

ARTICLES OF INCORPORATION

OF

SUGAR MILL COMMUNITY ASSOCIATION, INC.

FILED
In the Office of the
Secretary of State of Texas

We, the undersigned natural persons of the age of ^{JUN 4 1979} twenty-one (21) years or more, at least two of whom are citizens of the State of Texas, acting as incorporators of a corporation under the Texas Non-Profit Corporation Act, ^{Attorney General's Corporation Division} hereby adopt the following Articles of Incorporation of such corporation:

ARTICLE I

The name of the Corporation is SUGAR MILL COMMUNITY ASSOCIATION, INC., (hereinafter called "the Association").

ARTICLE II

The street address of the initial registered office of the Association is 6200 Savoy, Suite 600, Houston, Texas 77036 and the name of its initial registered agent at such address is Joel T. Thompson.

ARTICLE III

The association is a non-profit corporation, without capital stock. The Association is organized solely for the purposes specified in Article V, and no part of its property, whether income or principal, shall ever inure to the benefit of any Director, Officer, or employee of the Association, or of any individual having a personal or private interest in the activities of the Association, nor shall any such Director, Officer, employee or individual receive or be lawfully entitled to receive any profit from the operations of the Association except a reasonable allowance for salaries or other compensation for personal services actually rendered in carrying out one or more of its stated purposes. The Association shall not engage in, and none of its funds or property shall be devoted to, carrying on propaganda or otherwise attempting to influence legislation.

ARTICLE IV

The period of the Association's duration is perpetual.

ARTICLE V

The purpose or purposes for which said Association is organized are to act as agent for the civic and social benefit and betterment of the residents and property owners of Sugar Mill, Section One (1), as recorded in Volume 22, Page 11, of the Plat records of Fort Bend County, Texas, which property is being developed by GENSTAR HOMES OF TEXAS, INC., ("Delcarant"), and for any and all other property which is accepted by this Association for similar purposes, those purposes being as follows:

(a) To exercise all of the powers and privileges and perform all of the duties and obligations of the Association as set forth in the Declaration of Covenants, Conditions and Restrictions ("Restrictions") recorded in Volume 822, Page 500 of the Deed Records of Fort Bend County, Texas, as the same may be amended from time to time, and restrictions being incorporated by reference herein as if set forth at length;

(b) To affix, levy collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Restrictions referred to hereinabove;

(c) 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 this Association subject to the limitations set forth in the Restrictions;

(d) To borrow money, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred subject to the limitations set forth in the Restrictions;

(e) To promote and provide recreational and other facilities for the residents and owners of said property;

(f) To provide any activity or service conducted for the mutual benefit of residents and owners as provided in the Restrictions and to have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation law of the State of Texas, by law may now or hereafter exercise.

ARTICLE VI

Every person or entity who is the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is subject, by covenants of record, to assessment by the Association, including contract sellers, shall be

a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Memberships shall be appurtenant to and may not be separated from ownership of any Lot. Any mortgagee or lienholder who acquires title to any lot which is a part hereof, through foreclosure shall be a member of the Association.

The Association shall have two classes of voting membership:

Class A. Except as provided under "Class B" below, each Owner as defined in the covenants of record, shall be a Class A member. Each Class A member shall be entitled to one (1) vote for each Lot in which he holds the full fee interest. When the full fee interest in any Lot is held by more than one person, all such persons shall be members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B members shall be the Declarant and its successors and assigns, and shall be entitled to three (3) votes for each Lot owned, provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or:

(b) On January 1, 1986.

ARTICLE VII

The affairs of this Association shall be managed by a board of five (5) directors, who need not be members of the Association. The number of directors may be changed by amendment of the by-laws 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:

Joel T. Thompson	6200 Savoy Drive Suite 600 Houston, Texas 77036
William D. Coons	6200 Savoy Drive Suite 600 Houston, Texas 77036
John E. Carr, III	6200 Savoy Drive Suite 600 Houston, Texas 77036

Calvin Dunham

6200 Savoy Drive
Suite 600
Houston, Texas 77036

William H. Taylor

6200 Savoy Drive
Suite 600
Houston, Texas 77036

At the first annual meeting, the members shall elect two (2) directors for a term of one (1) year, two (2) directors for a term of two (2) years and one (1) director for a term of three (3) years and at each annual meeting thereafter the members shall elect directors for terms of three (3) years, as needed.

ARTICLE VIII

The Association may be dissolved with the assent given in writing and signed by members entitled to cast not less than two-thirds (2/3) of the aggregate of the votes of both classes of membership. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association, if any, shall vest in the Owners, who shall thereafter own equal, undivided interests in and to such assets.

ARTICLE IX

Amendment of these Articles shall require the assent of members entitled to cast not less than seventy-five (75%) percent of the aggregate of the votes of both classes of membership.

ARTICLE X

This provision shall be applicable only in the event of Federal Housing Administration and Veterans Administration approval of the Property and only as long as there is a Class B membership. The following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, mergers and consolidations, mortgaging of Common Areas, dedication of Common Area and dissolution and amendment of these Articles.

ARTICLE XI

The name and street address of each incorporator is:

Joel T. Thompson	6200 Savoy Drive Suite 600 Houston, Texas 77036
William D. Coons	6200 Savoy Drive Suite 600 Houston, Texas 77036
John E. Carr, III	6200 Savoy Drive Suite 600 Houston, Texas 77036
Calvin Dunham	6200 Savoy Drive Suite 600 Houston, Texas 77036
William H. Taylor	6200 Savoy Suite 600 Houston, Texas 77036

IN WITNESS WHEREOF, we have hereunto set our hands this
the 31ST day of MAY, 1979.

Joel T. Thompson
Joel T. Thompson

William D. Coons
William D. Coons

John E. Carr, III
John E. Carr, III

Calvin Dunham
Calvin Dunham

William H. Taylor
William H. Taylor

SWORN to on MAY 31, 1979 by the above
named incorporators.

Permittee S. Caldwell
Notary Public in and for
Harris County, Texas