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In the Office of the  
Secretary of State of Texas

FEB 28 2005

Corporations Section

**ARTICLES OF INCORPORATION  
PURSUANT TO ARTICLE 3.02  
TEXAS NON-PROFIT CORPORATION ACT**

**Article 1 - Corporate Name**

The corporation formed is a non-profit corporation. The name of the corporation is:  
**3 CREEKS PROPERTY OWNERS ASSOCIATION** (the "Corporation").

**Article 2 - Registered Agent and Registered Office**

The initial registered agent is an individual resident of the state whose name is **RICHARD T. McMILLAN**. The business address of the registered agent and the registered office address is 550 West Texas Ave., Suite 945, Midland, Texas 79701.

**Article 3 - Management**

Management of the affairs of the Corporation is to be vested in its board of directors and such committees of the board that the board may, from time-to-time, establish. The number of initial directors shall be three (3). The number of directors shall be set by the bylaws of the Corporation as may be amended from time to time, provided that the number of directors may never be less than three. The bylaws will provide the qualifications, manner of selection, duties, terms, and other matters relating to the Board of Directors. The number of directors may be increased or decreased by adopting or amending bylaws. The number of directors may not be decreased to fewer than three.

The names and addresses of the persons who are to serve as directors until the first annual meeting or until their successors are elected and qualified are:

<b>RICHARD T. McMILLAN</b>	550 West Texas Ave., Suite 945 Midland, Texas 79701
<b>LEE McMILLAN</b>	P.O. Box 941 Mason, Texas 76856
<b>FROSTY MILLER</b>	P.O. Box 13 Pontotoc, Texas 76869

Directors of the Corporation need not be residents of the State of Texas or members of the Corporation.

**Article 4 - Organizational Structure**

The Corporation will have members, but shall be managed by its Board of Directors.

### **Article 5 - Duration**

The period of duration is perpetual.

### **Article 6 - Purpose**

The Corporation is organized for charitable, religious, scientific, literary, or educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"). In particular the Corporation is organized and will be operated primarily to obtain, manage, construct and maintain property as a property owners association for the general benefit of the property owners of the residential real estate development known as Greystone Ranch Subdivision located in Burnet County, Texas.

### **Article 7 - Powers**

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

Additionally, and subject to the limitations in these Articles, the Corporation may take any action it deems necessary, appropriate, or convenient relating to the Corporation's management, including but not limited to, the express powers to:

1. Have succession to its corporate name.
2. Make and alter bylaws.
3. Conduct affairs, carry on operations, and have officers anywhere in the world.
4. Buy, receive, lease, or otherwise acquire, own, hold, improve, use, or otherwise deal in any interest in real or personal property wherever situated.
5. Invest and reinvest in property that the Board of Directors deems advisable, including an option to acquire an asset.
6. Sell, convey, exchange, convert, grant an option, assign, build, manage, operate, control, or otherwise dispose of Corporation property.
7. Partition, divide, subdivide, assign, develop, and improve Corporation property.

8. Make or obtain the vacation of plats, adjust boundaries, adjust differences in valuation on exchange or partition, and dedicate easements for public use, of Corporation property, with or without consideration.

9. Make ordinary and extraordinary repairs and alterations in buildings, demolish improvements, raze party walls or buildings, and erect party walls or buildings on Corporation property.

10. Lease Corporation property for any legal purpose, and enter into any covenants and agreements relating to the leased property or any improvements that may be erected on the property.

11. Borrow money on the Corporation's behalf from any person, firm, or corporation for any Corporation purpose. However, the Corporation may not borrow money from an officer or director without the approval of the Board of Directors, not including the vote of any director involved in the transaction in a personal capacity.

12. Make contracts, incur liabilities, issue notes, bonds and other obligations, and secure obligations by mortgage or pledge of Corporation property, franchises, and income.

13. Encumber or hypothecate Corporation property for any corporate purpose by mortgage, deed of trust, pledge, or otherwise.

14. Lend money for the Corporation's purposes, invest and reinvest funds, and take and hold real and personal property as security for payment of funds loaned or invested.

15. Enforce any mortgage or deed of trust or pledge owned by the Corporation and, at any sale under any such mortgage, deed of trust, or pledge, bid and buy at Corporation expense any property subject to the security instrument.

16. Carry, at the Corporation's expense, insurance or make other arrangements for paying liabilities to protect the Corporation or its directors, officers, members, agents, and employees, or persons serving at the Corporation's request as representatives of another enterprise, if the terms of the insurance or other arrangements are consistent with Revised Civil Statutes Article 1396--2.22A.

17. Abandon any Corporation asset.

18. Employ an attorney, investment adviser, accountant, broker, tax specialist, or

any other agent, and pay reasonable compensation for all services performed by any of them as a Corporation expense.

19. Compromise, participate in mediation, submit to arbitration, release with or without consideration, extend time for payment, and otherwise adjust any claims in favor of or against the Corporation.

20. Institute or defend any litigation in the corporate name with respect to the Corporation or any Corporation property, at the Corporation's expense.

21. Cease the Corporation's activities and terminate its existence by voluntary dissolution.

22. Do all acts, take part in any proceedings, and exercise all rights and privileges as could an absolute owner of Corporation property, subject to the limitations expressly stated in these Articles of Incorporation. The enumeration of powers in these Articles of Incorporation will not limit the Corporation's general or implied powers or any additional powers provided by law.

**Article 8 - Restrictions**

Notwithstanding the foregoing or anything to the contrary herein, the Corporation may not:

A. Engage in any activity or take any action prohibited by the Texas Non-Profit Corporation Act.

B. Pay any dividend or distribute any part of the income of the Corporation to its members, if any, directors, if any, or officers. However, the Corporation may pay compensation in a reasonable amount to its members, directors, or officers for services rendered, may confer benefits upon its members in conformity with its purposes, provided such compensation and benefits are reasonable.

C. Make loans to the Corporation's directors.

D. Engage in any activities, except to an insubstantial degree, that are not in furtherance of the purpose or purposes of the Corporation.

E. Conduct or carry on any activities not permitted to be conducted or carried on by an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and its regulations, or by an organization, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code and regulations.

F. Serve any private interest except if clearly incidental to the public benefit provided by the Corporation.

G. Allow any of the Corporation's net earnings to inure to the benefit of the

members, if any of the Corporation, or any private individual.

H. Engage in more than an insubstantial degree in the carrying on of propaganda, or otherwise attempting, to influence legislation, and the Corporation shall not directly or indirectly participate in, or intervene in (including the publication or distribution of statements) any political campaign on behalf of any candidate for public office, except as allowed by the Internal Revenue Code and its regulations.

I. Allow upon dissolution of the Corporation or the winding up of its affairs, the assets of the Corporation to be distributed to anyone other than an organization which would then qualify as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code for use in furtherance of the purpose or purposes for which the Corporation was organized or to the State of Texas for public purposes.

J. Make distributions at such time and in such manner as to subject it to tax under Section 4942 of the Internal Revenue Code of 1986 (the "Code").

K. Engage in any act of self-dealing which would be subject to tax under Section 4941 of the Code.

L. Retain any excess business holdings which would subject it to tax under Section 4943 of the Code.

M. Make any investments which would subject it to tax under Section 4944 of the Code.

N. Make any taxable expenditures which would subject it to tax under Section 4945 of the Code.

#### **Article 9 - Indemnification**

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-Profit Corporation Act governing indemnification.

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

#### **Article 10 - 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.

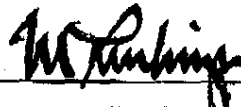
#### **Incorporator**

The name and address of the incorporator is:

MICHAEL J. LUCKSINGER

210 E. Hwy 29, PO Box 520  
Burnet, Texas 78611

The undersigned incorporator signs these articles of incorporation subject to the penalty imposed by Article 10.02, Texas Business Corporation Act, for the submission of a false or fraudulent document.



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MICHAEL J. LUCKSINGER

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