

TO

ARTICLES OF INCORPORATION

OF

LAKEVIEW ESTATES PROPERTY OWNERS ASSOCIATIONS, INC.

Pursuant to the provisions of Article 4.03 of the Texas Non-Profit Corporation Act, the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation which amend the corporation to provide for the limitation of liability for directors of the corporation, except under certain situations set forth in these Articles of Amendment.

The Articles of Incorporation are hereby amended by the corporation on April 19, 1997, by adding thereto a new article XVII, to read as follows:

XVII**INDEMNIFICATION OF DIRECTORS**

Pursuant to Article 1302-7.06, 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 directors capacity as a director, except that this article shall not eliminate or limit the liability of a director for:

- (1) a breach of a directors duty of loyalty to the corporation or its shareholders or 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 received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the directors's office;
- (4) an act or omission for which the liability of a director is expressly providing for by statute; or
- (5) an act related to an unlawful stock repurchase or payment of a dividend.

**1996 AMENDMENTS TO BYLAWS FOR
LAKEVIEW ESTATES PROPERTY OWNERS
ASSOCIATION, INC.**

ARTICLE XV

(new)

**POWER TO INDEMNIFY AND TO PURCHASE INDEMNITY INSURANCE:
DUTY TO INDEMNIFY**

(as provided by Article 1396-2.22A, Texas Non-Profit Corporation Act)

A. In this article:

(1) "Corporation" includes any domestic or foreign predecessor entity of the corporation in a merger, consolidation, or other transaction in which the liabilities of the predecessor are transferred to the corporation by operation of law and in any transaction in which the corporation assumes the liabilities of the predecessor but does not specifically exclude liabilities that are the subject matter of this article.

(2) "Director" means any person who is or was a director of the corporation and any person who, while a director of the corporation, is or was serving at the request of the corporation as a director, officer, partner, venture, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise.

(3) "Expenses" includes court costs and attorneys' fees.

(4) "Official capacity" means:

(a) when used with respect to a director, the office of director in the corporation; and

(b) when used with respect to a person other than a director, the elective or appointive office in the corporation held by the officer or the employment or agency relationship undertaken by the employee or agent in behalf of the corporation; but

(c) in both paragraphs (a) and (b) does not include service for any other foreign or domestic corporation or any partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise.

(5) "Proceeding" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitative, or investigative, any appeal in such an action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding.

B. A corporation may indemnify a person who was, is, or is threatened to be made a named defendant or respondent in a proceeding because the person is or was a director only if it is determined in accordance with Section F of this article that the person:

- (1) conducted himself in good faith;
- (2) reasonably believed:
 - (a) in the case of conduct in his official capacity as a director of the corporation, that his conduct was in the corporation's best interest; and
 - (b) in all other cases, that his conduct was at least not opposed to the corporation's best interests; and
- (3) in the case of any criminal proceeding, had no reasonable cause to believe his conduct was unlawful.

C. Except to the extent permitted by Section E of this article, a director may not be indemnified under Section B of this article in respect of a proceeding:

- (1) in which the person is found liable on the basis that personal benefit was improperly received by him, whether or not the benefit resulted from an action taken in the person's official capacity; or
- (2) in which the person is found liable to the corporation.

D. The termination of a proceeding by judgment, order, settlement, or conviction or on a plea of nolo contendere or its equivalent is not of itself determinative that the person did not meet the requirements set forth in Section B of this article. A person shall be deemed to have been found liable in respect of any claim, issue or matter only after the person shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom.

E. A person may be indemnified under Section B of the article against judgments, penalties (including excise and similar taxes), fines, settlements, and reasonable expenses actually incurred by the person in connection with the proceeding; but if the person is found liable to the corporation or is found liable on the basis that personal benefit was improperly received by the person, the indemnification (1) is limited to reasonable expenses actually incurred by the person in connection with proceeding, and (2) shall not be made in respect of any proceeding in which the person shall have been found liable for willful or intentional misconduct in the performance of his duty to the corporation.

F. A determination of indemnification under Section B of this article must be made:

- (1) by the majority vote of a quorum consisting of directors who at the time of the vote are not named defendants or respondents in the proceeding;

(2) if such a quorum cannot be obtained, by a majority vote of a committee of the board of directors, designated to act in the matter by majority vote of all directors, consisting solely of two or more directors who at the time of the vote are not named defendants or respondents in the proceeding;

(3) by special legal counsel selected by the board of directors or a committee of the board by vote as set forth in Subsection (1) or (2) of this section, or, if such a quorum cannot be obtained and such a committee cannot be established, by a majority vote of all directors; or

(4) by the members in a vote that excludes the vote of directors who are named defendants or respondent in the proceeding.

G. Authorization of indemnification and determination as to reasonableness of expenses must be made in the same manner as the determination that indemnification is permissible, except that if the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification and determination as to reasonableness of expenses must be made in the manner specified by Subsection (3) of Section F of this article for the selection of special legal counsel. A provision contained in the articles of incorporation, the bylaws, a resolution of member or directors, or an agreement that makes mandatory the indemnification permitted under Section B of this article shall be deemed to constitute authorization of indemnification in the manner required by this section even though such provision may not have been adopted or authorized in the same manner as the determination that indemnification is permissible.

H. A corporation shall indemnify a director against reasonable expenses incurred by him in connection with proceeding in which he is a named defendant or respondent because he is or was a director if he has been wholly successful, on the merits or otherwise, in the defense of the proceeding.

I. If, in a suit for the indemnification required by Section H of this article, a court of competent jurisdiction determines that the director is entitled to indemnification under that section, the court shall order indemnification and shall award to the director the expenses incurred in securing the indemnification.

J. If, upon application of a director, a court of competent jurisdiction determines, after giving any notice the court considers necessary, that the director is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not he has met the requirements set forth in Section B of this article or has been found liable in the circumstances described by Section C of this article, the court may order the indemnification that the court determines is proper and equitable; but if the person is found liable to the corporation or is found liable on the basis that personal benefit was improperly received by the person, the indemnification shall be limited to reasonable expense actually incurred by the person in connection with the proceeding.

K. Reasonable expenses incurred by a director who was, is, or is threatened to be made a named defendant or respondent in a proceeding may be paid or reimbursed by the corporation, in advance of the final disposition of the proceeding and without the determination specified in Section F of this article or the authorization or determination specified in Section G of this article, after the corporation receives a written affirmation by the director of his good faith belief that he has met the standard of conduct necessary for indemnification under this article and a written undertaking by or on behalf of the director to repay the amount paid or reimbursed if it is ultimately determined that he has not met that standard or if it is ultimately determined that indemnification of the director against expense incurred by him in connection with that proceeding is prohibited by Section E of this article. A provision contained in the articles of incorporation, the bylaws, a resolution of members or directors, or an agreement that makes mandatory the payment or reimbursement permitted under this section shall be deemed to constitute authorization of that payment or reimbursement.

L. The written undertaking required by Section K of this article must be an unlimited general obligation of the director but need not be secured. It may be accepted without references to financial ability to make repayment.

M. A provision for a corporation to indemnify or to advance expense to a director who was, is or is threatened to be made a named defendant or respondent in a proceeding, whether contained in the articles of incorporation, the bylaws, a resolution of members or directors, an agreement, or otherwise, except in accordance with Section R of this article, is valid only to the extent it is consistent with this article as limited by the articles of incorporation, if such a limitation exists.

N. Notwithstanding any other provision of this article, a corporation may pay or reimburse expenses incurred by a director in connection with his appearance as witness or other participation in proceeding at a time he is not named defendant or respondent in the proceeding.

O. An officer of the corporation shall be indemnified as, and to the same extent, provided by Sections H, I, and J of this article for a director and is entitled to seek indemnification under those sections to the same extents as a director. A corporation may indemnify and advance expense to an officer, employee, or agent of the corporation to the same extent that it may indemnify and advance expenses to directors under this article.

P. A corporation may indemnify and advance expenses to a person who is not or was not an officer, employee, or agent of the corporation but who is or was serving at the request of the corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporate, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise to the same extent that it may indemnify and advance expenses to directors under this article.

Q. A corporation may indemnify and advance expenses to an officer, employee, agent, or person identified in Section P of this article and who is not a director to such further extent, consistent with law, as may be provided by its articles of incorporation, bylaws, general or specific action of its board of directors, or contract or as permitted or required by common law.

R. (1) A corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the corporation or who is or was serving at the request of the corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprises against any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a person, whether or not the corporation would have the power to indemnify him against that liability under this article.

(2)(a) In addition to the powers described in Subsection (1), a corporation may purchase, maintain, or enter into other arrangements on behalf of any person who is or was a director, officer, or trustee of the corporation against any liability asserted against him and incurred by him in such capacity or arising out of his status as such a person, whether or not the corporation would have the power to indemnify him against that liability under this article.

(b) If the other arrangement is with a person or entity that is not regularly engaged in the business of providing insurance coverage, the arrangement may provide for payment of a liability with respect to which the corporation would not have the power to indemnify a person only if coverage for that liability has been approved by the corporation's members, if the corporation has members.

(c) Without limiting the power of the corporation to procure or maintain any kind of other arrangement, a corporation, for the benefit of persons described in Subsection (2)(a) may:

- (i) create a trust fund;
- (ii) establish any form of self-insurance;
- (iii) secure its indemnity obligation by grant of a security interest or other lien on the assets of the corporation; or

- (iv) establish a letter of credit, guaranty, or surety arrangement.

(d) For the limited purposes of Subsection(2) of this section only, any liability indemnification arrangement, other than coverage through an insurance carrier, is not considered to be the business of insurance under the Insurance Code, including the Texas Property and Casualty Insurance Guaranty Act (Article 21.28.C, Vernon's Texas Civil Statutes), or any other law of this state.

(3) The insurance may be procured or maintained with an insurer, or the other arrangement may be procured, maintained, or established within the corporation or with any insurer or other person considered appropriate by the board of directors, regardless of whether all or part of the stock or other securities of the insurer or other person are owned in whole or part by the corporation. In the absence of fraud, the judgment of the

board of directors as to the terms and conditions of the insurance or other arrangement and the identity of the insurer or other person participating in an arrangement is conclusive, and the insurance or arrangement is not voidable and does not subject the directors approving the insurance or arrangement to liability, on any ground, regardless of whether directors participating in the approval are beneficiaries of the insurance or arrangement.

S. Any indemnification or advance of expenses to a director in accordance with this article shall be reported in writing to the members of the corporation with or before the notice or waiver of notice of the next meeting of members or with or before the next submission to members of a consent to action without a meeting pursuant to Section A. Article 1396-9.10 of this Act and, in any case, within the 12 month period immediately following the date of the indemnification or advance.

T. For purposes of this article, the corporation is deemed to have requested a director to serve an employee benefit plan whenever the performance by him of his duties to the corporation also imposes duties on or otherwise involves services by him to the plan or participants or beneficiaries of the plan. Excise taxes assessed on a director with respect to an employee benefit plan pursuant to applicable law are deemed fines. Action taken or omitted by him with respect to an employee benefit plan in the performance of his duties for a purpose reasonably believed by him to be in the interest of the participants and beneficiaries of the plan is deemed to be for a purpose which is not opposed to the best interests of the corporation.

The Amendments to the Articles of Incorporation and Amendments to Bylaws for Lakeview Estates Property Owners Association were adopted in the following manner:

The amendment was adopted at the meeting of the members held on April 19, 1997, at which a quorum was present, and the amendment received the required number of votes according to Article 13 of the Articles of Incorporation which members present or represented by proxy at such meeting were entitled to cast.

THE STATE OF TEXAS COUNTY OF HARRIS

THIS INSTRUMENT Dated 8/6/98, 1998 WAS ACKNOWLEDGED BEFORE ME ON THE 6TH DAY OF AUGUST, 1998 BY TOM GRISHAM.
LAKEVIEW ESTATES PROPERTY OWNERS ASSOCIATION, INC.



By: Tom Grisham
Tom Grisham
President

NOTARY PUBLIC, STATE OF TEXAS

THIS INSTRUMENT WAS ACKNOWLEDGED BEFORE ME ON THE 11TH DAY OF AUGUST, 1998, BY ROBERT SMAISTRALA.



By: Robert N. Smaistrala (Bob)
Bob Smaistrala
Vice President

NOTARY PUBLIC, STATE OF TEXAS

THIS INSTRUMENT WAS ACKNOWLEDGED BEFORE ME ON THE 17TH DAY OF AUGUST, 1998, BY JIM WAKEMAN.



and Jim Wakeman
Jim Wakeman
Treasurer

NOTARY PUBLIC, STATE OF TEXAS