

**CERTIFICATE OF FORMATION OF
GATES RANCH PROPERTY OWNERS' ASSOCIATION, INC.
A NONPROFIT CORPORATION**

This certificate of formation is submitted for filing pursuant to the applicable provisions of the Texas Business Organizations Code.

Article I - Entity Name and Type

The name and type of filing entity being formed are: Gates Ranch Property Owners' Association, Inc., a Texas nonprofit corporation (hereinafter "Corporation").

Article II - 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"), and the Texas Tax Code, Section 11.18. The purpose or purposes for which the Corporation is organized is to function as an association for owners of lots in Gates Ranch, a subdivision in Washington County, Texas, developed by Wolff—Washington County Partners, Ltd. Except as provided in the Declaration of Covenants, Conditions and Restrictions of Gates Ranch, the Corporation shall have all powers granted to it by the Texas Business Organizations Code, Texas Non-Profit Corporation Act, the Texas Business Corporation Act, and the Texas Property Code.

Article III - Restrictions and Limitations

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 applicable provisions of the Texas Business Organizations Code.
- 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 Internal Revenue Code and its regulations.

I. Make distributions at such time and in such manner as to subject it to tax under Section 4942 of the Code.

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

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

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

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

Article IV - Registered Office and Registered Agent

The initial registered agent is an individual resident of the state whose name is David L. Lane. The business address of the initial registered agent and the initial registered office is: 20 Briar Hollow Lane, Houston, Texas 77027.

Article V - Organizer

The name and address of the organizer is:

<u>Name</u>	<u>Address</u>
David L. Lane	20 Briar Hollow Lane, Houston, Texas 77027

Article VI - Governing Authority

Management of the affairs of the Corporation is to be vested in its Board of Directors. The number of initial directors shall be five (5). 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 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:

<u>Name</u>	<u>Address</u>
1. David S. Wolff	20 Briar Hollow Lane, Houston, Texas 77027
2. David L. Lane	20 Briar Hollow Lane, Houston, Texas 77027
3. David W. Hightower	20 Briar Hollow Lane, Houston, Texas 77027
4. Kristen Y. Marney	20 Briar Hollow Lane, Houston, Texas 77027
5. Elizabeth W. Rogers	20 Briar Hollow Lane, Houston, Texas 77027

Article VII - Organizational Structure

The Corporation shall have members in such classes as provided for in the bylaws.

Article VIII - Indemnification

To the full extent permitted by the applicable provisions of Title 1, Chapter 8 of the Texas Business Organizations Code and other applicable law, the Corporation shall advance or reimburse expenses to and indemnify any present and former directors, officers, employees, and agents of the Corporation and persons serving or formerly serving at the request of the Corporation as directors, officers, partners, venturers, proprietors, trustees, employees, agents or similar functionaries of another foreign or domestic corporation, employee benefit plan, other enterprise or entity against judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses actually incurred by the person in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitative or investigative, any appeal in such action, suit or proceeding and any inquiry or investigation that could lead to such an action suit or proceeding, because the person is or was acting in one of the capacities set forth above.

Article IX - Contracts or Transactions with Interested Directors, Officers and Members

This provision applies only to a contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and an entity or other organization in which one or more of the Corporation's directors or officers is a managerial official or has a financial interest.

An otherwise valid contract or transaction is valid notwithstanding that a director, officer, or member of the Corporation is present at or participates in the meeting of the board of

directors, of a committee of the board, or of the members that authorizes the contract or transaction, or votes to authorize the contract or transaction, if: (1) the material facts as to the relationship or interest and as to the contract or transaction are disclosed to or known by (a) the Corporation's board of directors, a committee of the board of directors, or the members, and the board, the committee, or the members in good faith and with ordinary care authorize the contract or transaction by the affirmative vote of the majority of the disinterested directors, committee members or members, regardless of whether the disinterested directors, committee members or members constitute a quorum; or (b) the members entitled to vote on the authorization of the contract or transaction, and the contract or transaction is specifically approved in good faith and with ordinary care by a vote of the members; or (2) the contract or transaction is fair to the Corporation when the contract or transaction is authorized, approved, or ratified by the board of directors, a committee of the board of directors, or the members. Common or interested directors or members of a Corporation may be included in determining the presence of a quorum at a meeting of the board, a committee of the board, or members that authorizes the contract or transaction.

**Article X – Classes of Members and Member Consent
Required For Fundamental Action**

The affirmative vote of only a majority of the members entitled to vote shall be sufficient to approve a Fundamental Action (as the term is defined by Section 22.164 of the Texas Business Organizations Code, as amended from time to time). There shall be two classes of Members—Class A and Class B as provided for in the bylaws.

Article XI - Distribution of Assets Upon Winding Up

After all liabilities and obligations of the Corporation in the process of winding up are paid, satisfied and discharged, the property of the Corporation shall be applied and distributed in accordance with Section 22.304, Texas Business Organizations Code.

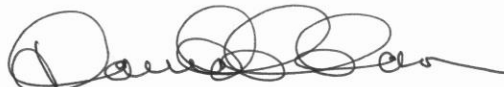
Article XII - Effective Date of Filing

This Certificate of Formation becomes effective when the document is filed by the Secretary of State.

Article XIII - Execution

This document is signed subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument.

Date: January 19, 2009



David L. Lane