

**APPENDIX "A"**  
**TO**  
**RESTATED AND AMENDED CERTIFICATE OF FORMATION**  
**For**  
**L.L.E. SECTION III OWNERS ASSOCIATION, INC.**

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**ARTICLE I**

(Restated – Same as original Articles of Incorporation, filed June 6, 1977)

The name of the Organization shall be **L. L. E. SECTION III OWNERS ASSOCIATION, INC.**

**ARTICLE II**

(Restated – Same as original Articles of Incorporation, filed June 6, 1977)

The term for which it is to exist is perpetual.

**ARTICLE III**

(Restated and Amended)

This nonprofit organization is formed for any lawful purpose or purposes not expressly prohibited under chapter 2 or 22 of the Texas Business Organizational Code, including any purpose described by section 2.002 of the code.

This nonprofit corporation is formed as a property owners association as defined by the Texas Property code, and shall discharge the duties and obligations of a property owners association in interpreting and enforcing the deed restrictions applicable to the Lake Livingston Estates, Section III subdivision, in Polk county, Texas, on file with the County Clerk of Polk County, Texas, including but not limited to the original restrictions dated June 26, 1967, filed of record at Vol. 223, pages 562, et seq., Deed Records of Polk County, Texas, and any amendments thereto filed of record with the County Clerk's Office of Polk County, Texas.

This nonprofit corporation shall be the representative of the property owners in Lake Livingston Estates, Section 3, in assisting in the preservation of property values and at the same time assuring to every purchaser of land that the appearance, sanitation, and permissive activities shall be controlled and safeguarded; and such association shall have the following powers and functions (but not by way of limitation):

1. Collect and expend, in the interest of the subdivision the Maintenance Fund created in the various provisions contained in the contracts of sale and general warranty deeds, and/or by the terms of the deed restrictions and restrictive covenants;
2. Enforce the application restrictive covenants by appropriate proceedings, but without having the sole obligation with respect to enforcement of such restrictions;
3. Enforce any lien imposed on any lot or any part of the subdivision by reason of failure to pay maintenance charges into the Maintenance Fund as provided in the contracts of sale and general warranty deeds, and/or by the terms of the deed restrictions and restrictive covenants; and
4. Perform any other things necessary or desirable in the opinion of the association to keep the property neat and in good order or which it considers to be of general benefit to the owners and occupants of the subdivision, it being understood that the judgment of said association in the expenditure of such funds shall be final so long as such judgment is exercised in good faith; and
5. Apply funds arising from the maintenance fund charge so far as sufficient, toward the payment of expenses incurred in the maintenance and operation of community improvement, civic betterments and other related matters, including those described above.

Pursuant to Texas Tax code Section 171.082, and in extension of and not limitation of the purposes set forth in the Certificate of Formation for the Corporation,

1. the corporation is organized and operated primarily to obtain, manage, construct, and maintain the property in or of a residential condominium or residential real estate development; and
2. the owners of individual lots, residences, or residential units control at least 51 percent of the votes of the corporation and that voting control, however acquired, is not held by
  - a) a single individual or family, or
  - b) one or more developers, declarants, banks, investors, or other similar parties.

The entire income and principal of the endowment and assets of this corporation shall be held and distributed solely for such purposes, except for the modest amount needed for the expenses of administration of this corporation, if approved by the membership, in order to effectuate the said purposes; and the making of distributions to organizations having the same purpose qualifying as exempt organizations under Section 501 (c) (3) of the Internal Revenue Code of 1954 (or the corresponding provisions of any future United States Internal Revenue Law).

No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to, its members, Directors, Officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in the furtherance of the purposes set forth herein or as described in the current Bylaws of the Organization. No substantial part of the activities of the corporation shall be the carrying on of propaganda or otherwise attempting to influence Legislation and the corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to be carried on

- (a) by an organization exempt from Federal Income Tax under Section 501 (c) (3) of the Internal Revenue Code of 1954 (or the corresponding provisions for any future United States Internal Revenue law) or
- (b) by an organization, contributions to which are deductible under Section 170 of the Internal Revenue Code of 1954 (or the corresponding provisions of any future United States Internal Revenue law).

The corporation is authorized on its winding up to distribute the nonprofit corporation's assets in a manner other than as provided by Section 22.304 of the Texas Business Organization Code. The manner of distribution is as follows:

1. Property held by the corporation on a condition requiring return, transfer, or conveyance because of the winding up or termination shall be returned, transferred, or conveyed in accordance with that requirement.
2. The remaining property shall be distributed only for tax-exempt purposes to one or more organizations that are exempt under Section 501 (c)(3), or described by Section 170(c)(1) or (2) of the Internal Revenue Code as provided in a plan of distribution adopted by the corporation under the Texas Business Organizations Code.

## **ARTICLE IV**

(Amended)

Each property owner in the Lake Livingston Estates Section III Subdivision, Polk County, Texas, shall be a member of the corporation.

## **ARTICLE V**

(Amended)

The place where the business of the corporation is to be transacted is Polk County, Texas.

The registered office of the Corporation is in Polk County, Texas, and the mailing address is Post Office Box 704, Livingston, Texas 77351.

The registered agent for the corporation is G.B. Wise Jr.

The business address for the corporation is Post Office Box 704, Livingston, Texas 77351

## **ARTICLE VI**

(Amended)

The management of the affairs of the corporation is vested in the Board of Directors. The number of directors constituting the current board of directors is five (5) and the names and address of the persons who are elected and qualified as Directors are as follows:

1. G.B. Wise Jr. 507 W. Lake Shore Dr., Livingston, Texas 77351
2. Steve Harper 171 Lake View Lane, Livingston, Texas 77351
3. Joseph W. Westmoreland, III 105 W. Lake Shore Dr., Livingston, Texas 77351
4. Marylee Westmoreland 105 W. Lake Shore Dr., Livingston, Texas 77351
5. Patricia O'Neal, 441 W. Lake Shore Dr., Livingston, Texas 77351

## **ARTICLE VII**

(New)

Pursuant to Article 13.02-7.06, Vernon's Annotated Texas Statutes, a director of the corporation is not liable to the corporation or its members for monetary damages for an act or omission in the director's capacity as a director, except that this article shall not eliminate or limit the liability of a director for:

1. a breach of a director's duty of loyalty to the corporation or its members;
2. an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law;
3. a transaction from which a director receives an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office;
4. an act or omission for which the liability of a director is expressly provided for by statute.

## **EXECUTION**

The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument.

Dated: \_\_\_\_\_

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