

ARTICLES OF INCORPORATION
OF
HORSE CREEK RANCH
HOMEOWNERS ASSOCIATION

FILED In the Office of the Secretary of State of Texas OCT 21 1999 Corporations Section

The undersigned natural person over the age of eighteen years or more, acting as an incorporator of a corporation under the Texas Nonprofit Corporation Act, hereby adopts the following Articles of Incorporation of Horse Creek Ranch Homeowners Association:

ARTICLE I
NAME

The name of the Corporation is **HORSE CREEK RANCH HOMEOWNERS ASSOCIATION**.

ARTICLE II
NON-PROFIT CORPORATION

The Corporation is a Nonprofit Corporation. When it dissolves, all of its assets will be distributed to the State of Texas or an organization exempt from taxes under the Internal Revenue Code 501(c) (3) for one or more purposes exempt under the Texas Franchise Tax.

ARTICLE III
DURATION

The corporation will continue in perpetuity.

ARTICLE IV
PURPOSES

The purposes for organizing the Corporation are to perform and transact all lawful activities under the Texas Nonprofit Corporation Act and within the meaning of Internal Revenue Code 501 (c) (3) and Texas Tax Code 11.18(c). Specifically, the Corporation is organized to provide on-going adherence to the Declaration of Covenants, Conditions, and Restrictions for the Horse Creek Ranch.

ARTICLE V POWERS

Except as these Articles otherwise provide, the Corporation has all the powers provided in the Texas Nonprofit Corporation Act. Moreover, the Corporation has all implied powers necessary and proper to carry out its express powers. The Corporation may reasonably compensate Directors or Officers for services rendered to or for the Corporation in furtherance of one or more of its purposes.

ARTICLE VI RESTRICTIONS AND REQUIREMENTS

The Corporation may not pay dividends or other corporate income to its Directors or Officers, or otherwise accrue distributable profit, or permit the realization of private gain. The Corporation may not take any action prohibited by the Texas Nonprofit Corporation Act.

The Corporation may not take any action that would be inconsistent with the requirements for a tax-exemption under Internal Revenue Code 501(c) (3) and related regulations, rulings, and procedures. Nor may it take any action that would be inconsistent with the requirements for receiving tax-deductible charitable contributions under Internal Revenue Code 170(c) (2) and related regulations, rulings, and procedures. Regardless of any other provision in these Articles of Incorporation or state law, the Corporation may not:

1. Engage in activities or use its assets in manners that do not further one or more exempt purposes, as set forth in these Articles and defined by the Internal Revenue Code and related regulations, ruling, and procedures, except to an insubstantial degree.
2. Serve a private interest other than one clearly incidental to an overriding public interest.
3. Devote more than an insubstantial part of its activities to attempting to influence legislation by propaganda or otherwise, except as provided by the Internal Revenue Code and related regulations, rulings, and procedures.
4. Participate in or intervene in any political campaign on behalf of or in opposition to any candidate for public office. The prohibited activities include publishing or distributing statements and any other direct or indirect campaign activities.
5. Have objectives characterizing it as an "action organization" as defined by the Internal Revenue Code and related regulations, rulings and procedures.

6. Distribute its assets on dissolution other than for one or more exempt purposes. On dissolution, the Corporation's assets will be distributed to state government for a public purpose, or to an organization exempts from taxes under Internal Revenue Code 501(c) (3) to be used to accomplish the general purposes for which the Corporation is organized.
7. Permit any part of the Corporation's net earnings to inure to the benefit of any private shareholder or member of the Corporation or any private individual.
8. Carry on an unrelated trade or business except as a secondary purpose related to the Corporation's primary, exempt purposes.

In addition, the Corporation shall make distributions at such times and in such manner as to avoid the tax under Internal Revenue Code 4942. The Corporation may not:

1. Engage in any act of self-dealing as defined in Internal Revenue Code 4941(b);
2. Retain excess business holdings as defined in Internal Revenue Code 4943(c);
3. Make any investments that would subject it to the tax described in Internal Revenue Code 4944: or,
4. Make any taxable expenditures as defined in Internal Revenue Code 4945(e).

ARTICLE VII MEMBERSHIP

The Corporation will have one class of members as provided by the Bylaws.

ARTICLE VIII INITIAL REGISTERED OFFICE AND AGENT

The street address of the Corporation's initial registered office is 588 Austin Hines Drive, China Spring, Texas 76633. The name of the initial registered agent at this office is A.W. Hines.

ARTICLE IX MANAGING BODY OF CORPORATION

The management of the Corporation is vested in its Board of Directors and such committee(s), as the Board may, from time to time, establish. The Bylaws will provide the qualifications, manner of selection, duties, terms, and other matters relating to the Board of Directors. The initial Board of Directors will consist of four (4) persons. The initial Board of Directors are the following persons at the following address:

<u>Name</u>	<u>Address</u>
A.W. Hines	588 Austin Hines Dr. China Spring, Texas 76633
Nancy Gamble	588 Austin Hines Dr. China Spring, Texas 76633
Mary Barr	588 Austin Hines Dr. China Spring, Texas 76633
Rick Hines	588 Austin Hines Dr. China Spring, Texas 76633

The number of Directors may be increased or decreased by adopting or amending the Corporation's bylaws. The number of Directors may not be decreased to less than three (3) Directors.

ARTICLE X LIMITATION ON LIABILITY OF DIRECTORS

A Director is not liable to the Corporation for monetary damages for an act or omission in the Director's capacity as Director exempt as otherwise provided by a Texas statute.

ARTICLE XI

The Corporation may indemnify a person who was, is, or is threatened to be made a named defendant or respondent in litigation or other proceedings because the person is or was a Director or other person related to the Corporation as provided by the provisions of the Texas Non-Corporation Act governing indemnification.

As the Bylaws provide, the Board may define the requirements and limitations for the Corporation to indemnify directors, officers, or others related to the Corporation.

ARTICLE XII CONSTRUCTION

All references in these Articles to statutes, regulations, or other sources of legal authority refer to the authorities cited, or their successors, as they may be amended from time to time.

**ARTICLE XIII
INCORPORATORS**

The name and street address of the incorporator is A.W. Hines, Hines of Texas, LTD.,
588 Austin Hines Drive, China Spring, Texas 76633.

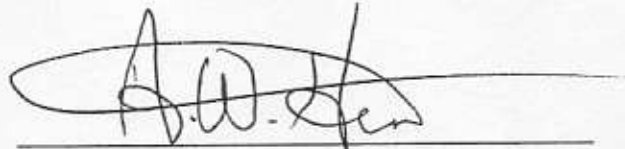
**ARTICLE XIV
ACTION BY WRITTEN CONSENT**

Action may be taken by use of signed written consent by the number of Directors, or Committee Members whose vote would be necessary to take action at a meeting at which all such persons entitled to vote were present and voted. Each written consent must bear the date and signature of each person signing it. A consent signed by fewer than all of the Directors or Committee Members is not effective to take the intended action unless consents, signed by the required number of persons, are delivered to the Corporation. Delivery must be made by hand, or by certified or registered mail, return receipt requested. The delivery may be made to the Corporation's registered office, registered agent, principal place of business, transfer agent, registrar, exchange agent, or an officer or agent having custody of books in which the relevant proceedings are recorded. If delivery is made to the Corporation's principal place of business, a consent must be addressed to the president or principal executive officer.

The Corporation will give prompt notice of the action taken to persons who do not sign consents. If the action requires documents to be filed with the Secretary of State, the filed documents will state that the written-consent procedures have been properly followed.

A telegram, telex, cablegram, or similar transmission by a Director or Committee Member, or photographic, facsimile or similar reproduction of a signed writing is to be regarded as signed by the Director or Committee Member.

IN WITNESS WHEREOF, the undersigned has executed these Articles of Incorporation on the 18th day of October, 1999.



A.W. HINES