

**CERTIFICATE OF FORMATION
OF
INDIAN SPRINGS SECTION 31 HOMEOWNERS ASSOCIATION, INC.,
A NON-PROFIT CORPORATION**

REAL PROPERTY

This Certificate of Formation pertains to THE WOODLANDS, VILLAGE OF INDIAN SPRINGS, SECTION 31, a subdivision in The Woodlands, Montgomery County, Texas, as shown by plat thereof, recorded in Montgomery County Map Records under Cabinet Z, Sheet 2804, and subject to those certain Restrictive Covenants to be recorded in Montgomery County Real Property Records (the "Restrictions").

**ARTICLE I
NAME & TYPE**

The filing entity being formed is a nonprofit corporation. The name of the entity is: INDIAN SPRINGS SECTION 31 HOMEOWNERS ASSOCIATION, INC. (the "Association").

**ARTICLE II
REGISTERED AGENT & ADDRESS**

The initial registered agent is an individual resident of the state whose name is James G. Frankel. The business address of the registered agent and the registered office is 5701 Woodway, Suite 200, Houston, Texas 77057.

**ARTICLE III
DIRECTORS**

The management of the affairs of the Association is vested in the board of directors. The number of directors constituting the initial board of directors and the names and addresses of the persons who are to serve as directors until the first annual meeting of members or until their successors are elected and qualified are as follows:

NAME	ADDRESS
James G. Frankel	5701 Woodway, Suite 200 Houston, Texas 77057
Kevin A. Frankel	5701 Woodway, Suite 200 Houston, Texas 77057
Tim Welbes	5701 Woodway, Suite 200 Houston, Texas 77057

ARTICLE IV MEMBERS

The nonprofit Association shall have members. The Association is a non-stock corporation. The members of the Association shall consist solely of the owners of lots within the Property. The Restrictions or Bylaws will determine the number and qualification of members of the Association; any classes of membership; the voting rights and other privileges of membership; and the obligations and liabilities of members. Cumulative voting is not allowed.

ARTICLE V PURPOSES

The nonprofit Association is organized for the following purpose or purposes: (1) to exercise the rights and powers and to perform the duties and obligations of a Texas property owners association, in accordance with the governing documents of the Association, which shall include, the Bylaws of the Association, the Restrictions, rules and/or regulations, and any other documents or agreements as enacted and approved by the members of the Association (the "Governing Documents"), state law, as each may be amended from time to time, and (2) for any lawful purpose not expressly prohibited under the Texas Business Organizations Code (the "Code").

ARTICLE VI DURATION

The duration of the Association is perpetual.

ARTICLE VII POWERS

In furtherance of its purposes, the Association has the following power which, unless indicated otherwise by the Governing Documents or state law, may be exercised by the board of directors: (1) all rights and powers conferred on nonprofit entities by state law in effect from time to time; (2) all rights and powers conferred on property owners associations by state law, in effect from time to time; (3) all powers necessary, appropriate, or advisable to perform any purpose or duty of the Association as set out in the Governing Documents or state law.

ARTICLE VIII LIMITATIONS ON LIABILITY

A director of the Association is not liable to the Association or its members for monetary damages for acts or omissions that occur in the person's capacity as a director, except to the extent a person is found liable (1) a breach of the director's duty of loyalty to the Association or its members; (2) an act or omission not in good faith that constitutes a breach of duty of the director to the Association; (3) an act or omission that involves intentional misconduct or a knowing violation of the law; (4) a transaction from which the director receives an improper benefit, whether or not the benefit resulted from an action taken within the scope of the person's

office; or (5) an act or omission for which the liability of a director is expressly provided by an applicable statute. If the director is a member of the Association, this limitation on liability does not eliminate or modify that person's pro rata share of the Association's liability as a member of the Association.

ARTICLE IX INDEMNIFICATION

The Association will 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, officer, committee chair, or committee member of the Association. Additionally, the Association may indemnify a person who is or was an employee, trustee, agent, or attorney of the Association, against any liability asserted against him and incurred by him in that capacity and arising out of that capacity.

ARTICLE X AMENDMENT OF CERTIFICATE OF FORMATION

- 10.1 This Certificate of Formation may be amended or restated subject to the following: (1) An amendment may not conflict with the Restrictions, the Bylaws, or applicable state law, (2) An amendment may not impair or dilute a right granted to a person by the Restrictions, without that person's written consent, (3) the amendment must be in accordance with applicable provisions of the Code.
- 10.2 The board of directors may unilaterally amend or restate this Certificate of Formation, without a vote of the members, for the following limited purposes: (1) to delete the names and addresses of the initial directors, (2) to delete the name and address of the initial registered agent or office, provided a statement of change is on file with the Secretary of State, and (3) to change the name of the Association with the Secretary of State by adding, deleting, or changing a geographical attribute to the name.
- 10.3 For all other purposes, an amendment must be approved by the board of directors and by at least two-thirds of the votes or voting interests present, in person or by proxy, at a properly called meeting of the Association for which a quorum is obtained.

ARTICLE XI AMENDMENT OF BYLAWS

The Bylaws of the Association may be amended or repealed according to the amendment provision of the Bylaws, which reserve those powers to the members.

ARTICLE XII
MEETING LOCATION

Unless the Restrictions or Bylaws provides otherwise, meetings of members of the Association will be held at a suitable place convenient to the members, as determined by the board of directors.

ARTICLE XIII
ACTION WITHOUT MEETING

Subject to the additional requirements of Code Section 22.220, any action required by the Code or Governing Documents to be taken at a meeting of members or owners 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 or owners as would be necessary to take that action at a meeting at which the required number of members or owners were present and voted.

ARTICLE XIV
DECLARANT CONTROL PERIOD

The Restrictions determines the weight or numbers of votes allocated to lots owned by Frankel Homes, Ltd., a Texas limited partnership (the "Declarant"). Because Declarant has powers, rights, and duties in addition to those of other members, Declarant may constitute a membership "class" as described by the Code, the other lot owners constituting a different "class."

ARTICLE XV
VOTING RIGHTS

The Association shall initially have two (2) classes of voting membership as follows:

- 15.1 Class A. Class A members shall be all owners with the exception of the Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one individual or entity holds an ownership interest in a Lot, all such persons shall be members, but in no event shall they be entitled to more than one (1) vote with respect to that particular Lot.
- 15.2 Class B. Class B members shall be the Declarant. Class B members shall be entitled to fifteen (15) votes for each Lot owned. The Class B ownership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs first: (i) When the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership, or (ii) on May 1, 2024. However, if Class B membership has automatically converted to one vote per Lot owned, it shall automatically revert to fifteen (15) votes per Lot owned in the event additional Lots are subjected to the jurisdiction of the Association such that the Declarant owns more than twenty-five percent (25%) of all Lots. Notwithstanding anything to the contrary herein, if at such

time that additional property is annexed into the Association by Declarant, the Class B membership of Declarant, shall, if it has previously ceased due to one of the conditions listed above in (i) or (ii), hereof, be reinstated and shall apply to all additional property owned by Declarant by virtue of such supplement to these restrictive covenants, as well as to all property owned by Declarant in all other areas of the Subdivision. Such reinstatement is subject to further cessation (and subsequent reinstatement at the time of subsequent annexations to the Property) in accordance with the limitations set forth hereof, whichever occurs first.

ARTICLE XVI
TERMINOLOGY

Capitalized terms used in this Certificate shall have the same meanings as defined in the Restrictions.

ARTICLE XVII
ORGANIZER

The name of the organizer is James G. Frankel. The organizer's address is 5701 Woodway, Suite 200, Houston, Texas 77057.

ARTICLE XVIII
EFFECTIVENESS OF FILING

This document becomes effective when the document is filed by the Secretary of State.

[INTENTIONALLY LEFT BLANK – SIGNATURE PAGE FOLLOWS]

EXECUTION

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

SIGNED this _____ day of April, 2014.

JAMES G. FRANKEL

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on this ____ day of April, 2014 by James G. Frankel.

NOTARY PUBLIC, STATE OF TEXAS