

ARTICLES OF INCORPORATION

OF

FOUNTAIN LAKE RECREATIONAL ASSOCIATION, INC.

(A Texas Non-Profit Corporation)

Polk County, Texas

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FOUNTAIN LAKE RECREATIONAL ASSOCIATION, INC.
(A Texas Non-Profit Corporation)

We, the undersigned natural persons of the age of eighteen (18) years or more, at least two (2) of whom are citizens of the State of Texas, acting as incorporators of a corporation under the Texas Non-Profit Corporation Act, do hereby adopt the following Articles of Incorporation for such Corporation.

ARTICLE I

The name of the Corporation is **FOUNTAIN LAKE RECREATIONAL ASSOCIATION, INC.**

ARTICLE II

The Corporation is a non-profit corporation.

ARTICLE III

The period of its duration is perpetual.

ARTICLE IV

The purpose or purposes for which said Corporation is organized are to act as agent for the civic and social benefit and betterment of the residents and property Owners of FOUNTAIN LAKE Planned Unit Development in Polk County, City of Livingston, Texas, according to the Map or Plat thereof recorded with the Declaration of Covenants, Conditions and Restrictions for FOUNTAIN LAKE ("Restrictions") in the Official Records of Polk County, Texas, and for any and all other property which is accepted by this Corporation for similar purposes, those purposes being as follows:

- a. To exercise all of the powers and privileges and perform all of the duties and obligations of the Corporation as set forth in the Declaration of Covenants, Conditions and Restrictions ("Restrictions") for FOUNTAIN LAKE Planned Unit Development;
- b. To affix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the restrictions referred to hereinabove; and, as agent, pay all expenses in connection therewith and all office and other expenses

incident to the conduct of the business of this Corporation, including all licenses, taxes or governmental charges levied or imposed against the property of this Corporation and to make disbursements, expenditures and payments on behalf of the said Property Owners as required by the Restrictions and the By-Laws of the Corporation; and to hold as agent for said Property Owners reserves for periodic repairs and capital improvements to be made as directed by the Property Owners acting through the Board of Directors of the Corporation;

e. To acquire by gift, purchase or otherwise, to own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or to otherwise dispose of real or personal property in connection with the affairs of this Corporation subject to the limitations set forth in the Restrictions;

d. To borrow money, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred subject to the limitations set forth in the Restrictions;

e. To provide for services such as garbage and rubbish collection and disposal and for property maintenance;

f. To promote and provide recreational and other facilities for the residents and Owners of said property;

g. To provide safety or police patrols;

h. To provide general sanitation and cleanliness of common areas;

i. To provide control of insects, rodents and animals;

j. To provide maintenance of drainage facilities;

k. To provide upkeep and maintenance of common areas and facilities as provided in the Restrictions;

l. To maintain streets, street lights, sidewalks and traffic controls;

m. To take any and all actions necessary to enforce the Restrictions, the By-Laws, Articles of Incorporation or Rules and Regulations of the Corporation; and

8. To provide any activity authorized by the Restrictions for the mutual benefit of the residents and Owners; and to have and to exercise any and all powers, rights and privileges a corporation organized under the Non-Profit Corporation Law of the State of Texas, may now or hereafter exercise.

ARTICLE V

The number of Directors constituting the initial Board is three (3). The Directors need not be Members of the Corporation. The names, addresses and terms of the persons who are to serve as the initial Directors are as follows:

NAME

ADDRESS

Robert Kay

Rt. 1, Box 917
Point Blank, Texas 77364

Term: Three (3) years from the date hereof or until his successor shall have been elected.

Deborah Kay

Rt. 1, Box 917
Point Blank, Texas 77364

Term: Two (2) years from date hereof or until his successor shall have been elected.

James W. Wright

109 E. Polk St.
Livingston, Texas 77351

Term: One (1) year from the date hereof or until his successor shall have been elected.

At the first (1st) annual meeting of the Members, which shall be one (1) year from the date hereof, one (1) Director shall be elected for a term of two (2) years, and at each annual meeting thereafter one (1) Director shall be elected for a term of two (2) years, unless the Board of Directors elects to increase the number of Directors according to the terms of the By-Laws of the Corporation, in which case Directors shall be elected at the annual meeting for a term of two (2) years as the terms of one (1) or more Directors expire.

ARTICLE VI

The name and address of each incorporator is:

NAME

ADDRESS

Robert Kay

Rt. 1, Box 917
Point Blank, Texas 77364

Deborah Kay

Rt. 1, Box 917
Point Blank, Texas 77364

James W. Wright

109 E. Polk St.
Livingston, Texas 77351

ARTICLE VII

Every person or entity who is a record Owner of a fee or undivided fee interest in any Lot or Dwelling Unit which is subject, by covenants of record, to assessment by the Corporation, including contract sellers, shall be a Member of the Corporation. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from any ownership of any Lot or Dwelling Unit which is subject to assessment by the Corporation. Ownership of such Lot or Dwelling Unit shall be the sole qualification for membership. Any Mortgage or Lienholder who acquires title to any Lot or Dwelling Unit which is a part of the Property, through judicial or non-judicial foreclosure, shall be a Member of the Corporation.

The Corporation shall have two (2) classes of voting membership.

CLASS A: Class A Members shall be all Owners, with the exception of FOUNTAIN LAKE, INC., a Texas corporation, the Declarant, and its successors and assigns, and shall be entitled to one (1) vote for each Lot or Dwelling Unit owned. When more than one (1) person holds such interest in any Lot or Dwelling Unit, all such persons shall be Members. The vote for such Lot or Dwelling Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot or Dwelling Unit.

CLASS B: The Class B Member(s) shall be FOUNTAIN LAKE, INC., a Texas corporation, the Declarant, and its successors and assigns, and shall be entitled to three (3) votes for each Lot or Dwelling Unit owned, provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or;

(b) Five (5) years from the filing of the Declaration of Covenants, Conditions and Restrictions in the Deed Records of Polk County, Texas.

ARTICLE VIII

The Corporation is a non-profit corporation, without capital stock, organized solely for the purposes specified in Article IV; and no part of its property, whether income or principal, shall ever inure to the benefit of any Director, officer, or employee of the Corporation, or of any individual having a personal or private interest in the activities of the Corporation, nor shall any such Director, officer, employee or individual receive or be lawfully entitled to receive any profit from the operations of the Corporation except a reasonable allowance for salaries or other compensation for personal services actually rendered in carrying out one (1) or more of its stated purposes. The Corporation shall not engage in, and none of its funds or property shall be devoted to, carrying on propaganda or otherwise attempting to influence legislation.

ARTICLE IX

The mailing address of the initial registered office of the Corporation is Rt. 1, Box 917, Point Blank, Texas 77364, and the name of its initial registered agent at such address is Robert Kay.

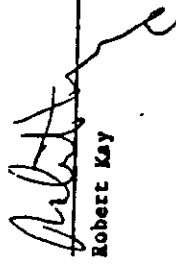
ARTICLE X

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of Members and all First Mortgagees. Upon dissolution of the Corporation, other than incident to a merger or consolidation, the assets of the Corporation shall be held and owned by the Members proportionately as tenants in common according to the number of Lots or Dwelling Units owned. In the event the Owners representing Ownership of at least sixty-seven percent (67%) of the assets agree, the assets of the Corporation shall be sold.

ARTICLE XI

Amendment of these Articles shall require the assent of seventy-five percent (75%) of the entire membership.

IN WITNESS WHEREOF, we hereunto set our hands this the 5th day of November, A.D., 1985.


Robert Kay

Deborah Kay
Deborah Kay

James W. Wright
James W. Wright

THE STATE OF TEXAS §
COUNTY OF POLK §

I, the undersigned Notary Public, do hereby certify that on this 5th day of November, A.D., 1985, personally appeared before me, Robert Kay, Deborah Kay and James W. Wright, who each being by me first duly sworn, severally declared that they are the persons who signed the foregoing document as incorporators and that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the date and year above written.



Pauline Blum
Notary Public in and for
The State of Texas
Printed Name: Pauline Blum
Commission Expires: 5/4/88