

The State of Texas

Secretary of State

CERTIFICATE OF INCORPORATION

OF

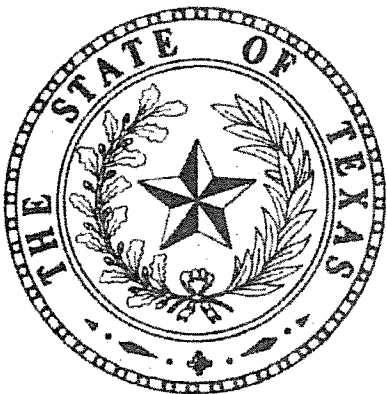
THE CLIFFS PROPERTY OWNERS' ASSOCIATION, INC.
CHARTER NUMBER 01297845

THE UNDERSIGNED, AS SECRETARY OF STATE OF THE STATE OF TEXAS, HEREBY CERTIFIES THAT THE ATTACHED ARTICLES OF INCORPORATION FOR THE ABOVE NAMED CORPORATION HAVE BEEN RECEIVED IN THIS OFFICE AND ARE FOUND TO CONFORM TO LAW.

ACCORDINGLY, THE UNDERSIGNED, AS SECRETARY OF STATE, AND BY VIRTUE OF THE AUTHORITY VESTED IN THE SECRETARY BY LAW, HEREBY ISSUES THIS CERTIFICATE OF INCORPORATION.

ISSUANCE OF THIS CERTIFICATE OF INCORPORATION DOES NOT AUTHORIZE THE USE OF A CORPORATE NAME IN THIS STATE IN VIOLATION OF THE RIGHTS OF ANOTHER UNDER THE FEDERAL TRADEMARK ACT OF 1946, THE TEXAS TRADEMARK LAW, THE ASSUMED BUSINESS OR PROFESSIONAL NAME ACT OR THE COMMON LAW.

DATED JAN. 18, 1994



John Hannah Jr.
Secretary of State

JAN 18 1994

**ARTICLES OF INCORPORATION
OF
THE CLIFFS PROPERTY OWNERS' ASSOCIATION, INC.**

Corporations Section

The undersigned, a natural person of the age of eighteen (18) years or more and a citizen of the State of Texas, acting as an Incorporator of a corporation under the Texas Non-Profit Corporation Act, does hereby adopt the following Articles of Incorporation:

ARTICLE ONE

The following words, when used in these Articles of Incorporation, shall have the following respective definitions and meanings:

- (a) "Association" shall mean and refer to the Cliffs Property Owners' Association, Inc., its successors and assigns.
- (b) "Common Properties" shall mean and refer to any and all areas of land within the Properties which are known, described or designated as common green, common areas, parks, recreational easements, green belts, open spaces, streets, jogging and bicycle trails on any recorded subdivision plat of the Properties or intended for or devoted to the common use and enjoyment of the Members of the association, together with any and all improvements that are now or may hereafter be constructed thereon.
- (c) "Declaration" shall mean and refer to:
 - (i) The restrictive covenants and covenants running with the land directly or indirectly pertaining to the Properties, recorded in the Public Records of Palo Pinto County, Texas;
 - (ii) The Declaration regarding the establishment of the Cliffs Property Owner's Association, Inc., recorded in the Public Records of Palo Pinto County, Texas; and
 - (iii) any further or subsequent supplements, amendments, additions or modifications to the foregoing instruments, all of which are incorporated herein by reference for all purposes.
- (d) "Lot" shall mean and refer to any plot or tract of land shown upon recorded subdivision map(s) or plat(s) of the Properties, as amended from time to time, which is designated as a Lot thereon.
- (e) "Member" shall mean and refer to each Owner of a Lot.
- (f) "Owner" shall mean and refer to each and every person or entity who is a record owner of a fee or undivided fee interest in any lot; however, the word "Owner" shall not include person(s) or entity(ies) who hold a bona fide lien or interest in a Lot merely as security for the performance of an obligation.
- (g) "Property" shall mean and refer to the land and premises located in the Cliffs Subdivision, filed and recorded in the Plat Records of Palo Pinto County, Texas, and any replats, additions and contiguous subdivisions thereto as may hereafter be brought within the jurisdiction of the Association.

- (h) "Recreational Facilities" shall mean and refer to any and all swimming pools, tennis courts, golf courses, recreational centers and other similar recreational facilities constructed from time-to-time within the Property.

ARTICLE TWO

The name of the Association is THE CLIFFS PROPERTY OWNERS' ASSOCIATION, INC., and it shall be a non-profit corporation.

ARTICLE THREE

This Association does not contemplate pecuniary gain or profit to the Members thereof, and the specific purposes for which it is formed are:

- (a) to provide for the acquisition, construction, management, maintenance and care of the Association's property;
- (b) to provide for and/or maintain and preserve the Common Properties and the Recreational Facilities and to promote the health, safety and welfare of the Owners and residents of the Property;
- (c) to borrow money (if necessary) and to acquire (by gift, purchase or otherwise), own, hold improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association, subject to the terms and provisions of, and limitations and prohibitions appearing within, the Texas Miscellaneous Corporation Laws Act and the Texas Non-Profit Corporation Act;
- (d) to cause the Property to be maintained, operated, regulated and administered in accordance with any applicable terms and conditions of the Declaration;
- (e) to exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as may be set forth in the Declaration;
- (f) insofar as permitted by law, to do any other thing that, in the opinion of the Board of Directors of the Association, will promote the common benefit and enjoyment of the Owners and residents of the Properties; provided, however, that no part of the activities of the Association shall include carrying on propaganda, or otherwise attempting to influence legislation, or participating in, or intervening in (including the publication or distribution of statements) any political campaign on behalf of any candidate for public office.

ARTICLE FOUR

The address of the initial registered office of the Association is 3500 Maple Avenue, Suite 200, Dallas, Texas 75219, and the name of its initial registered agent at such address is R. Mike Ward.

ARTICLE FIVE

The period of duration of the Association is perpetual.

ARTICLE SIX

The business and affairs of the Association shall be initially managed by a board of three (3) directors. The qualifications, manner of selection, duties, terms and other matters relating to the board of directors shall be provided in the bylaws of the Association. The names and addresses of the persons who are to act initially in the capacity of directors until the selection of their successors are:

<u>Name</u>	<u>Address</u>
R. Mike Ward	3500 Maple Avenue Suite 200 Dallas, Texas 75219
Fred K. Curran	3500 Maple Avenue Suite 200 Dallas, Texas 75219
Randy Gracy	3500 Maple Avenue Suite 200 Dallas, Texas 75219

ARTICLE SEVEN

The name and address of the Incorporator is:

<u>Name</u>	<u>Address</u>
R. Mike Ward	3500 Maple Avenue Suite 200 Dallas, Texas 75219

ARTICLE EIGHT

The Association shall have one class of membership and every person or entity who is now or hereafter becomes an Owner shall automatically be and must remain a Member of the Association, and membership shall be appurtenant to and may not be separated from ownership of a Lot.

ARTICLE NINE

No part of the net earnings of the Association shall inure to the benefit of or be distributable to any Member, director or officer of the Association, or any private individual (except that reasonable compensation may be paid for services rendered to or for the Association related or pertaining to one or more of its purposes).

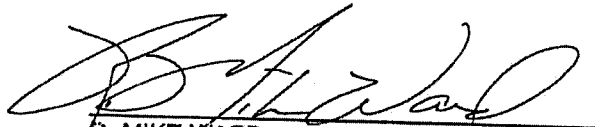
ARTICLE TEN

The Association may indemnify any person who is or was a director or officer of the Association and any person who serves or served at the Association's request as a director or officer as follows:

- (a) In case of a suit by or in the right of the Association against a director or officer by reason of his holding such a position, the Association shall indemnify such person against expenses (including attorney's fees) actually and necessarily incurred by him in connection with the defense or settlement of such action or suit if he is successful on the merits or otherwise, or if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, except that no indemnification shall be made in respect of any claim, issue or matter as to which such director or officer shall have been finally adjudged to be liable for negligence or misconduct in the performance of his duty to the Association.
- (b) In case of a threatened, pending or completed suit, action or proceeding (whether civil, criminal, administrative or investigative), other than a suit by or in the right of the Association, together hereafter referred to as a non-derivative suit, against a director or officer by reason of his holding a position set forth above, the Association shall indemnify him against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the defense or settlement of such action, suit or proceeding if he is successful on the merits or otherwise or if he acted in good faith in the transaction which is the subject of the non-derivative suit to the best interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of a non-derivate suit by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the director or officer did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or preceding, that he had reasonable cause to believe that his conduct was unlawful.
- (c) Indemnification provided under paragraphs (a) and (b) above shall be made by the Association (except as provided in paragraph (a) hereof) only upon a determination of the specific case that indemnification of the director or officer is proper in the circumstances because he has met the applicable standards of conduct set forth in paragraph (b) hereof. Such determination shall be made: (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel and written opinion, or (3) by vote of the Members. Indemnification may be prorated so as to indemnify such director or officer as to some matters but not to others.
- (d) The Association may pay, in advance, any expenses (including attorneys' fees) which may become subject to indemnification hereunder if: (1) the Board of Directors authorized the specific payment, and (2) the director or officer receiving the payment undertakes in writing to repay such payment unless it is ultimately determined that he is entitled to indemnification by the Association under this Article Nine.
- (e) The indemnification provided for herein shall not be exclusive of any of the rights to which a person may be entitled by law, the Bylaws of the Association, agreement, vote of Members or disinterested directors, or otherwise, shall continue as to a director or officer, who has ceased to hold such position and shall inure to his heirs, executors and administrators.

- (f) The Association may purchase and maintain insurance on behalf of any person who holds or who has held any position of director or officer against any liability asserted against him and incurred by him in any such position, or arising out of his status as such.
- (g) The foregoing provisions shall be liberally construed so that, inter alla, the masculine gender includes the feminine and vice-versa.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of January, 1994



R. MIKE WARD

THE STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned, a Notary Public in and for the State, on this day personally appeared R. MIKE WARD, and that being duly sworn, he declared that he is the person who signed the foregoing document as an incorporator and that the statements contained therein are true and correct.

GIVEN UNDER MY HAND AND SEAL OF THE OFFICE this, the 14th day of January, 1994.


NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

