

ARTICLES OF INCORPORATION
OF
VILLAGES OF SHADY HOLLOW OWNERS

The undersigned natural person, being of the age of eighteen (18) years or more, a citizen of the State of Texas, acting as incorporator of a corporation under the Texas Nonprofit Corporation Act, does hereby adopt the following Articles of Incorporation for such corporation:

ARTICLE I
NAME

The name of the corporation is: Villages of Shady Hollow Owners Association, Inc. (hereinafter called the "Association").

ARTICLE 11
NONPROFIT CORPORATION

The Association is a nonprofit corporation.

ARTICLE III
DURATION

The Association shall exist perpetually.

ARTICLE IV
PURPOSE AND POWERS OF THE ASSOCIATION

The Association is organized in accordance with, and shall operate for nonprofit purposes pursuant to, the Texas Nonprofit Corporation Act, and does not contemplate pecuniary gain or profit to its members. The Association is formed for the sole purpose of exercising all of the powers and privileges, and performing all of the duties and obligations, of the Association as set forth in that certain "Declaration of Covenants, Conditions, and Restrictions Villages of Shady Hollow" which is recorded in Volume 12620, Page 159 of the Real Property Records of Travis County, Texas, as the same may be amended from time to time (the "Declaration"). Without limiting the generality of the foregoing, the Association is organized for the following general purposes:

(a) to assure the upkeep, maintenance, improvement and administration of the common area and facilities of the Association, if any, and all lands, improvements, security devices, and other real or personal property owned by or leased to the Association, including all sidewalks and pathways located within the "Property" (as such term is defined in the Declaration);

(b) to assure the upkeep, maintenance, improvement and administration of any additional property which may in the future be acquired by or placed under the control of the Association pursuant to the Declaration, as amended from time to time;

(c) to enter into and perform any contract and to exercise all powers which may be necessary or convenient to the operation, management, maintenance and administration of the affairs of the Property in accordance with the bylaws of the Association and the Declaration, as amended from time to time;

(d) to promote the health, safety and welfare of the residents of the Property in accordance with the Declaration, as amended from time to time;

(e) to exercise all of the powers and privileges and to perform all of the duties and obligations of the Association arising under the Declaration, as amended from time to time;

(f) to enforce applicable provisions of the Declaration (as amended from time to time), the Bylaws and any rules and regulations of the Association, and any other instruments for the management and control of the Property including, without limitation, the power:

(i) to fix, levy, collect and enforce payment, by any lawful means, of all charges or assessments imposed pursuant to the terms of the Declaration, as amended from time to time;

(ii) to contract for and to pay for water, sewer, garbage removal, landscaping, gardening, and all other utilities or services to and all maintenance of the Association Property;

(iii) to employ personnel reasonably necessary for the administration and operation of the Association, and to discharge the powers and duties of the Association arising under the Declaration, as amended from time to time, including the employment of accountants and/or attorneys, if appropriate; and

(iv) to pay all office and other expenses incident to the conduct of the business of the Association, including all insurance expenses, licenses, taxes and special tax or utility assessments which are or would become a lien on any portion of the Property over which the Association has authority to exercise control;

(g) to have and to exercise any and all powers, rights and privileges, including delegation of powers as permitted by law, which the Association may now or hereafter have or exercise in accordance with the Texas Non-Profit Corporation Act including, without limitation, the power:

(i) to acquire additional real or personal property and to add to the Property pursuant to the Declaration, as amended from time to time;

(ii) to acquire (by purchase, grant or otherwise), annex and merge, own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate of public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(iii) to indemnify officers and directors to the fullest extent permitted by applicable law as more particularly described in the Bylaws of the Association;

(iv) to borrow money, mortgage, pledge, or assign any or all of its real or personal property as security for money borrower or debts incurred in accordance with the terms and conditions of the Declaration, as amended from time to time; and

(v) to act in the capacity of principal, agent, joint venturer, partner, or otherwise.

The foregoing statement of purposes shall be construed as a statement of both purposes and powers, and the purposes and powers stated in each of the foregoing clauses shall not be limited or restricted by reference to or inference from the terms and provisions of any other such clause, but shall be broadly construed as independent purposes and powers. The Association is organized in accordance with and shall operate for nonprofit purposes pursuant to the Texas Non-Profit Corporation Act and no pecuniary gain or profit to its members is contemplated hereby.

ARTICLE V REGISTERED OFFICE; REGISTERED AGENT

The street address of the initial registered office of the Association is 400 N. St. Paul St., Dallas, Texas 73201. The name of its initial registered agent at such address is Prentice Hall Corporation Systems.

**ARTICLE VI
MEMBERSHIP**

Membership in the Association shall be dependent upon ownership of a qualifying property interest in the Property. Any person or entity acquiring such a qualifying property interest shall automatically become a member of the Association, and such membership shall be appurtenant to, and shall run with, the property interest. The foregoing shall not be deemed or construed to include persons or entities holding an interest merely as security for performance of an obligation. Membership may not be severed from or in any way transferred, pledged, mortgaged, or alienated except together with the title to the qualifying property interest, and then only to the transferee of title to said property interest. Any attempt to make a prohibited severance, transfer, pledge, mortgage, or alienation shall be void.

**ARTICLE VII
VOTING RIGHTS**

Voting rights of the members of the Association shall be determined as set forth in the Declaration, as amended. No owner, other than the Declarant under the Declaration, shall be entitled to vote at any meeting of the Association until such owner has presented to the Association evidence of ownership of a qualifying property interest in the Property. The vote of each qualifying owner may be cast by such owner or by proxy given to such owner's duly authorized representative.

**ARTICLE VIII
INCORPORATOR**

The name and street address of the incorporator is:

<u>NAME</u>	<u>ADDRESS</u>
Robert D. Burton	2600 One American Center 600 Congress Avenue Austin, Texas 78701

**ARTICLE IX
BOARD OF DIRECTORS**

The affairs of the Association shall be managed by an initial Board of Directors consisting of three (3) individuals, who must be members of the Association. The Board shall fulfill all of the functions of, and possess all powers granted to, Boards of Directors of nonprofit corporations pursuant to the Texas Nonprofit Corporation Act. The number of Directors of the Association may be changed by amendment of the Bylaws of the Association. The names and addresses of the persons who are to act in the capacity of initial Directors until the selection of their successors are:

<u>NAME</u>	<u>ADDRESS</u>
Gary Gibbs	5316 Highway 290 West, Suite 100 Austin, Texas 78735
Gary Warren	5316 Highway 290 West, Suite 100 Austin, Texas 78735
David Singleton	1717 West 6th Street Suite 260 Austin, Texas 78703

All of the powers and prerogatives of the Association shall be exercised by the initial Board of Directors named above until the first annual meeting of the Association.

**ARTICLE X
LIMITATION OF DIRECTOR LIABILITY**

A director of the Association shall not be personally liable to the Association for monetary damages for any act or omission in his capacity as a director, except to the extent otherwise expressly provided by a statute of the State of Texas. Any repeal or modification of this Article shall be prospective only, and shall not adversely affect any limitation of the personal liability of a director of the Association existing at the time of the repeal or modification.

**ARTICLE XI
INDEMNIFICATION**

Each person who acts as a director or officer of the Association shall be indemnified by the Association against any costs, expenses and liabilities which may be imposed upon or reasonably incurred by him in connection with any civil or criminal action, suit or proceeding in which he may be named as a party defendant or in which he may be a witness by reason of his being or having been such director or officer or by reason of any action alleged to have been taken or omitted by him in either such capacity. Such indemnification shall be provided in the manner and under the terms, conditions and limitations set forth in the Bylaws of the Association.

**ARTICLE XII
DISSOLUTION**

Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes substantially similar to those for which this Association was created. In the event that such dedication 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 substantially similar purposes.

**ARTICLE XIII
ACTION WITHOUT MEETING**

Any action required by law to be taken at any annual or special meeting of the members of the Association, or any action that may be taken at any annual or special meeting of the members of the Association, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the number of members having the total number of votes of the Association necessary to enact the action taken, as determined under the Declaration or these Articles.

**ARTICLE XIV
AMENDMENT**

These Articles of incorporation may be amended by the "Declarant," as such term is defined in the Declaration, acting alone and without a meeting or other form action, until December 31, 1996, and thereafter for so long as Declarant holds a majority of the votes of the Association. Any other amendment of these Articles of Incorporation shall be by proposal submitted to the membership of the Association. Any such proposed amendment shall be adopted only upon an affirmative vote by the holders of a sixty percent (60%) majority of the total number of votes of the Association, as determined under the Declaration. In the case of any conflict between the Declaration and these Articles, the Declaration shall control; and in the case of any conflict between these Articles and the Bylaws of the Association, these Articles shall control.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand, this 2nd day of April, 1996.

ROBERT D. BURTON, Incorporator

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