

ARTICLES OF INCORPORATION
OF
GRAND LAKES COMMUNITY ASSOCIATION, INC.

The undersigned, a natural person of the age of eighteen years or more, acting as incorporator of a corporation under the Texas Non-Profit Corporation Act, does hereby adopt the following as Articles of Incorporation for such corporation.

ARTICLE ONE
NAME

The name of the corporation is GRAND LAKES COMMUNITY ASSOCIATION, INC., hereinafter sometimes called the "Corporation" or the "Association."

ARTICLE TWO
NON-PROFIT

The Corporation is a non-profit corporation.

ARTICLE THREE
DURATION

The period of its duration is perpetual.

ARTICLE FOUR
PURPOSES AND POWERS

The purpose or purposes for which the Corporation is organized are to provide for maintenance, preservation and architectural control of that certain property known or to be known or marketed as GRAND LAKES, which property is more particularly described on Exhibit "A" attached hereto and made a part hereof for all purposes, or any other areas created by the dedication and annexation of additional property into the properties covered by the "Declaration" hereinbelow defined (collectively, the "Property") pursuant to the terms of the Declaration, and to promote the recreation, health, safety and welfare of the owners, residents and tenants within the above described Property and, for this purpose, the Association shall have the right to:

- (a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions for Grand Lakes, hereinafter called the "Declaration," applicable to the Property and recorded or to be recorded in the Real Property Records of the Office of the County Clerk of Fort Bend County, Texas, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length (all capitalized terms used in these Articles of

Incorporation shall have the same meaning as assigned to those terms in the Declaration, which definitions are incorporated herein by reference for all purposes);

(b) make, levy, assess, collect and enforce payment of Assessments against the Owners of Lots and Building Plots within the Property, and other charges authorized by the Declaration, in accordance with the terms of the Declaration;

(c) subject to the terms of the Declaration, mortgage the Common Properties and/or Facilities for the benefit of the Members, and take such steps as are reasonably necessary to protect the Common Properties and Common Facilities against foreclosure of any such mortgage;

(d) pursuant to the terms of the Declaration, suspend the rights of any Member to enjoyment and use of the Common Properties and Facilities for any period during which any Assessment or other amount owed by the Member to the Association remains unpaid;

(e) establish reasonable rules and regulations governing the Members' use and enjoyment of the Common Properties and Facilities, and to suspend the enjoyment rights of any Member for any period not to exceed sixty (60) days for each and any infraction of such rules and regulations, including, without limitation, limitations on numbers of guests allowed for any Member at a given time;

(f) charge reasonable admission and other fees for the use of any recreational facilities which are a part of the Common Properties or Common Facilities;

(g) dedicate, sell or convey all or any part of the Common Properties and Common Facilities, or interests therein, to any public agency, authority, or utility or any utility district, or to any third party whomsoever, for such purposes and subject to such conditions as may be agreed to by a vote of the Members as provided in the Declaration;

(h) use, rent or lease any part of the Common Properties and/or Common Facilities for the operation (for profit or otherwise) of any service activity intended to serve a substantial number of residents in the Property, and/or property owners outside the Property, provided that any such lease or contract providing for use of Common Properties and Facilities by property owners outside the Property shall be approved, prior to being entered into, by a vote of certain Members in accordance with the requirements of the Declaration, but such an agreement may also be entered into unilaterally by Declarant on behalf of the Association and as its agent, without a meeting of the Members, so long as it controls two-thirds (2/3) of the aggregate votes of the Members in the Association and promptly reports such action in writing to the Association;

(i) contract on behalf of all Assessable Tracts, for garbage and rubbish pickup, and to charge the Owner of each Assessable Tract for his pro rata share of the

cost thereof, such pro rata share to be determined by dividing the number of Assessable Tracts being served into the total cost of providing such garbage and rubbish pickup. If the Association so elects, the charge to each Owner for garbage and rubbish pickup shall be in addition to or part of the Assessments described in Article III of the Declaration;

(j) contract on behalf of all Assessable Tracts, for security and/or emergency medical ambulance services, and to charge the Owner of each Assessable Tract for his pro rata share of the cost thereof, such pro rata share to be determined by dividing the number of Assessable Tracts being served into the total cost of providing such security and/or emergency medical ambulance service. If the Association so elects, the charge to each Owner for security and/or emergency medical ambulance service shall be in addition to or part of the Assessments described in Article III of the Declaration;

(k) participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of a majority of the Board of Directors, or as may otherwise be provided for in the Declaration;

(l) enter into contracts with other property owners associations to provide for collection of assessments of any other such association, and/or to provide partial or full joint administration of this Association and such other association; and

(m) have and to exercise any and all powers, rights and privileges which a corporation organized under the Texas Non-Profit Corporation Act by law may now or hereafter have or exercise.

ARTICLE FIVE MEMBERSHIP

Every person or entity who is an Owner of any of the Properties which are subject to assessment by the Association (including Declarant, whether or not it is obligated to pay Assessments thereon) shall be a Member of the Association.

ARTICLE SIX VOTING RIGHTS

The Association shall have three classes of voting membership as follows:

Class A. Class A Members shall be all Owners of Assessable Tracts which are Residential Lots, with the exception of the Declarant (unless and until its Class C Membership converts to Class A Membership as contemplated below), and each such Class A Member shall be entitled to one vote for each Residential Lot owned by such person or entity. When more than one person holds an interest in a single Residential Lot, all such persons shall be Members. The vote of such Residential Lot shall be

exercised as such co-owners among themselves determine, but in no event shall more than one vote be cast with respect to any one Residential Lot. If the co-owners of a single Residential Lot do not vote unanimously and in unison, no vote for that Lot shall be counted.

Class B. Class B Members shall be all Owners of Assessable Tracts which are Commercial Lots, with the exception of the Declarant (unless and until any part of its Class C Membership converts to Class B Membership as contemplated below), and each such Class B Member shall be entitled to one vote for each one-quarter acre (or major portion thereof, i.e., a residual fraction greater than one-eighth acre) owned by such person or entity within a Commercial Lot. When more than one person holds an interest in a single Commercial Lot as tenants in common, all such persons shall be Members. The vote(s) of such Commercial Lot shall be exercised as such tenants in common among themselves determine, but in no event shall more than one vote be cast with respect to any one-quarter acre (or major portion) of a Commercial Lot. If the Owners as tenants in common of a given quarter acre (or major portion) of a Commercial Lot do not vote unanimously and in unison, no votes for that Lot shall be counted.

Class C. Class C Members shall be the Declarant herein, as such term is defined in Article I, Section 13, who shall be entitled to nine (9) votes in the Association for each Residential Lot owned by it and nine (9) votes in the Association for each one quarter acre (or major portion) of land owned by it within any Commercial Lot. Class C Membership shall cease and be converted to Class A Membership (as to Residential Lots owned by Declarant) and Class B Membership (as to any Commercial Lot, or portion, owned by it), on the happening of the earliest to occur of the following three events (A, B, or C) :

- (A) When total votes outstanding in the Class A membership and Class B membership together equal the total votes outstanding in the Class C membership; or
- (B) The twenty-fifth (25th) anniversary date of the first recordation of this Declaration; or
- (C) When the Declarant terminates Class C Membership by an instrument filed in the Real Property Records of Fort Bend County, Texas;

and Declarant may thereafter cast votes as Class A Member and Class B Member, as applicable, regardless of whether Declarant pays any or its full share of Assessments). Owners of Lots which are not Assessable Tracts hereunder shall be non-voting Members and all references in this Declaration to a vote of the Members shall refer only to the relevant percentage of votes of the voting Members, except non-voting Members shall have a vote under Article XIII, Section 4 of the Declaration pertaining to amendments to this Declaration.

At such time that additional Property is annexed into the Association, the Class C Membership of the Declarant shall, if it had previously ceased due to one of the conditions listed above in (A), (B), or (C), be automatically deemed reinstated and shall apply to all Lots owned by Declarant in the newly annexed portion of the Property as well as to all Lots owned by Declarant in all other areas of the Property. Such reinstatement is subject to further cessation in accordance with the limitations set forth in the preceding paragraphs (A), (B), and (C) of this Article, whichever occurs first. However, upon reinstatement due to annexation of additional Property, the period of time set forth in paragraph (B) of this Article shall be extended to the extent necessary such that in all circumstances it extends for a period no shorter than ten (10) years from the date of each such recorded annexation (i.e., Supplemental Declaration).

ARTICLE SEVEN
BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of three (3) Directors who need not be Owners. The number of directors may be changed by amendment of the Bylaws of the Association. In case of the resignation, death, or incapacity or refusal to serve of any of the initial directors, the remaining directors may appoint a substitute director or directors to serve. The judgment of the directors, whether the directors are the initial directors or substitute directors in the expenditure of funds of this corporation shall be final and conclusive, so long as such judgment is exercised in good faith.

ARTICLE EIGHT
DISSOLUTION

The Association may be dissolved by a majority vote of the Board of Directors. Upon dissolution of the Association, other than incident to merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such association is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE NINE
AMENDMENTS

These Articles may be amended or altered by a majority vote of the Board of Directors. In the event of a conflict between these Articles and the Declaration, the Declaration shall be deemed controlling.

ARTICLE TEN
REGISTERED AGENT

The street address of the initial registered office of the corporation is 333 Cypress Run, Suite 300, Houston, Texas 77094, and the name of its registered agent at such address is JOEL MARSHALL.

ARTICLE ELEVEN
INITIAL BOARD OF DIRECTORS

The number of directors constituting the initial board of directors of the corporation is three and the names and addresses of the persons who are to serve as the initial directors are:

Mr. Joel Marshall
333 Cypress Run, Suite 300
Houston, Texas 77094

Robert J. Bamford, III
333 Cypress Run, Suite 300
Houston, Texas 77094

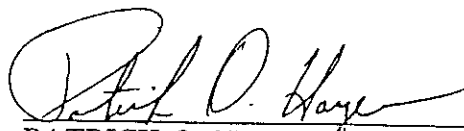
Samuel C. Hathorn
333 Cypress Run, Suite 300
Houston, Texas 77094

ARTICLE TWELVE
INCORPORATOR

The name and street address of the incorporator is:

Mr. Patrick O. Hayes
Boyar, Simon & Miller
4265 San Felipe, Suite 1200
Houston, Texas 77027

IN WITNESS WHEREOF, I have hereunto set my hand this 3rd day of September, 1997.



PATRICK O. HAYES