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**CERTIFICATE OF FORMATION  
OF  
TERRACES ON MEMORIAL TOWNHOME ASSOCIATION, INC.**

I, the undersigned natural person of the age of eighteen (18) years or more, acting as organizer of a non-profit corporation under the Texas Business Organizations Code, do hereby adopt the following Certificate of Formation for such non-profit corporation.

**ARTICLE I  
NAME**

The name of the corporation is TERRACES ON MEMORIAL TOWNHOME ASSOCIATION, INC. (the "Corporation").

**ARTICLE II  
NON-PROFIT CORPORATION**

The Corporation is a non-profit corporation.

**ARTICLE III  
DURATION**

The period of the Corporation's duration is perpetual.

**ARTICLE IV  
PURPOSES AND POWERS**

- (1) Purposes. The specific and primary purpose for which the Corporation is organized is to provide for an organization consisting of the owners of Lots in TERRACES ON MEMORIAL TOWNHOMES, being Block 4, Lots 7 through 75, of TERRACES ON MEMORIAL, a subdivision in Harris County, Texas according to the Plat thereof recorded on May 25, 2005, under Harris County Clerk's File No. Y493628 and further recorded under Film Code No. 582199 of the Map Records of Harris County, Texas (the "Property"). The Corporation shall provide for the management, maintenance, preservation, and architectural control of the Property. IT SHALL NOT BE ONE OF THE PURPOSES OF THE CORPORATION TO PROVIDE SECURITY TO THE RESIDENTS OF THE PROPERTY AND NONE OF (I) THE CORPORATION, (II) ITS BOARD, (III) TERRACES ON MEMORIAL HOMEOWNERS ASSOCIATION, INC. (IV) TIVOLI DEVELOPMENT, L.P. OR RH OF TEXAS LIMITED PARTNERSHIP (THE DEVELOPERS OF THE PROPERTY) AND (V) ANY MANAGING AGENT OF THE PROPERTY, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AFFILIATES, AGENTS OR ATTORNEYS SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTY AND SHALL NOT BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OR ALLEGED FAILURE TO

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*Beverly B. Kaufman*  
COUNTY CLERK  
HARRIS COUNTY, TEXAS  
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*Hal d Ryland ✓✓*

ANY PROVISIONS HEREIN WHICH RESTRICT THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER THE FEDERAL LAW.

A CERTIFIED COPY

ATTEST: AUG 03 2006  
BEVERLY B. KAUFMAN, County Clerk  
Harris County, Texas

*Marcelous A. Jones*  
Deputy

MARCELLOUS A. JONES

PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN, IF ANY.

(2) Powers. The general powers of the Corporation are:

(a) to enforce the terms of that certain instrument entitled "Declaration of Covenants, Conditions, Restrictions, and Easements for TERRACES ON MEMORIAL TOWNHOMES", recorded or to be recorded in the Real Property Records of Harris County, Texas (the "Declaration"), and as the same may be amended from time to time as therein provided, the Declaration being incorporated herein as if set forth at length, as well as the restrictive covenants of any other properties brought within the jurisdiction of the Corporation;

(b) To the extent permitted thereby, to enforce the terms of that certain Declaration of Covenants, Conditions and Restrictions for Terraces on Memorial filed on November 15, 2005, under Clerk's File No. Y900968 of the Official Public Records of Real Property of Harris County, Texas, together with all other documentation relative to Terraces on Memorial Homeowners Association, Inc., such as its articles of incorporation, bylaws, rules and regulations and design guidelines;

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

(d) 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;

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

(f) to dedicate, sell or transfer all or any part of the Common Area (as defined in the Declaration), to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members;

(g) to participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and Common Area; and

(h) to have and exercise any and all powers, rights and privileges which a non-profit corporation organized under the Texas Business Organizations Code by law may now or hereafter have or exercise.

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BEVERLY B. KAUFMAN, County Clerk  
Harris County, Texas

  
Deputy

MARCELLOUS A. JONES

- (3) Notwithstanding any of the foregoing statements of purposes and powers, the Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purpose of this Corporation as set forth in Paragraph (1) of this Article IV. The Corporation is organized pursuant to the Texas Business Organizations Code and does not contemplate pecuniary gain or profit to the members thereof and is organized for non-profit purposes.

**ARTICLE V**  
**MEMBERSHIP**

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the corporation, including contract sellers, shall be a member of the Corporation. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Corporation.

**ARTICLE VI**  
**VOTING RIGHTS**

The Corporation shall have two classes of voting membership:

Class A. Class A Members shall be all those owners as defined in Article V, with the exception of RH of Texas Limited Partnership. Class A Members shall be entitled to one vote for each Lot in which they hold the interest required for membership in Article V. When more than one person holds an interest in any Lot, all such persons shall be members. 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 Lot.

Class B. The Class B Member shall be RH of Texas Limited Partnership. The Class B Member shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership by Article V; provided, however, that the Class B membership shall cease and be converted to Class A membership on the Election Date (as defined in the Declaration).

**ARTICLE VII**  
**INITIAL REGISTERED OFFICE AND AGENT**

The street address of the initial registered office of the Corporation is 15995 North Barkers Landing Road, Suite 162, Houston, Texas 77079, and the name of its initial registered agent at such address is Severn Trent Environmental Services, Inc. d/b/a Planned Community Management, Inc.

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ATTEST: **AUG 03 2006**  
BEVERLY B. KAUFMAN, County Clerk  
Harris County, Texas



Deputy

**MARCELLOUS A. JONES**

RP 024-47-1575

**ARTICLE VIII**  
**BOARD OF DIRECTORS**

The affairs of the Corporation shall be managed by a Board of three (3) Directors. The number of directors may be changed by amendment of the Bylaws of the Corporation. The names and addresses of the persons who are to act in the capacity of directors until the selection of their successors are:

<u>NAME</u>	<u>ADDRESS</u>
Ernest S. Loeb	5353 West Sam Houston Parkway, Suite 100 Houston, Texas 77041
Steve Becker	5353 West Sam Houston Parkway, Suite 100 Houston, Texas 77041
Brian Williams	5353 West Sam Houston Parkway, Suite 100 Houston, Texas 77041

**ARTICLE IX**  
**INDEMNIFICATION**

The Association shall indemnify any director or former director, officer or former officer of the Association to the fullest extent allowed by the Texas Business Organizations Code.

**ARTICLE X**  
**WRITTEN CONSENT**

Provided the provisions of Sections 6.201, 6.202 and 22.220 of the Texas Business Organizations Code are fully complied with, any action required by the Texas Business Organizations Code to be taken at a meeting of members, directors, or any committee of the Corporation, or any action that may be taken at a meeting of members, directors, or any committee of the Corporation, may be taken without a meeting if a consent in writing setting forth the action to be taken is signed by a sufficient number of members, directors, or committee members as would be necessary to take that action at a meeting at which all of the members, directors, or members of the committee were present and voted.

**ARTICLE XI**  
**ORGANIZER**

The name and street address of the organizer is:

<u>NAME</u>	<u>ADDRESS</u>
Ernest S. Loeb	5353 West Sam Houston Parkway, Suite 100 Houston, Texas 77041

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A CERTIFIED COPY

AUG 03 2006

ATTEST:

BEVERLY B. KAUFMAN, County Clerk  
Harris County, Texas



Deputy

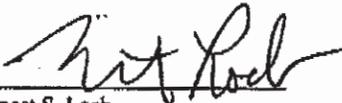
MARCELLOUS A. JONES

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ARTICLE XII  
DISSOLUTION

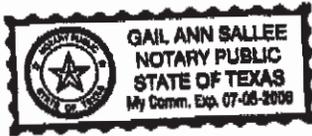
The Corporation may be dissolved with the assent given in writing and signed by members of the Corporation representing not less than sixty-seven percent (67%) of the votes in both Class A and Class B membership as defined in Article VI. Upon dissolution of the Corporation, other than incident to a merger or consolidation, the assets of the Corporation shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Corporation was created. 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 such similar purposes.

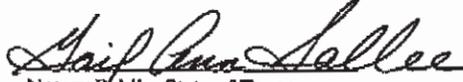
IN WITNESS WHEREOF, I have hereunder set my hand, this 11 day of May, 2006.

  
Ernest S. Loeb

STATE OF TEXAS           §  
  §  
COUNTY OF HARRIS       §

This instrument was acknowledged before me on the 11 day of May, 2006, by Ernest S. Loeb for the purposes and consideration expressed therein

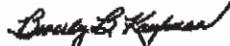


  
Notary Public, State of Texas

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW THE STATE OF TEXAS COUNTY OF HARRIS I hereby certify that this instrument was FILED in the proper Sequence on the 10th day and at the time stamped herein by me, and was duly RECORDED in the Official Public Records of Real Property of Harris County Texas on

JUL 10 2006



  
COUNTY CLERK  
HARRIS COUNTY, TEXAS

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ATTEST: AUG 03 2006  
BEVERLY B. KAUFMAN, County Clerk  
Harris County, Texas

  
Deputy  
MARCELLOUS A. JONES

RP 024-47-1577