Members shall not be subject to a capital assessment. Any assessment for capital expenditures which must be voted on by the Equity 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 Equity 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 Members.

5.5 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.

5.6 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.

5.7 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.

5.8 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.

5.9 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.

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 General Manager.

7.2 Bylaws and Rules and Regulations Infractions. The general manager of the Club ("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) General Manager, if assigned to the General Manager for review, investigation and possible resolution by the Board. The Board shall designate a Member of the Board to investigate the charge or review the General Manager's report and report the findings to the Board at its next regular or a special meeting called for that purpose. The Board may review the results and discussions on the charge and report in a closed "executive session." If the Board or the General

Manager (if assigned to the 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 General Manager. The General Manager shall investigate the complaint and determine the action to be taken by the Club. The 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 General Manager. Complaints against the 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 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 five (5) elected Equity 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). An individual must be an Equity Member to be eligible to serve as a member of the Board. For transition purposes, the five (5) member acquisition and due diligence committee will serve as the initial five (5) Members of the Board for a period from the Effective Date through the first Annual Member Meeting in January, 2019. At the first Annual Meeting the Equity Members shall elect (i) three (3) members who will serve a two (2) year term and (ii) two (2) Members who shall serve three (3) year terms. Thereafter, each elected Board member shall serve a three (3) year term. The initial five (5) members may run for reelection, and the one (1) year period shall not count as part of the next elected term. 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.

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, as to assessments, (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 initial purchase price of the Club Facilities, (x) thereafter incur debt for the Club with a principal amount that does not exceed twenty percent (20%) of Annual Gross Revenues, (xi) authorize capital improvement projects for the Club that on an annual basis do not exceed twenty percent (20%) of Annual Gross Revenues, provided an assessment is not required, (xii) authorize general repairs and maintenance as required in the ordinary course of operation of the Club, (xiii) establish reserves for maintenance, repair and replacements, for working capital, and for water infrastructure or related water obligations, (xiv) execute contracts in proper exercise of the Board's powers, (xv) select, employ, supervise and discharge Club officers and employees, (xvi) employ a management company to manage day-to-day operations, (xvii) establish Club operating hours and Club services, (xviii) establish the Club's budget, financial controls and operating policies, (xix) obtain directors and officers liability insurance for the Board and Club officers, and general liability and property insurance for the Club, (xx) establish privacy and nondisclosure policies concerning financial and employee information and other confidential matters, (xxi) admit new Members, (xxii) determine Member grievances, suspensions and expulsions, and (xxiii) 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, including the Major Decisions and Facility Sale Decisions in Article 11 shall require a Member vote pursuant to Article 11. Notwithstanding anything to the contrary recited herein, the powers and actions of the Board and approval rights of the Board set forth herein shall be subject to the limitations and prior approval requirements of the (i) third party lender or (ii) member lending group (collectively, the "Lending/Equity Group") that provides additional funding for the purchase price and working capital for the acquisition of the Club Facilities, as set forth in the loan agreement or equity contribution agreement between the parties and the Club.

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 two (2) 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 General Manager. Specifically, the President shall be responsible for properly communicating to the 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 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 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 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 General Manager. Reference to the title of 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 General Manager. The 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 General Manager shall attend all meetings of the Board and shall be an ex officio and non-voting member of the Standing Committees. The 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 General Manager shall provide the Board with the 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 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 who shall chair and appoint) three (3) other Members of the Club (non-Board). The 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 [OPEN ISSUE]. The Nominating Committee shall make nominations in no event less than the number of positions to be filled. 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. 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.

10.1.1 The Nominating Committee shall prepare the list of nominees for election to the Board, at least sixty (60) days prior to each Annual Meeting of Members, 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.

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

10.1.3 The above provisions are the only means by which a nomination for the Board can be made. [OPEN / ALLOW NOMINATIONS FROM FLOOR?]

10.2 Other Committees. The President may, from time to time, create various committees as needed, subject to approval by the Board. All committee members shall serve at the discretion and with

the approval of the Board for no compensation or remuneration. All committees, excepting only the Nominating Committee are advisory to the Board.

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 January 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, whether in attendance, in person, by proxy, absentee ballot, or by electronic or internet voting pursuant to procedures established by the Board, is required. For Facility Sale Decisions, the vote of seventy-five percent (75%) of the outstanding votes of all 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, 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 twenty percent (20%) 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 material adverse change to the Membership refund amount or percentage to be paid to Equity Members, or (d) a change or addition to the Membership categories or changes in existing Membership categories that would cause the number of Members to exceed the Equity Golf Membership Cap or Fitness Membership Cap once established by the Board.

11.1.2 Facility Sale Decisions. The term “Facility Sale Decisions” shall be defined as a sale of all Club Facilities or the sale of either of the golf course facilities and/or clubhouses.

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 and the Members shall have not less than seventy-two (72) hours advance notice of the special meeting. 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, the Board members whose term has expired 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 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 Equity Membership that is in good standing entitles the Equity 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, only Equity Members are entitled to vote. 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 guided 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. After the Effective Date, the Board reserves the continued right to amend or modify the Bylaws as to the Non-Equity Memberships in its sole and absolute discretion, as provided in the Prior Plan without a vote of the Equity Members or the Non-Equity Members. Any subsequent amendments to the Bylaws may be proposed by (i) a majority Board vote or (ii) written request by

twenty-five percent (25%) of the Equity 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 special called meeting at which the vote is taken. An amendment of these Bylaws concerning the Equity Members' rights requires the affirmative vote of sixty-six and two-thirds percent (66 2/3%) of the outstanding votes of all the Equity 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 concerning Facility Sale Decisions shall require an affirmative vote of seventy five percent (75%) of the outstanding votes of all the Equity 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, and any amendment concerning the Equity Members that is (i) necessary to correct or clarify an existing provision of these Bylaws that is not materially adverse to the Equity Members and does not otherwise require a vote of Members under these Bylaws, (ii) any amendment concerning the rights, obligations or privileges of a Non-Equity Member or (iii) 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 Equity Members.

ARTICLE 15. Interpretation

15.1 Interpretation. The interpretation of these Bylaws shall rest with the Board unless and until superseded by a sixty-six and two-thirds percent (66 2/3%) vote of the outstanding votes of all the Members eligible to vote.

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 Equity Golf Members only in good standing will be entitled to receive a pro rata share of such remaining assets, as determined by the Board. Any Equity Golf 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 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.

17.2 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.

17.3 Maintenance and Other Uses. The Board 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.

17.4 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.

17.5 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.

17.6 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.

17.7 Carefully Review all Membership Documents. Every person who desires to obtain an Equity Membership or obtain or maintain a Non-Equity 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.

17.8 Rely only on Information in the Membership Documents. 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.

17.9 Memberships at the Club are Offered Only for Recreational Purposes. 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.

NO FEDERAL OR STATE AUTHORITY HAS PASSED UPON OR ENDORSED THE MERITS OF THE BYLAWS, OTHER MEMBERSHIP DOCUMENTS, OR ANY RECORDED DOCUMENT REFERENCED HEREIN.

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 Hood 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.

Audit Committee. “Audit Committee” shall have the meaning set forth in Section 10.6.

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.

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

Club. “Club” shall mean the “Nutcracker Member Golf Club” 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 mean the date the Club Facilities are acquired by the Corporation.

Equity Member. “Equity Member” shall mean any individual that holds an Equity Golf Membership.

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

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

Equity Membership Contribution. “Equity Membership Contribution” shall have the meaning set forth in Section 4.7.1.

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

Facility Sale Decisions. “Facility Sale Decisions” shall have the meaning set forth in Section 11.1.2.

Fiscal Year. “Fiscal Year” shall mean a calendar year.

Fitness Membership. “Fitness Membership” shall have the meaning set forth in Section 3.3.1.

General Manager. “General Manager” shall have the meaning set forth in Section 7.2.

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 (i) an active Equity Golf Membership and are entitled to vote, hold office, and share in liquidation proceeds pursuant to the terms of these Bylaws and (ii) members who hold an active Non-Equity Membership, pursuant to the terms of these Bylaws.

Membership. “Membership” shall mean an active Equity Member or Non-Equity Member, in good standing in the Club.

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.

Non-Equity Member. “Non-Equity Member” shall mean an individual that holds a Non-Equity Membership.

Non-Equity Membership. “Non-Equity Membership” shall have the meaning set forth in Section 3.3.

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 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 mean all Membership Bylaws and/or Membership Plans issued by the prior owner of the Club Facilities prior to the Effective Date.

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

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 3.3.2.

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

Transfer Fee. “Transfer Fee” shall mean the administrative and handling fee established by the Board for reissuance or transfer of a Membership.

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