

FILED 008  
In the Office of the  
Secretary of State of Texas  
JAN 28 2015

Corporations Section

**CERTIFICATE OF FORMATION**  
*of*  
**PROPERTY OWNERS ASSOCIATION OF LAGO MAR**  
**(A TEXAS NONPROFIT CORPORATION)**

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

**ARTICLE ONE**  
**NAME**

The name of the corporation is PROPERTY OWNERS ASSOCIATION OF LAGO MAR.

**ARTICLE TWO**  
**NON-PROFIT CORPORATION**

The corporation is a nonprofit corporation.

**ARTICLE THREE**  
**PURPOSES**

The purposes for which the corporation is organized are as follows:

(1) The specific and primary purpose for which this corporation is organized is to govern the affairs of that certain real property commonly known as "Lago Mar" a real estate development in Galveston County, Texas, according to the "Declaration of Covenants, Conditions and Restrictions for Lago Mar" and any subsequent "Supplemental Declarations" thereto (collectively the "Declaration") recorded in the Official Public Records of Real Property of Galveston County, Texas describing real property brought within the jurisdiction of the corporation (the "Properties"). IT SHALL NOT BE ONE OF THE PURPOSES OF THE CORPORATION TO PROVIDE SECURITY TO THE RESIDENTS OF THE PROPERTIES OR THEIR GUESTS AND INVITEES. NEITHER MREC LT LAGO MAR OPERATING LLC, A DELAWARE LIMITED LIABILITY COMPANY, ITS SUCCESSORS, ASSIGNS, BENEFICIARIES OR PARTNERS OR THE DEVELOPER OF ANY ADDITIONAL PROPERTIES BROUGHT WITHIN THE JURISDICTION OF THE CORPORATION (THE "DEVELOPER"), THE CORPORATION, ITS BOARD, NOR ITS OFFICERS, DIRECTORS OR ITS AGENTS SHALL EVER IN ANY WAY, BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTIES NOR SHALL THEY BE LIABLE FOR ANY LOSS OR DAMAGE BY REASON OR ALLEGED FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN, IF ANY.

(2) The general powers of the corporation are:

(a) exercise all of the powers and privileges and to perform all of the duties and obligations of the corporation as set forth in that certain instrument entitled "Declaration of Covenants, Conditions and Restrictions for Lago Mar" (the "Declaration") and as the same may be amended or supplemented from time to time as therein provided, as well as the restrictive covenants of any other subdivisions brought within the jurisdiction of the corporation;

(b) 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;

(c) 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;

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

(e) dedicate, sell or transfer all or any part of the common area to any public agency, authority, or utility;

(f) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and common area; and

(g) have and exercise any and all powers, rights and privileges which a corporation organized under the Texas Business Organizations Code or any successor statute by law may now or hereafter have or exercise.

(3) Notwithstanding any of the foregoing statements of purposes and powers, this 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 Three, and nothing contained in the foregoing statement of purposes shall be construed to authorize this corporation to carry on any activity for the profit of its members, or to distribute any gains, profits, or dividends to its members as such.

#### **ARTICLE FOUR** **MEMBERSHIP**

Each owner, whether one person or more of a lot in the Properties shall, upon and by virtue of becoming such owner, automatically become and shall remain a member of the corporation until ownership of the lot ceases for any reason, at which time the membership in the corporation shall also automatically cease. Membership in the corporation shall be appurtenant to and shall automatically follow the ownership of each lot and may not be separated from such ownership.

#### **ARTICLE FIVE** **VOTING RIGHTS**

The Corporation shall have two (2) classes of voting membership:

- **Class A.** Class A members shall be all Owners, with the exception of Developer, and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Lot. Holders of future

interests not entitled to present possession shall not be considered as Owners for the purposes of voting hereunder.

- Class B. The Class B member(s) shall be Developer, or its successors or assigns so designated in writing by the Developer, and shall be entitled to seven (7) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership at the end of the Developer Control Period.

**ARTICLE SIX**  
**INITIAL REGISTERED OFFICE AND AGENT**

The street address of the initial registered office of the corporation is 2800 Post Oak Boulevard, Suite 5777, Houston, Texas 77056, and the name of its initial registered agent at such address is Roy D. Halley.

**ARTICLE SEVEN**  
**MANAGEMENT**

The affairs of the corporation shall be managed by its board of directors, which shall initially consist of three (3) directors, who need not be members of the corporation until after the Developer Control Period, as that term is defined in the Declaration and Bylaws of the corporation ("Developer Control Period"). The directors shall be appointed and elected as set forth in the Bylaws of the corporation. The number of directors can be increased as provided in 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>
Rachel Gwin	2450 Fondren, Suite 210 Houston, Texas 77063
Jeff Sheehan	2450 Fondren, Suite 210 Houston, Texas 77063
Collin Campbell	2450 Fondren, Suite 210 Houston, Texas 77063

**ARTICLE EIGHT**  
**ORGANIZER**

The name and street address of the organizer is:

<u>NAME</u>	<u>ADDRESS</u>
Al P. Brende	2450 Fondren, Suite 210 Houston, Texas 77063

**ARTICLE NINE**  
**DISSOLUTION**

The corporation may be dissolved by the vote of not less than two-thirds (2/3rds) of both classes of the members (as long as there are Class B members), which vote will be taken at a meeting of the members. 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 nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

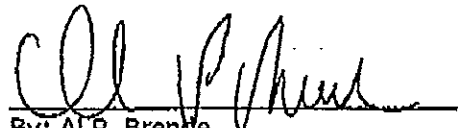
**ARTICLE TEN  
AMENDMENTS**

Amendment of this Certificate of Formation shall require the assent of two thirds (2/3rds) of both classes of the members of the corporation (as long as there are Class B members) that are in attendance (either in person or by proxy), and entitled to vote at a meeting of the members called for such purpose.

**ARTICLE ELEVEN  
INDEMNIFICATION**

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

IN WITNESS WHEREOF, we have hereunto set our hand, this 27 day of January, 2015.

  
By: A.P. Brende