

DEC 19 2003

Corporations Section

ARTICLES OF INCORPORATION
OF
SAN CLEMENTE ESTATES OWNERS ASSOCIATION

ARTICLE ONE

NAME

The name of the corporation is SAN CLEMENTE ESTATES OWNERS ASSOCIATION.

ARTICLE TWO

NON-PROFIT CORPORATION

The corporation is a non-profit corporation.

ARTICLE THREE

DURATION

The corporation will continue in perpetuity.

ARTICLE FOUR

PURPOSES

The purposes for organizing the corporation are to act as agent for the property owners of San Clemente Estate Owners Association, a development in the City of El Paso, El Paso County, Texas, established pursuant to that certain Declaration of Covenants, Conditions and Restrictions dated May 30, 2003, filed for record in Volume 4574, Page 854, Real Property Records of El Paso County, Texas, and that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions, dated December 15, 2003, filed for record in the Real Property Records of El Paso County, Texas (collectively the "Declaration") and for any and all other property which is accepted by this Corporation for similar purposes, those purposes being as follows:

- a. To exercise all of the power and privileges and perform all of the duties and obligations of the Corporation as set forth in the Declaration;
- b. To affix, levy, collect and enforce payment by any lawful means all charges or assessments pursuant to the terms of the Declaration; and, as agent, pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of this Corporation including all licenses, taxes or governmental charges levied or imposed against the property of this Corporation and to make disbursements, expenditures and payments on behalf of the said property owners as required by the Declaration and the By-Laws of the Corporation; and to hold as agent for said property owners reserves for periodic repairs and capital improvements to be made as directed by the property owners acting through the Board of Directors of the Corporation;
- c. To acquire by gift, purchase or otherwise, to own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or to otherwise dispose of real or personal property in connection with the affairs of this Corporation subject to the limitations set forth in the Declaration;
- d. To borrow money, to mortgage, pledge or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred subject to the limitations set forth in the Declaration;
- e. To provide general sanitation and cleanliness of the Common Areas and the Private Streets;

- f. To provide upkeep and maintenance of the Common Areas and the Private Streets as provided in the Declaration;
- g. To enter into and perform any contract and to exercise all powers which may be necessary or convenient to the operation, management, maintenance and administration of the affairs of the corporation in accordance with the Declaration;
- h. To have and to exercise any and all powers, rights and privileges a corporation organized under the Non-Profit Corporation Law of the State of Texas, may now or hereafter exercise.

ARTICLE FIVE

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 expressed powers. The Corporation may reasonably compensate directors, officers or employees for services rendered to or for the corporation in furtherance of one or more of its purposes.

ARTICLE SIX

RESTRICTIONS AND REQUIRMENTS

The corporation may not pay dividends or other corporate income to its directors or officers or otherwise accrue distributable profits or permit the realization of private gain. The corporation may not take any action prohibited by Texas Non-Profit Corporation Act. The corporation may not engage in any activities except to an insubstantial degree, that do not further its purposes as set forth in these articles.

ARTICLE SEVEN

MEMBERSHIP

Each and every Owner of a Lot in San Clemente Estates shall automatically become, and must remain, a Member in good standing of the Corporation during such Owner's period of ownership of such Lot or portion thereof. Such membership shall be appurtenant to each Lot, and may not be severed from or held separately therefrom.

A member of the Corporation shall be considered to be a Member in good standing and eligible to vote if such Member:

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

The Board of Directors 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 Corporation on any matter. The Board of Directors 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 of Directors 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 of Directors to be not a Member in good standing and unless the time requirement required hereunder is specifically waived by the Board of Directors in writing prior to any particular vote being taken, shall be disqualified from voting on

matters before the Corporation until such time as Member in good standing status is attained and so declared by the Board of Directors.

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

a. CLASS A. The Class A Members shall be all Owners 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.

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) When Declarant has sold or leased for a term in excess of forty (40) years its interest in all of the Lots to unrelated third parties except for eleven (11) Lots. A sale or a lease for such term to an unrelated third party shall include a sale or lease to joint ventures or partnerships that include Declarant as a co-venturer or partner;

(ii) At December 31, 2009; or

(iii) Such earlier date as may be established by Declarant in a Supplemental Declaration to be recorded by Declarant.

Until the Conversion Date, the Class A Members shall not be entitled to vote. From and after the Conversion Date, the Class A Members shall be entitled to one (1) vote for each Lot owned by such Class A Member. Until the Conversion Date, the Class B Member shall be entitled to one (1) vote for each Lot owned by such Class B Member. Where more than one person or entity holds such interest 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 Corporation 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 Corporation or the

Declaration during the period of ownership nor impair any rights or remedies which the Corporation or any other Owner has with regard to such former Owner.

The membership of a person or entity in the Corporation 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 Corporation or the Declaration during the period of ownership nor impair any rights or remedies which the Corporation or any other Owner has with regard to such former Owner.

ARTICLE EIGHT

INITIAL REGISTERED OFFICE AND AGENT

The street address of the corporation's initial registered office 5877 North Mesa, El Paso, Texas 79912. The name of the initial registered agent at this office is Richard Thomas.

ARTICLE NINE

BOARD OF DIRECTORS

The management of the corporation is vested in its Board of Directors and such Committees of the board that the board may, from time to time, establish. The by-laws will provide the qualifications, manner of selection, duties, terms and other matter relating to the Board of Directors.

The initial Board will consist to three persons. The initial Board will consist of the following persons at the following addresses:

Name	Address
Richard Thomas	5788 North Mesa El Paso, Texas 79912
Donald Ward, Jr.	1852 Dale Douglas, Suite E El Paso, Texas 79936
Walter G. Passero	5788 North Mesa El Paso, Texas 79912

The number of directors may be increased or decreased by amending the by-laws. The number of directors may not be decreased to fewer than three.

ARTICLE TEN

LIMITATION OF LIABILITY OF DIRECTORS

A director is liable to the corporation for monetary damages for an act or mission in the director's capacity as director except as otherwise provided by a Texas statute.

ARTICLE ELEVEN

INDEMNIFICATION

The corporation may indemnify a person who was, is, or is threatened to be, made a named Defendant or Respondent in the litigation or other proceedings because the person is or was a director or other person related to the corporation regardless of the provisions of the Texas Non-Profit Act governing indemnification. As the by-laws may provide, the Board of Directors may defined their requirements and limitations for the corporation to indemnify directors or other persons related to the corporation.

**ARTICLE TWELVE
CONSTRUCTION**

All references in these Articles to statutes, regulation or other sources of legal authority refer to the authority cited, or its successors, as they may be amended from time to time. All capitalized words and phrases not defined herein shall have the meaning given in the Declaration of Covenants, Conditions, and Restrictions.

**ARTICLE THIRTEEN
INCORPORATOR**

The name and street address of the Incorporator is:

NAME OF INCORPORATOR	ADDRESS
Richard Thomas	5587 North Mesa El Paso, Texas 79912

**ARTICLE FOURTEEN
ACTION BY WRITTEN CONSENT**

Action may be taken by use of signed written consents by the number of directors or committee members whose vote would be necessary to take any action at a meeting at which all such persons entitled to vote were present and voted. Each written consent must bear the date of signature of each person signing it. A consent signed by fewer than all of the members, 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 within 60 days of the date of the earliest dated consent 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, personal place of business, or an officer or agent having custody of books in which the relevant proceedings are recorded. If such deliveries are made to the corporation's principal place of business the consent must be addressed to the Board of Directors.

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 properly filed. A facsimile or similar transmission by a director or committee member of a signed writing is to be regarded as being signed by the director or committee member.

EXECUTED this 16 day of DEC. 2003.



RICHARD THOMAS, Incorporator