

JUN 29 2007

**Corporations Section**

**CERTIFICATE OF FORMATION**

**OF**

**HILSHIRE LAKES  
COMMUNITY ASSOCIATION, INC.**

The undersigned natural person, being of the age of eighteen (18) years or more, a citizen of the State of Texas and United States and acting as the organizer of a corporation under the Texas Business Organizations Code, does hereby adopt the following Certificate of Formation for such corporation:

**ARTICLE I**

**Corporate Name**

The name of the corporation is HILSHIRE LAKES COMMUNITY ASSOCIATION, INC. (hereinafter sometimes called the "Association").

**ARTICLE II**

**Legal Status**

The Association is a nonprofit corporation organized pursuant to the Texas Business Organizations Code, including Chapters 20 and 22 thereof.

**ARTICLE III**

**Duration**

The period of duration of the Association is perpetual.

**ARTICLE IV**

**Purposes**

The purposes for which the Association is organized are specifically and primarily to provide an organization consisting of the Owners of Lots within Hilshire Lakes, Section One, a residential subdivision located within Harris County, Texas (the "Subdivision"), in accordance with and as more particularly described in that certain instrument entitled "Declaration of Covenants, Conditions, Restrictions and Easements for Hilshire Lakes", filed for record on May 23, 2007 under Clerk's File Number 20070312193, Official Public Records of Real Property of Harris County, Texas, as same may be from time to time amended (the "Declaration"), and in accordance with the Declaration to provide for the management, maintenance, preservation, operation and architectural control of the Subdivision and any additions thereto as may hereafter be brought within the jurisdiction of the Association, including for such purposes without limitation of the foregoing:

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A. to exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in this Certificate of Formation, and in the Declaration, Bylaws, Rules and Regulations, Architectural Guidelines, all written decisions and resolutions of the Association's Board of Directors and Architectural Control Committee, and amendments to any of the foregoing (all such instruments sometimes herein referred to as the "Governing Documents");

B. to fix, levy, collect, and enforce payment of any charges or assessments as set forth in the Declaration and other Governing Documents, and to pay all expenses in connection with such charges or assessments and all other expenses incidental to the conduct of the business of the Association, including all licenses, taxes, or governmental charges levied or imposed against the property of the Association;

C. to control the construction, reconstruction or alteration of any building or other improvement to be erected, maintained or altered upon any Lot, tract, parcel, site or reserve within the Subdivision which is subject to the jurisdiction of the Association;

D. to cause to be enforced the restrictions, covenants, conditions and easements imposed upon all or any part of the Subdivision by the Declaration and other Governing Documents;

E. to acquire (by gift, deed, lease or otherwise), own, hold, improve, operate, maintain, lease for any Association purposes, sell, convey, dedicate for public use and otherwise deal in, dispose of and/or alienate any interest in any real or personal property, including all "Community Properties" as that term is defined in the Declaration, as the Board of Directors may deem necessary or appropriate to the Association's purposes, including as provided in the Declaration and other Governing Documents;

F. to borrow money, and to mortgage, pledge, deed in trust or otherwise encumber, alienate or hypothecate any or all of the Association's real or personal property as security for money borrowed or debts incurred to conduct the lawful affairs of the Association;

G. to act in the capacity of principal, agent, joint venturer, partner, or otherwise as the Board of Directors may deem necessary or appropriate to its purposes, including as provided in the Declaration and other Governing Documents;

H. to institute or defend any litigation in the corporate name with respect to the Association or any Association property, at the Association's expense, and to compromise and settle any and all claims, demands, liabilities and causes of action whatsoever held by or asserted against the Association upon such terms and conditions as the Board of Directors may determine, and the decisions of the Board of Directors as to any of the foregoing is final and conclusive; and

I. to have and exercise any and all powers, rights and privileges which a corporation organized and existing under the Texas Non-Profit Corporation Law may by law now or hereafter have and exercise, including any and all powers, rights and privileges now or hereafter granted or permitted by the Declaration or other Governing Documents. The enumeration of powers in this Certificate of Formation will not limit the Association's general or implied powers or any additional powers provided by law.

ARTICLE V  
Initial Registered Office and Agent

The street address of the initial registered office of the Association is 1520 Oliver, Houston, Texas 77007, and the name of its initial registered agent at such address is FRANK M. K. LIU.

ARTICLE VI  
Board of Directors

A. Management by Board of Directors. The management of the Association is vested in its Board of Directors and such committees of the Board that the Board may, from time to time, establish. The Declaration and bylaws will provide the qualifications, manner of selection, duties, terms, and other matters relating to the Board of Directors except as otherwise expressly provided in this Certificate of Formation.

B. Initial Directors. The number of Directors constituting the initial Board of Directors of the Association is three (3), and the names and addresses of the persons who are to serve as the initial Directors are:

<u>Name</u>	<u>Address</u>
Helen Ghozali	1520 Oliver Houston, Texas 77007
Will Schultz	1520 Oliver Houston, Texas 77007
Steve Mann	1520 Oliver Houston, Texas 77007

C. Subsequent Directors. The initial Directors as above provided shall serve as Directors until their successors are elected and qualified as provided in the Association's Bylaws.

D. Number of Directors. The number of Directors shall be fixed by, or in the manner provided in, the Declaration and the Association's Bylaws; provided, the number of Directors shall not be less than three (3), and no decrease in the number of Directors as provided in the Bylaws shall have the effect of shortening the term of any incumbent Director.

ARTICLE VII  
Organizer

The name and street address of the organizer is:

<u>Name</u>	<u>Address</u>
Helen Ghozali	1520 Oliver Houston, Texas 77007

ARTICLE VIII  
Membership; Voting Rights

A. Membership. Every Person who is the "Owner" (as that term is defined in the Declaration) of a fee simple title or undivided fee simple title interest in any Lot that is subject to the Declaration shall be deemed to have a membership in the Association. The foregoing is not intended to include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate any Owner's membership. No Owner, whether one or more Persons, shall have more than one membership per Lot. Memberships shall be appurtenant to and may not be separated from ownership of any Lot, and shall automatically pass with the title to the Lot.

B. Voting Rights.

1. Development Period. During the "Development Period" as defined in the Declaration there are two classes of membership in the Association which shall be as follows:

- (a) Class A: All Members in the Association other than the Declarant are Class A Members. Class A Members have no voting rights until termination of the Development Period except as otherwise expressly provided in the Declaration.
- (b) Class B: Class B Members are those individuals or entities who are defined in the Declaration as "Declarant". During the Development Period Declarant has one vote for each Lot owned and one "at large" vote as more particularly described in the Declaration.

2. Post-Development Period. Upon termination of the Development Period, any remaining Class B membership shall automatically convert to Class A membership. Thereafter there will be only one class of voting membership, being Class A Members. Upon termination of the

Development Period Class A Members are then entitled to one vote for each Lot owned except as to Members whose voting rights have been suspended as provided herein, or in the Declaration or in other applicable Governing Documents.

C. Multiple Owners. When more than one Person holds an ownership interest in a Lot, all such Persons shall be Members, but in no event shall they be entitled to more than one vote with respect to that particular Lot. When more than one Person holds an ownership interest in a Lot, the vote of all such joint Owners shall be exercised and controlled as provided in the Declaration.

D. Cumulative, Fractional and Split Voting Prohibited. Neither cumulative voting nor fractional or split voting shall be permitted as to any matter placed before the membership for a vote, including election of Directors.

E. Suspension of Voting Rights. Voting rights of any Member may be suspended for breach of the Declaration and other Governing Documents as therein provided.

F. Method of Voting. Except as otherwise restricted by the Association's Bylaws, a Member vote on any matter may be conducted in person, by mail, by facsimile transmission, by electronic message, or by any combination of these methods.

#### ARTICLE IX

##### Alternative Forms of Meetings; Action Without Meeting

A. Remote Communications Technology Meetings. Directors, or committee members may participate in and hold any of their respective meetings by means or a remote electric communications systems, including conference telephone or similar communications equipment, videoconferencing technology or the Internet, or any combination thereof, in accordance with Section 6.002 and/or 22.002 of, or as otherwise permitted by, the Texas Business Organizations Code.

B. Action Without Meeting.

1. Unanimous Written Consent. Any action required or authorized to be taken at any meeting of the Owners, the Board of Directors or any committee formed pursuant to the Governing Documents may be taken without a meeting by unanimous written consent in accordance with Section 6.201 of the Texas Business Organizations Code.

2. Less Than Unanimous Written Consent. Any action required or authorized to be taken at any meeting of the Owners, or at any meeting of the Board of Directors or any committee formed pursuant to the Governing Documents, may be taken without a meeting if a written consent stating the action to be taken is signed by the number of Owners, Directors or committee members necessary to take the action at a meeting at which all of the Owners, Directors or committee members are present and voting in accordance with Section 6.202 of the Texas Business Organizations Code in the case of Owners, and in accordance with

Section 22.220 of the Texas Business Organizations Code in the case of Directors or committee members.

ARTICLE X  
Dissolution

In the event of the liquidation, dissolution or winding up of the Association, whether voluntary or involuntary, the Directors shall dispose of all property and assets of the Association, including, without limitation, all undistributed income earned thereon, after the payment, satisfaction and discharge of all liabilities and obligations of the Association, or the making of adequate provision therefor in such manner as they, in the exercise of their absolute discretion, and by majority vote, shall determine; provided, such disposition shall be exclusively in the furtherance of the purposes for which the Association is formed, and the property and the assets of the Association shall not accrue to the benefit of any officer, Director, Member, or any individual having a personal or private interest in the affairs of the Association or any organization which engages in any activity in which the Association is precluded from engaging.

ARTICLE XI  
Limitation of Liability; Indemnification

A. "Association Representative(s)" Defined. As used in this Article, "Association Representative(s)" means each current or former Director, governing person, officer, delegate employee and agent of the corporation, as such terms are defined in the Texas Business Organizations Code.

B. Limitation of Liability. To the fullest extent allowed by the Texas Business Organizations Code, including Chapters 7 and 8 and Sections 22.222 and 22.235 thereof, an Association Representative is not liable to the corporation, to any Owner or Member of the corporation, or to any other Person for any act by the Association Representative in the Person's capacity as an Association Representative unless the Person's conduct was not exercised in good faith, with ordinary care, and in a manner the Association Representative reasonably believes to be in the best interests of the corporation.

C. Indemnification. To the fullest extent allowed by the Texas Business Organizations Code, including Chapter 8 thereof, the corporation agrees to and is required to indemnify, defend, and hold harmless, and to advance expenses to, each Association Representative, INCLUDING, IN EACH CASE, FOR CLAIMS BASED ON OR ARISING FROM SUCH PERSON'S SOLE, PARTIAL, OR CONCURRENT NEGLIGENCE, but excluding any such items incurred as a result of any act or omission for which the Association Representative is liable under the preceding subsection (B). The provisions of this subsection (C) constitute a determination that indemnification should be paid and a contract to indemnify as contemplated by Sections 8.103(c) and 8.151(d)(2) of the Texas Business Organizations Code.

D. Liability Arising From Conduct of Owners. Each Owner, and each Owner's tenants, shall indemnify and keep indemnified, and hold harmless, the Association and all Association Representatives from and against all claims, damages, suits, judgments, court costs, attorney's fees,

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attachments and any and all other legal actions or proceedings whatsoever caused or arising, directly or indirectly, through the willful or negligent act or omission of an Owner, the Owner's tenants, or the family member, guests, invitees, servants, agents or employees of either.

E. Additional and/or Subsequent Authority. To the fullest extent provided in other Governing Documents, and if the Texas Non-Profit Corporation Act, Texas Business Organizations Code, Texas Miscellaneous Corporation Laws Act, Chapter 84 of the Texas Civil Practice and Remedies Code, or any other statute is enacted, construed or amended subsequently to the filing of this Certificate of Formation to further eliminate or limit liability or further authorize indemnification than as authorized, permitted or required by this Article XI, then such liability shall be eliminated or limited and such right to indemnification shall be expanded to the full extent permitted by such other Governing Documents or by such statutory enactment, construction or amendment.

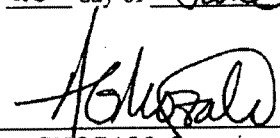
F. Report to Members. So long as required by the Texas Business Organizations Code, any indemnification of or advance of expenses to an Association Representative must be reported in writing to all Owners upon the earlier to occur of (i) with or before the notice or waiver of notice of the next meeting of Members, or (ii) with or before the next submission to Members of a consent to action without a meeting, or (iii) within twelve months after the date of the indemnification or advance.

G. No Impairment. Any repeal or modification of this Article XI by the Members of the Association or otherwise shall not adversely affect any right or protection existing at the time of such repeal or modification.

ARTICLE XII  
Amendment

This Certificate of Formation may be amended from time to time, in any and as many respects as may be desired, as provided in Section 22.107(a) of the Texas Business Organizations Code during the Development Period and as provided in Section 22.105 of the Texas Business Organizations Code thereafter.

IN WITNESS WHEREOF, I have set my hand this 25<sup>th</sup> day of June, 2007.

  
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HELEN GHOZALI, Organizer

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