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In the Office of the  
Secretary of State of Texas

JAN 12 1988

Clerk I-B  
Corporations Section

ARTICLES OF INCORPORATION  
OF

CANYON CREEK HOMEOWNERS' ASSOCIATION  
(A Texas Non-Profit Corporation)

I the undersigned natural person of the age of eighteen (18) years or more, acting as incorporator of a corporation under the Texas Non-Profit Corporation Act, do hereby adopt the following Articles of Incorporation for such Corporation.

ARTICLE I

Name

The name of the Corporation is CANYON CREEK HOMEOWNERS' ASSOCIATION, hereinafter called the "Association".

ARTICLE II

Non-Profit Corporation

The Association is a non-profit corporation.

ARTICLE III

Duration

The period of its duration is perpetual.

ARTICLE IV

Purposes and Powers

1. The purpose or purposes for which said Association is organized are to acquire, manage, provide, construct, equip, furnish, maintain, own and operate private recreational facilities and other common properties for the benefit and betterment of the residents and property owners in the Canyon Creek Subdivisions, being Canyon Creek, Section 1, a subdivision in the City of Austin, Travis County, Texas, according to the map or plat thereof recorded in Volume 85, Pages 150B-151B, Plat Records, Travis County, Texas and those additional lots in Canyon Creek Subdivisions, if any, which become subject to the Canyon Creek Master Declaration of Covenants, Conditions and Restrictions dated April 14, 1988, recorded in Volume 10653, Pages 476-511, Real Property Records, Travis County, Texas; and to promote the

health, safety and welfare of the residents within the above described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for this purpose to:

a. exercise all of the powers and privileges and perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions (the "Declaration") applicable to the above-referenced subdivisions recorded or to be recorded in the Office of the County Clerk of Travis County, Texas, and as same may be supplemented or amended from time to time as therein provided;

b. fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident 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 and to make disbursements, expenditures and payments on behalf of the Association's members as required by the Declaration and the By-Laws of the Association; and to hold as agent for said Association members' reserves for periodic repairs and capital improvements to be made as directed by the Association's Board of Directors;

c. acquire by gift, purchase or otherwise, to own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or to otherwise dispose of real or personal property in connection with the affairs of this Association subject to the limitations set forth in the Declaration;

d. borrow money, mortgage, pledge, or hypothecate any or all of its real or personal property as secured for money borrowed or debts incurred subject to the limitations set forth in the Declaration;

e. dedicate, sell or transfer all or any part of the common properties owned by the Association to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by two-thirds (2/3) of each class of members, agreeing to such dedication, sale or transfer;

f. contract with the City of Austin, Travis County or other appropriate governmental authority regarding the construction, maintenance, repair and replacement of landscape and irrigation improvements for any public right-of-way within or abutting the above-described subdivisions;

g. participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and common area as provided by the Bylaws and the Declaration;

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

i. annex additional real property as provided in the Declaration, as the same may be amended from time to time as therein provided.

2. The Association is a non-profit corporation, without capital stock, organized solely for the purposes specified in this Article IV; 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 (1) 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 V

### Membership

Every record owner, whether one or more persons or entities, of title to any developed or undeveloped lot or lots subject, by covenants of record, to assessment by the Association, including contract sellers, developers and builders', shall be a voting 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. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the Association. Any mortgagee or lienholder who acquires title to any lot which is a part of the above-described property, to the extent that the lot or lots are subject to the provisions of the Declaration, through judicial or non-judicial foreclosure, shall be a member of the Association.

## ARTICLE VI

### Voting Rights

The Association shall have two (2) classes of voting membership:

Class A: Class A members shall be all record owners of a lot or lots, with the exception of Texas American Bank, Fort Worth, N.A. (the "Declarant"), and each such member shall be entitled to one (1) vote for each lot owned. When more than one (1) person or entity holds an interest in any lot, such voting 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 Member(s) 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 upon the occurrence of any one of the following events:

(a) all of the land described on Exhibit "A" of the Declaration, incorporated by reference herein for all purposes, has been platted, developed with paved streets, accepted by the appropriate governmental authorities and served by utilities; or

(b) the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership (subject to reversion back to Class B membership upon the annexation of additional property as provided in the Declaration); or

(c) the expiration of twenty (20) years from the filing of the Declaration in the Deed Records of Travis County, Texas.

## ARTICLE VII

### Registered Agent

The street address of the initial registered office of the Association is Texas American Bank, Fort Worth, 500 Throckmorton Street, Fort Worth, Texas 76113-2050 and the name of its initial registered agent at such address is Richard V. Thompson.

ARTICLE VIII

Dissolution

The Association may be dissolved with the written consent of not less than two-thirds (2/3) of each class of members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be held and owned by the members proportionately as tenants in common according to the number of lots owned.

ARTICLE IX

Board of Directors

The number of directors constituting the initial Board of Directors is three (3). The directors need not be members of the Association. The names and addresses of the persons who are to serve as the initial directors are as follows: :

<u>NAME</u>	<u>ADDRESS</u>
Richard V. Thompson	Texas American Bank, Fort Worth 500 Throckmorton Street Fort Worth, Texas 76113-2050
Douglas L. Streater	Texas American Bank, Fort Worth 500 Throckmorton Street Fort Worth, Texas 76113-2050
Scott McLain	Texas American Bank, Fort Worth 500 Throckmorton Street Fort Worth, Texas 76113-2050

ARTICLE X

Incorporator

The name and address of the incorporator is as follows:

<u>NAME</u>	<u>ADDRESS</u>
Richard V. Thompson	Texas American Bank, Fort Worth 500 Throckmorton Street Fort Worth, Texas 76113-2050

ARTICLE XI

Amendment

Amendment of these Articles shall require the assent of two-thirds (2/3) of the votes of the Association.

ARTICLE XII

VA Approval

So long as there is a Class B membership, the following actions will require the prior approval of the Veterans Administration: annexation of additional properties, mergers, consolidations, mortgaging or sale of substantially all of the common properties of the Association, dissolution and amendment of these Articles.

ARTICLE XIII

Limitation of Liability

No director of the Association shall be personally liable to the Association or its members for monetary damages for an act or omission in the director's capacity as a director, except that this Article does not eliminate or limit the liability of a director for (1) breach of a director's duty of loyalty to the Association, (2) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law, (3) a transaction from which a director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office, or (4) an act or omission for which the liability of a director is expressly provided for by statute. Neither the amendment nor repeal of this Article shall eliminate or reduce the effect of this Article in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article, would accrue or arise, prior to such amendment or repeal. If the Texas Non-Profit Corporation Act or the Texas Miscellaneous Corporation Laws Act is hereinafter amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Association shall be eliminated or limited to the fullest extent permitted by the Texas Non-Profit Corporation Act or the Texas Miscellaneous Corporation Laws Act, as so amended from time to time.

IN WITNESS WHEREOF, we hereunto set our hands this the 11<sup>th</sup> day of January, 1989.

  
RICHARD V. THOMPSON, Incorporator