

COPY

ARTICLES OF INCORPORATION OF
RUBY RANCH HOMEOWNER'S ASSOCIATION
A NONPROFIT CORPORATION

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FILED
In the Office of the
Secretary of State of Texas
OCT 16 1995
CORPORATION

We, the undersigned natural persons of legal age, 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, as set forth in Article 1396-1.01 et seq. of the Texas Revised Civil Statutes, adopt the following articles of incorporation for such corporation:

ARTICLE I
NAME AND STATUS

The name of the corporation, referred to in these articles as the Association, is RUBY RANCH HOMEOWNER'S ASSOCIATION. The Association is a non-profit corporation.

ARTICLE II
PURPOSES AND POWERS

A. The purpose or purposes for which the Association is organized are to act as agent for the property owners of Ruby Ranch Phase One, a subdivision in Hays County, Texas, according to the map or plat of such subdivision filed for record in Volume 6, Pages 398-400, Plat Records of Hays County, Texas (herein referred to as the "Subdivision") (and any amendments thereto), and to perform those functions (in addition to those set out herein) set forth in that certain Declaration of Covenants, Conditions, and Restrictions For Ruby Ranch Subdivision filed for record in Volume 1181, Pages 57-79 (Clerk's Document #388121), Official Public Records of Hays County, Texas (herein referred to as the "Declaration") (and any amendments thereto and/or any extensions thereof). The specific primary purposes for which the Association is formed are to provide for maintenance, preservation, and architectural control of the residence lots and common area within the Subdivision, and to promote the health, safety, and welfare of the residents within the above-described Subdivision and such additions to it as may hereafter be brought within the jurisdiction of the Association for such purposes.

B. In furtherance of such purposes, and subject to the terms and provisions of the Declaration, the Association will have power to:

(1) Perform all of the duties and obligations of the Association as set forth in the Declaration;

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(2) Affix, levy, and collect all charges and assessments pursuant to the terms of the Declaration, and enforce payment of them by any lawful means; and pay all expenses related to such enforcement, 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 on the property of the Association;

(3) Acquire (by gift, purchase, or otherwise), own, hold, improve, build on, operate, maintain, convey, sell, lease, transfer, dedicate to public use, or otherwise dispose of real and personal property in connection with the affairs of the Association;

(4) Borrow money and, subject to the consent by vote or written instrument of two-thirds of the voting members, mortgage, pledge, convey by deed of trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(5) Provide repair, maintenance and replacement of the common areas as set forth in the Declaration, including but not limited to the roads/streets shown and described on the plat of the Subdivision;

(6) Dedicate, sell, or transfer all or any part of the common areas to any municipality, public agency, authority, or utility for such purposes and subject to such conditions as maybe agreed on by the members. Except as provided in the Declaration and subject to the terms and conditions of any instrument transferring property to the Association, no such dedication or transfer will be effective unless an instrument has been signed by two-thirds of the voting members, agreeing to such dedication, sale, or transfer;

(7) Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, or annex additional residential property and common areas, provided that any merger, consolidation, or annexation will have the consent by vote or written instrument of two-thirds of the voting members; and,

(8) Have and exercise any and all powers, rights, and privileges that a corporation organized under the Texas Non-Profit Corporation Act by law may now or hereafter have or exercise.

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C. The Association is organized and will be operated exclusively for the aforementioned purposes. The activities of the Association will be financed by assessments on members as provided in the Declaration, and no part of any net earnings will inure to the benefit of any member.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

A. Membership. Each and every owner of a lot in the Subdivision shall automatically become, and must remain, a member of the Association during such owner's period of ownership of such lot; membership will be appurtenant to and may not be separated from ownership of a lot. A Member of the Association shall be considered to be a Member in good standing and eligible to vote, subject to the conditions set forth herein, if such. Member:

- a. Has, not less than seven (7) days prior to the taking of any vote by the Association, fully paid all assessments or other charges levied by the Association then due and payable, as such assessments or charges are provided for in the Declaration;
- b. Does not have a lien filed by the Association against his/her/its lot; and
- c. Has discharged other obligations to the Association as may be required of Members hereunder.

The Board of Directors of the Association shall have sole responsibility and authority for determining the good standing status of any Member at any time, and shall make such determination with respect to all Members prior to a vote being taken by the Association on any matter. The Board shall have the right and authority, in its sole discretion, to waive the seven (7) days prior payment requirement established herein and require only that such payment be made at any time before such vote is taken if the Board shall determine, in its own judgment, that extenuating circumstances exist which have prevented a particular Member from meeting any or all of the three requirements stated herein at or before seven (7) days in advance of any vote. Any Member not conforming with the provisions of this Article shall be declared by the Board to be not a Member in good standing and unless the time requirement required hereunder is specifically waived by the Board in writing prior to any particular vote being taken, shall be disqualified from voting on matters before the

Association until such time as Member in good standing status is attained and so declared by the Board.

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

- a. CLASS A. The Class A Members shall be all owners of lots in the Subdivision with exception of the Declarant. After the Conversion Date, Declarant shall also become a Class A Member to the extent Declarant is the Owner of a lot or lots in the Subdivision.
- b. CLASS B. The Class B Member shall be the Declarant. The Class B membership of Declarant shall cease and become converted to Class A membership upon occurrence of the earlier of the following (the "Conversion Date"):

(i) At September 1, 2005; or

(ii) Such earlier date as may be established by Declarant in a Supplemental Declaration to be recorded by Declarant in the Official Public Records of Hays County, Texas.

Until the Conversion Date, the Class A Members shall not be entitled to vote (except as provided for the levying of Special Assessments under Article IV, Section 4.04 of the Declaration and amendments to the Declaration under Article IX of the Declaration). The Class B Member shall be entitled to one (1) vote for each lot that it owns in the Subdivision.

From and after the Conversion Date (and at anytime with respect to votes pertaining to Special Assessments and amendments to the Declaration), each Class A Member shall be entitled one (1) vote for each lot that he/she/it owns in the Subdivision. Where more than one person or entity owns in any lot, all such persons collectively shall be a single Member, and the vote for such Member shall be exercised as the several parties shall determine among themselves.

The membership of a person or entity in the Association shall terminate automatically whenever such person or entity ceases to be an owner, except that such termination shall not release or relieve any such person or entity from any liability or obligation incurred under or in any way connected with the Association or the Declaration during the period of ownership,

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nor impair any rights or remedies which the Association or any other owner has with regard to such former owner.

The terms "Declarant", "Subdivision", "Lot", and "Owner" as used herein shall have the same meaning as set forth in the Declaration.

ARTICLE IV BOARD OF DIRECTORS

The affairs of the Association shall be managed by the Board of Directors. The number of directors constituting the initial board of directors of the Association is three (3), and the names and addresses of the persons who are to serve as the initial directors are:

<u>Name</u>	<u>Address</u>
Michael Thames	1900 FM 967 Buda, Texas 78610
Terri Lee Wimmer	1900 FM 967 Buda, Texas 78610
Lawrence Cearley	1900 FM 967 Buda, Texas 78610

ARTICLE VI LIMITATION ON LIABILITY OF DIRECTORS

A director is not liable to the Association or members of the Association for monetary damages for an act or omission in the director's capacity as director except to the extent otherwise provided by a statute of the State of Texas.

ARTICLE VII INDEMNIFICATION

The Association 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 Association (as provided by or regardless of) the provisions in the Act governing indemnification. As provided in the bylaws, the Board of Directors shall have the power to define the requirements and limitations for the Association to indemnify directors, officers, members or others related to the Association.

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ARTICLE VIII
REGISTERED OFFICE AND AGENT

The street address of the initial registered office of the Association is 1900 FM 967, Buda, Texas, and the name of its initial registered agent at such address is Terri Lee Wimmer.

ARTICLE IX
DURATION

The period of duration of the Association is perpetual.

ARTICLE X
NO RIGHT TO PROPERTY OR PROFITS

The Association is a non-profit corporation, without capital stock, organized solely for the purposes specified in Article II; 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 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.

ARTICLE XI
DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds of the voting members. Upon dissolution of the Association, the assets, both real and personal of the Association, shall be dedicated to an appropriate public agency to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to purposes and uses that would most nearly reflect the purposes to which they were required to be devoted by the Association.

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ARTICLE XII
NAMES AND ADDRESSES OF INCORPORATORS

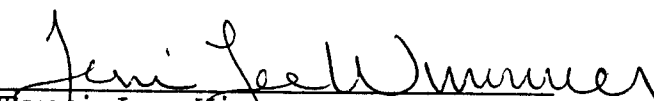
The name and street address of each incorporator is:

<u>Name</u>	<u>Address</u>
Michael Thames	1900 FM 967 Buda, Texas 78610
Terri Lee Wimmer	1900 FM 967 Buda, Texas 78610
Lawrence Cearley	1900 FM 967 Buda, Texas 78610

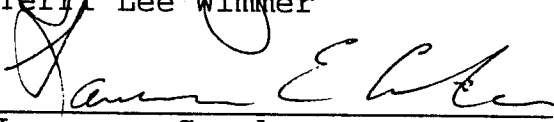
Executed this 16th day of October, 1995.



Michael Thames



Terri Lee Wimmer



Lawrence Cearley