

FILED 561-11-0438
In the Office of the
Secretary of State of Texas
JUN 26 1989
Corporations Section

ARTICLES OF INCORPORATION
OF
COMMUNITY IMPROVEMENT ASSOCIATION OF LAKE CONROE HILLS, INC.
A NON-PROFIT CORPORATION

The undersigned natural person of legal age, who is a citizen of the State of Texas, acting as incorporator of a corporation under the Texas Non-profit Corporation Act, does hereby adopt the following articles of incorporation for such corporation:

ARTICLE I

The name of the corporation (hereinafter called the association) is Community Improvement Association of Lake Conroe Hills, Inc.

ARTICLE II

The association is a non-profit corporation.

ARTICLE III

The period of its duration is perpetual.

ARTICLE IV

The specific primary purposes for which the association is formed are to provide for maintenance, preservation, and architectural control of the residence lots and common area within a certain subdivided tract of real property described as follows:

LAKE CONROE HILLS, SECTION I, a subdivision of 102.993 acres located in the Timothy Cude Survey, Abstract No. 12, of Montgomery County, Texas, according to the map or plat thereof recorded in Cabinet A, Sheet 91 (formerly in Volume 10, Page 77) of the Map Records of Montgomery County, Texas;

LAKE CONROE HILLS, SECTION III, a subdivision of 150.756 acres located in the Timothy Cude Survey, Abstract No. 12, of Montgomery County, Texas, according to the map or plat thereof recorded in Cabinet A, Sheet 117, of the Map Records of Montgomery County, Texas.



ORIGINAL PRINT INCOMPLETE

and to promote the health, safety, and welfare of the residents within the above-described subdivision and such additions thereto as may hereafter be brought within the jurisdiction of the association for such purpose.

In furtherance of such purposes, the association shall have power to:

- (a) Perform all of the duties and obligations of the association as set forth in those certain "Declarations and Restrictive Covenants" upon and against the subdivision and recorded in the Real Property Records of Montgomery County, Texas.
- (b) Affix, levy, and collect all charges and assessments pursuant to the terms of the declaration, and enforce payment thereof by any lawful means; and pay all expenses in connection therewith, and all office and other expenses incident to the conduct of the business of the association, including all licenses, taxes, or governmental charges levied or imposed on the property of the association, legal fees, and accounting fees, and any expenditure, which in the judgment of the Board of Directors, will tend to maintain values in the subdivision;
- (c) To accept such real property, personal property, or mixed property, in compromise, settlement, and accord, of such levies, charges, and assessments as the Board of Directors shall, from time to time, deem in the best interest of the association.
- (d) Acquire (by gift, purchase, or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate to public use, or otherwise dispose of real and personal property in connection with the affairs of the association;
- (e) Borrow money and, subject to the consent by vote or written instrument of two-thirds of the members, mortgage, pledge, convey by deed of trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

- (f) Dedicate, sell, or transfer all or any part of the common areas to any municipality, public agency, authority, or utility for such purposes and subject to such conditions as may be agreed upon by the members. No such dedication or transfer shall be effective unless an instrument has been signed by two-thirds of the members, agreeing to such dedication, sale, or transfer.
- (g) Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, or annex additional residential property and common areas, provided that any merger, consolidation, or annexation shall have the consent by vote or written instrument of two-thirds of the members;
- (h) Have and exercise any and all powers, rights, and privileges that a corporation organized under the Texas Non-profit Corporation Act by law may now or hereafter have or exercise.

Notwithstanding any of the above statements of purposes and powers, this association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purpose of this association.

The association is organized and shall be operated exclusively for the aforementioned purposes. The activities of the association shall be financed by assessments on members as provided in the Restrictive Covenants in force upon said subdivision and the By-Laws of the association, and no part of any net earnings shall inure to the benefit of any member. Provided, however, the association may pay reasonable compensation to officers for services rendered pursuant to R.C.S. ART. 1396-2.24 Section A, as the same may be amended from time to time and all other applicable law.

ARTICLE V

The street address of the initial registered office of the association is 3421 West Davis, Suite 110, Conroe, Texas 77304, and the name of its initial registered agent at such address is Robert L. Rice.

Every person or entity who is a record owner of a fee or undivided fee interest in any lot which is subject by covenants of record to assessments by the association, including contract sellers, but excluding persons holding title merely as security for performance of an obligation, shall be a member of the association. Membership shall be appurtenant to and may not be separated from ownership of a lot which is subject to assessment by the association.

ARTICLE VII

The association shall have one class of voting members as follows:

Members shall be all owners with the exception of the declarant as such term is defined in the declaration, and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as such members may determine among themselves, but in no event shall more than one vote be cast with respect to any lot owned by members.

ARTICLE VIII

The number of directors constituting the initial board of directors of the association is seven, and the names and addresses of the persons who are to serve as the initial directors are:

<u>Name</u>	<u>Address</u>
Raymond E. Eggers	136 Bluff View Drive Willis, Texas 77378
Pat Toth	327 Lake Breeze Drive Willis, Texas 77378
Robert W. Graphman	285 Bunker Hill Willis, Texas 77378
Kurt E. Kurger	305 Bunker Hill Willis, Texas 77378
Barney Bradford	902 Lake Breeze Drive Willis, Texas 77378

On dissolution, the assets of the association shall be distributed to an appropriate public agency to be used for purposes similar to those for which the association was created. In the event such distribution is refused acceptance, such assets shall be granted, conveyed, and assigned to any nonprofit corporation, association, trust, or other organization organized and operated for such similar purposes. Under no circumstance shall the assets of this association, on dissolution, be distributed to its members.

ARTICLE X

The name and street address of each incorporator is:

Name

Address

Robert L. Rice

3421 West Davis
Suite 110
Conroe, Texas 77304

The association shall indemnify its past and present directors, officers, employees and agents to the fullest extent required by law, and may so indemnify them as permitted by the By-laws of the association from time to time in effect, and may purchase indemnity insurance against any liability asserted against any such person and incurred by him in such a capacity or arising out of his status as such a person, whether or not the association would have the power to indemnify him against that liability by law.


ARTICLE XII

To the fullest extent not prohibited by law, a director of this association shall not be liable to the association or its members for monetary damages for an act or omission in the director's capacity as a director, except that this article does not eliminate or limit the liability of a director for: (1) a breach of a director's duty of loyalty to the association or its members; (2) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law; (3) a transaction from which a director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office; (4) an act or omission for which the liability of a director is expressly provided for by statute; or (5) act related to an unlawful stock repurchase or payment of a dividend.

ARTICLE XIII

This corporation is organized pursuant to the Texas Non-profit Corporation Act and does not contemplate the distribution of gains, profits, or dividends to the members, directors, or officers thereof.

Executed at Conroe, Texas, on the 21st day of June, 1989.


Robert L. Rice

THE STATE OF TEXAS

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COUNTY OF MONTGOMERY

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I, M. Hardy, a Notary Public, do hereby certify that on June 21, 1989, personally appeared before me Robert L. Rice, who being by me first duly sworn, severally declared that he is the person who signed the foregoing document as incorporator, and that the statements therein contained are true.

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

Notary's Printed Name and
Commission Expiration Date:


Notary Public, State of TEXAS

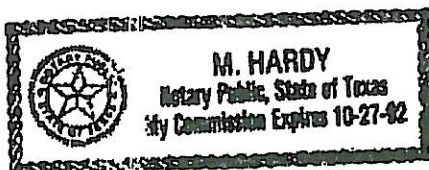


Exhibit “B”