

OCT 21 2002

Corporations Section

ARTICLES OF INCORPORATION
OF
PHOA, INC.

I, the undersigned natural person over the age of twenty-one (21) years and a citizen of the State of Texas, 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 ONE

DEFINITIONS

The following words when used in these Articles of Incorporation shall have the following meanings:

"Act" shall mean and refer to the Texas Non-Profit Corporation Act, Articles 1396-1.01 through 1396-11.01, Vernons Tex. Ann. Civil Statutes, and all amendments and additions thereto.

"Areas of Common Responsibility" shall mean and refer to (i) the masonry and wrought iron screening wall, adjacent landscaping and irrigation system along the rear boundary line of Lots 1, 2, 3 and 4 of Block A and the east side boundary of Lot 1, Block B and, (ii) the project signage and adjacent landscaping and irrigation system at the entrance to the Property at Ridge Road (F.M. 740) and Mont Blanc Drive.

"Corporation" shall mean and refer to "PHOA, INC.", the corporation incorporated hereunder.

"Declarant" shall mean and refer to The Promontory Venture, a Texas joint venture, its successors and any assignee, other than an Owner, who shall receive by assignment from said The Promontory Venture, all, or a portion, of its rights under the Declaration as such Declarant, by instrument expressly assigning such rights of Declarant, to such assignee.

"Declaration" shall mean and refer to that certain "Declaration of Covenants, Conditions and Restrictions" applicable to the Properties and recorded in Volume 1112, Page 232 in the Real Property Records of the County Clerk of Rockwall County, Texas, and as the same may be amended or supplemented from time to time as therein provided.

"Landscape and Maintenance Easement" and "Wall and Maintenance Easement" shall mean those easements granted by Declarant to the Association as shown on the recorded subdivision plat of The Promontory which is recorded in Cabinet "C", at Page 323 of the Map Records of Rockwall County, Texas.

"Lot" shall mean and refer to any plot or tract of land shown upon the recorded subdivision map of the Properties which is shown as a lot thereon and which is or is to be improved with a residential dwelling.

"Member" shall mean and refer to each Owner as provided herein under Article Nine and Article Ten.

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot situated upon the Properties but, notwithstanding any applicable theory of the mortgage or other security device, shall not mean or refer to any mortgagee or trustee under a deed of trust unless and until such mortgagee or trustee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

"Properties" shall mean and refer to the land and premises in the City of Heath, Rockwall County, Texas, containing approximately 13.8068 acres of land and known as "The Promontory", a residential subdivision comprised of 22 single family residential lots, public streets and related amenities, as more particularly described on Exhibit "A" attached hereto and made a part hereof, and such additions thereto as may hereafter be brought within the jurisdiction of this corporation by annexation as provided in the Declaration (as hereinafter defined).

ARTICLE TWO

The name of the Corporation is **PHOA, Inc.**

ARTICLE THREE

The Corporation is a non-profit corporation.

ARTICLE FOUR

The period of its duration is perpetual.

ARTICLE FIVE

This Corporation does not contemplate pecuniary gain or profit to the Members thereof, and the specific purposes for which it is formed are: To provide for maintenance, preservation and architectural control of and to promote the health, safety and welfare of the residents of the Properties, and to preserve the beautification of the Properties, and for these other purposes:

(a) To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Corporation;

(b) To provide for cleanup and waste collection within the Properties when, in its opinion, such shall be necessary or appropriate to supplement and/or replace, if no longer available, such services provided by the City of Heath, Texas, and to otherwise supplement municipal services;

(c) To maintain the Areas of Common Responsibility;

(d) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Corporation as set forth in the Declaration, and reference to the Declaration is hereby made for all purposes;

(e) To fix, levy, collect and enforce payment by any lawful means, all charges or assessments provided for by the terms of the Declaration and to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Corporation, including any licenses, taxes or governmental charges which may be levied or imposed against any property owned by the Corporation;

(f) To borrow money, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(g) Insofar as permitted by law, to do any other thing that, in the opinion of the Board of Directors, will promote the common benefit and enjoyment of the residents of the Properties, provided, that no part of the net earnings of the Corporation shall inure to the benefit of or be distributable to any Member, director or officer of the Corporation, or any private individual (except that reasonable compensation may be paid for services rendered to or for the Corporation effecting one or more of its purposes), and no member, director or officer of the Corporation, or any private individual, shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation; and provided, further, that no part of the activities of the Corporation shall be carrying on propaganda or otherwise attempting to influence legislation, or participating in, or intervening in (including the publication or distribution of statements), any political campaign on behalf of any candidate for public office; and,

(h) Nothing contained in these Articles of Incorporation shall grant any authority to any officer or director of the Corporation for the exercise of any powers which are inconsistent with limitations on any of the same which may be expressly set forth in the Act.

ARTICLE SIX

The address of the initial registered office of the Corporation is c/o HSM Development, Inc., 5001 Spring Valley Road, Suite 1100-W, Dallas, Texas 75244 and the name of its initial registered agent at such address is Don R. Plunk.

ARTICLE SEVEN

The business and affairs of the Corporation shall be managed by an initial Board of three (3) Directors. The number of directors may be set by amendment of the By-Laws of the Corporation, but shall in no event be less than three (3). The names and addresses of the persons who are to act initially in the capacity of directors until the selection of their successors are:

Don R. Plunk,
Daniel B. Mahoney, and
Robert W. Dubois, all located at:
5001 Spring Valley Rd., Suite 1100-W
Dallas, Texas 75244

At each annual meeting after the date of incorporation hereof and thereafter until the directors are elected by the Class A Members, the Class B Members shall elect three (3) directors for a term of one (1) year each. At the first annual meeting following the date upon which all directors are to be elected solely by Class A Members, the Class A Members shall elect five (5) directors who shall serve for the following terms:

The three directors receiving the highest number of votes shall each serve for a term of two years, and the remaining two directors shall each serve for a term of one year.

At each annual meeting thereafter, the Class A Members shall elect new directors to fill any vacancy created by expired terms of existing directors in a manner so that the Corporation will at all times have five directors, all of whom shall have two-year terms.

ARTICLE EIGHT

The name and street address of the incorporator of this corporation is:

Don R. Plunk 5001 Spring Valley Rd., Suite 1100-W, Dallas, Texas 75244

ARTICLE NINE

Every person or entity who is now or hereafter becomes an Owner shall automatically be a Member of the Corporation.

ARTICLE TEN

The Corporation shall have two classes of voting membership:

CLASS A. Class A Members shall be all members with the exception of Declarant. Class A Members shall be entitled to one vote for each Lot in which they hold the interest required for membership. When more than one person holds such interest or interests in

any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any such Lot.

CLASS B. The Class "B" Member shall be Declarant. The Declarant shall be entitled to ten (10) votes for each Lot it owns; provided however, that Declarant shall cease to be a Class "B" Member and shall become a Class "A" Member entitled to one (1) vote per Lot on the happening of either of the following events:

(i). when the total votes outstanding in the Class "A" membership exceeds the total votes outstanding in the Class "B" membership, or

(ii). December 31, 2012.

ARTICLE ELEVEN

Where the Declaration requires that certain additions to the Properties be approved by this Corporation, such approval must be given in accordance with the terms and conditions of Article Sixteen hereof.

ARTICLE TWELVE

To the extent permitted by law, the Corporation may participate in mergers and consolidations with other non-profit corporations organized for the same purpose, PROVIDED that any such merger or consolidation must first have the assent of the Members, given in accordance with the terms and conditions of Article Sixteen hereof.

ARTICLE THIRTEEN

The Corporation shall have power to mortgage its real estate for the purpose of making improvements thereon, PROVIDED that any such mortgage must first have the assent of the Members, given in accordance with the terms and conditions of Article Sixteen hereof.

ARTICLE FOURTEEN

The Corporation shall have power to dedicate any of its property to an appropriate public authority for public use, PROVIDED that any such dedication must first have the assent of the Members, given in accordance with the terms and conditions of Article Sixteen hereof.

ARTICLE FIFTEEN

The Corporation may be dissolved only with the assent of the Members, given in accordance with the terms and conditions of Article Sixteen hereof.

ARTICLE SIXTEEN

(a) Subject to the provisions of paragraph (c) of this Article, any action described in Article Eleven, Article Twelve, Article Thirteen, Article Fourteen and/or Article Fifteen hereof shall require the assent of sixty-six and two thirds percent (66 2/3%) of all Members entitled to vote, voting in person or by proxy, at a meeting duly called for that purpose. Written notice of such meeting shall be given to all Members at least seven (7) days but no more than twenty-one (21) days in advance setting forth the purpose of such meeting.

(b) The quorum required for any action referred to in paragraph (a) of this Article shall be as follows: At the first meeting called, as hereinafter provided, the presence at the meeting of Members, or of proxies, entitled to cast sixty (60) percent of all of the votes of each class of membership entitled to vote shall constitute a quorum. If the required quorum is not present at the meeting, one additional meeting may be called, subject to the notice requirement hereinafter set forth, and the required quorum at such second meeting shall be one-half (1/2) of the quorum required at the preceding meeting, provided, however, that no such second meeting shall be held later than sixty (60) days following the first meeting.

(c) Notwithstanding any provision contained in these Articles of Incorporation to the contrary, any action described in Article Eleven, Article Twelve, Article Thirteen, Article Fourteen and/or Article Fifteen hereof may only be taken with the assent given in writing and signed by sixty-six and two thirds percent (66 2/3%) of all Members then entitled to vote.

(d) The notice, voting and quorum requirements for any other action to be taken by the Corporation shall be as set forth in its By-Laws, as amended from time to time.

ARTICLE SEVENTEEN

These Articles may be amended in accordance with the law, provided that the voting and quorum requirements specified for any action under any provision of these Articles shall apply also to any amendment of such provision, and provided further that no amendment of Articles Nine and Ten (membership and voting rights) or Article Sixteen shall be effective except as provided in the Declaration and any amendment of same.

ARTICLE EIGHTEEN

Upon dissolution of the Corporation, both the real and personal assets of the Corporation 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 Corporation. In the event that such dedication is refused, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization engaged in activities substantially similar to those of the Corporation and which entity is qualified as an exempt organization under the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any future United States Internal Revenue law.

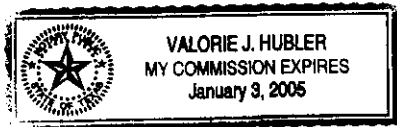
IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of July, 2002.

Don R. Plunk

DON R. PLUNK

THE STATE OF TEXAS }
 }
COUNTY OF DALLAS }

This instrument was acknowledged before me on the 15 day of July, 2002, by Don R. Plunk, known to me to be the person whose name is subscribed to the foregoing instrument.



Valorie J. Hubler
Notary Public In And For
The State Of Texas

My Commission Expires: 01.03.05