

ARTICLES OF INCORPORATION

of

SADDLEWOOD ESTATES OWNERS ASSOCIATION, INC.

ARTICLE 1: Corporate Name. The name of the corporation is SADDLEWOOD ESTATES OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association".

ARTICLE 2: Legal Status. The Association is a nonprofit corporation organized pursuant to the Texas Non-Profit Corporation Act.

ARTICLE 3: Duration. The period of the duration of the Association is perpetual.

ARTICLE 4: Purposes and Powers. The purposes for which the Association is formed are:

A. Specifically and primarily to provide an organization consisting of the owners of tracts of land situated in the various sections of Saddlewood Estates, each section of Saddlewood Estates to be a separately platted subdivision of record in Kerr County, Texas (all such sections collectively referred to herein as the "Project"), in order to provide for the management, maintenance, preservation of wildlife, and architectural control of the Project, to be more particularly described in a Declaration of Covenants, Conditions and Restrictions for Saddlewood Estates, Section Three and various Supplements and/or Amendments thereto (the "Declarations"), to be recorded in the Real Property Records of the County Clerk of Kerr County, Texas

B. Generally:

1. To promote the health, safety and welfare of the owners of tracts in the Project; and

2. To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Bylaws of the Association and the Declarations; and

3. To fix, levy, collect, and enforce payment of any charges or assessments as set forth in the Bylaws of the Association and the Declarations; to exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth

in the Bylaws of the Association and the Declarations; to pay all expenses in connection with the business of the Association including, but not limited to, all licenses, taxes, or governmental charges levied or imposed against the property of the Association; and

4. To acquire (by gift, purchase, or otherwise), own hold, improve, build on, operate, maintain, convey, sell, lease, transfer, or otherwise dispose of real or personal property in connection with the affairs of the Association; and

5. To dedicate for public use real (excluding Common Areas) or personal property owned by the Association. To dedicate, sell or transfer all or any part of the Common Areas to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members of the Association; provided, however, that no such dedication, sale or transfer of all or any part of the Common Areas shall be effective unless an instrument has been signed by a majority of all voting members of the Association, agreeing to such dedication, sale or transfer; and

6. To borrow money and with the affirmative vote of a majority of all voting members of the Association, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred; and

7. To have and to exercise any and all powers, rights, and privileges which a corporation organized under the Texas Non-Profit Corporation Act by law may now or hereafter have or exercise; and

8. To act in the capacity of principal, agent, joint venturer, partner or otherwise; and

9. To participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional property and common area, provided that any such merger, consolidation or annexation shall have the affirmative vote of a majority of all voting members of the Association.

C. Notwithstanding any of the above statements of purposes the Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of the Association.

ARTICLE 5: Membership. Every person or entity who is (i) a record owner of a fee interest in any lot or tract in the Project; (ii) a purchaser of a fee interest in any lot or tract in the Project by Contract for Deed; (iii) a record owner of a fee interest in any lot or tract in any property which is annexed by the Association; and (iv) a purchaser of a fee interest in any lot or tract in any property which is annexed by the Association; shall be a member of the Association. Persons or entitles who hold an interest merely as a security for the performance of an obligation shall not be members of the Association. Membership may not be separated from ownership (fee interest or purchaser by Contract for Deed) of lots or tracts in the Project or lots or tracts in any annexed property.

ARTICLE 6: Voting Rights. The only members entitled to vote shall be those who also own a fee interest in lots or tracts of the Project or lots or tracts in any annexed property. Such voting memebbers shall be entitled to one vote for each acre in which a fee interest is owned. When one or more persons or entities holds a fee interest in any lot or tract in the Project or in any annexed property, the vote for such lot or tract shall be exercised as they among themselves determine; however, in no event shall more than one vote for each acre in such lot or tract be cast.

ARTICLE 7: Initial Registered Office and Agent. The street address of the initial registered office of the Association is 190 Fairway Drive, Kerrville, Texas 78028 and the name of its initial registered agent at such address is David M. Cummings, Jr.

ARTICLE 8: Board of Directors. The affairs of the Association shall be managed by a Board of Directors. The number of Directors constituting the initial Board of Directors is three. The number of Directors may be changed by amendment of the Bylaws of the Association.

The names and address of the persons who are to serve as the initial Directors are:

NAME	ADDRESS
David Cummings, Jr.	190 Fairway Drive Kerrville, TX 78028
Beverly K. Cummings	190 Fairway Drive Kerrville, TX 78028
Lewis Brazelton, Trustee	1001 Fannin, Suite 700 Houston, TX 77002

At the first annual meeting of the members, the members shall elect one director for a term of one year, one director for a term of two years, and one director for a term of three years; and at each annual meeting thereafter, the members shall elect a number of directors necessary to fill the director positions then coming vacant and the terms of all such directors elected thereafter shall be three years.

ARTICLE 9: Amendments. Amendment of these Articles shall require an affirmative vote of fifty-one percent (51%) of all members entitled to vote.

ARTICLE 10: Liabilities. The highest amount of indebtedness of liability, direct or contingent, to which this Association may be subject at any one time shall not exceed two hundred percent (200%) of its income for the previous fiscal year, provided that additional amounts may be authorized by an affirmative vote of the majority of all members entitled to vote.

ARTICLE 11: Annexation of Additional Properties. The Association may, at any time, annex additional properties and common areas and so add to its membership under the provisions hereof provided that any such annexation shall require the affirmative vote of the majority of all members entitled to vote.

Article 12: Dissolution. The Association may be dissolved by an affirmative vote in writing and signed by not less than fifty-one percent (51%) of all members entitled to vote. Upon dissolution of the Association, the assets of the Association shall be distributed to an appropriate public agency or nonprofit Corporation whose purposes are as nearly as practicable the same as those of this Association.

ARTICLE 13: Action/Certain Meetings. In order to take action under Article 4, paragraph (b) (5), (6) and (9), and Article 9 through Article 12, inclusive, there must be a duly held meeting. Written notice, setting forth the purpose of the meeting, shall be given to all members not less than 30 days nor more than 60 days in advance of the meeting. The presence of members or of proxies entitled to cast fifty-one percent (51%) of the votes of all members entitled to vote shall constitute a quorum. If the required quorum is non forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth above, and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting

ARTICLE 14: Incorporators. The names and street addresses of the incorporators of this Association are:

NAME	ADDRESS
David M. Cummings, Jr.	190 Fairway Drive Kerrville, Texas 78028
Beverly K. Cummings	190 Fairway Drive Kerrville, Texas 78028
Jimmy Jones	190 Fairway Drive Kerrville, Texas 78028

Executed on July 9, 1996.



David M. Cummings, Jr.

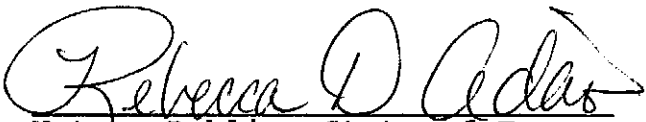


Beverly K. Cummings

Jimmy Jones

SWORN TO BEFORE ME on July 9, 1996, by David M. Cummings, Jr.

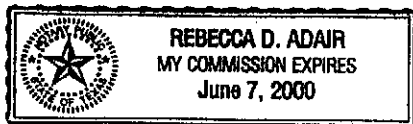





Notary Public, State of Texas
My Commission Expires: 6/7/00
Rebecca D. Adair

Notary's Printed Name

SWORN TO BEFORE ME on July 9, 1996, by Beverly K. Cummings.

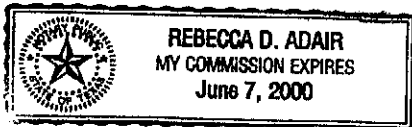




Notary Public, State of Texas
My Commission Expires: 6/7/00
Rebecca D. Adair

Notary's Printed Name

SWORN TO BEFORE ME on July 9, 1996, by Jimmy Jones.



Rebecca D. Adair
Notary Public, State of Texas
My Commission Expires: 6/7/00
Rebecca D. Adair
Notary's Printed Name