FILED
In the Office of the
Secretary of State of Texas
JUN 27 2013
Corporations Section

CERTIFICATE OF FORMATION

OF

THE ORCHARDS PROPERTY OWNERS ASSOCIATION, INC.

The undersigned natural person of the age of 18 years or more, acting as an organizer of a nonprofit corporation under the Texas Nonprofit Corporation Law (the "TNCL"), as amended, hereby adopts the following Certificate of Formation of the Association (this "Certificate of Formation") for such Association:

ARTICLE I
NAME

The name of the Association is The Orchards Property Owners Association, Inc.

ARTICLE II
DEFINITIONS

The following terms are defined for use in this Certificate of Formation and those capitalized terms used herein but not expressly defined herein have the same meaning as defined in the Restrictions (defined below):

"Assessments." All assessments or other charges levied by the Association, as more fully described in the Restrictions.

"Association." The Orchards Property Owners Association, Inc., a Texas nonprofit corporation, and for the purposes of Section 8.1 of this Certificate of Formation, also includes any domestic or foreign successor entity of the Association in a merger, consolidation, or other transaction in which the liabilities of the predecessor are transferred to the Association by operation of law and in any other transaction in which the Association assumes the liabilities of the predecessor but does not specifically exclude liabilities that are the subject matter of Article VIII of this Certificate of Formation.

"Board." Those individuals serving as Directors as appointed by Article XII of this Certificate of Formation and their successors as duly elected and qualified from time to time.

"Bylaws." The Bylaws of the Association, as may be amended from time to time.

"Director." A member of the Board, and for the purposes of Article VIII of this Certificate of Formation, any individual who is or was a director of the Association and any individual who, while a director of the Association, is or was serving at the request of the Association as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic association, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise.

"Governmental Authority." Any and all applicable courts, boards, agencies, commissions, offices or authorities of any nature whatsoever for any governmental entity (federal, state, county, district, municipal, city or otherwise) whether now or hereafter in existence.

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"Majority Vote of the Members." Shall have the meaning assigned to such term in Section 6.4 of this Certificate of Formation.

"Member in Good Standing." Shall have the meaning assigned to such term in Section 6.2 of this Certificate of Formation.

"Official Capacity." (a) When used with respect to a Director, the office of director in the Association; and (b) when used with respect to an individual other than a Director, the elective or appointive office in the Association held by the officer or the employment or agency relationship undertaken by the employee or agent on behalf of the Association; but (c) both (a) and (b) above do not include service for any other foreign or domestic association or any partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise.

"Person." Any individual, corporation, partnership, limited partnership, limited liability partnership, limited liability company, joint venture, estate, trust, unincorporated association, any other legal entity, including any Governmental Authority and any fiduciary acting in such capacity on behalf of any of the foregoing.

"Proceeding." Any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative 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.

"Quorum." Shall have the meaning assigned to such term in Section 6.4 of this Certificate of Formation.

"Restrictions." The Master Declaration of Covenants, Conditions and Restrictions for Orchards on the Brazos, recorded or to be recorded in the Real Property Records of Hood County, Texas.

"Rules and Regulations." The rules and regulations of the Association, if any, initially adopted by the Board and as amended from time to time, as more fully described in the Restrictions.

"Texas Law." The laws of the State of Texas, as amended from time to time.

ARTICLE III
NONPROFIT CORPORATION

The Association is a nonprofit corporation.

ARTICLE IV
DURATION

The duration of the Association shall be perpetual.

ARTICLE V
PURPOSES AND POWERS

Section 5.1 Organization. The Association is organized to act as the Association of Owners of the Lots, in accordance with the Restrictions, the Bylaws, and Texas Law.

Section 5.2 Powers. In furtherance of its purposes, the Association shall have the following powers which, unless indicated otherwise by this Certificate of Formation, the Restrictions, the Bylaws, or Texas Law, may be exercised by the Board:

(a) all rights and powers conferred upon nonprofit corporations by Texas Law in effect from time to time; and

(b) all powers necessary, appropriate, or advisable to perform any purpose or duty of the Association as set out in or authorized by this Certificate of Formation, the Bylaws, the Restrictions, or Texas Law.

ARTICLE VI
MEMBERSHIP

Section 6.1 Membership. The Association shall be a non-stock membership corporation. The Restrictions and Bylaws shall determine the number and qualifications of Members of the Association; the classes of membership, the voting rights and other privileges of membership and the obligations and liabilities of Members. Cumulative voting is not allowed.

Section 6.2 Members in Good Standing. A Member shall be considered to be a "Member in Good Standing" and eligible to vote if such Member:

(a) has, at least ten days prior to the taking of any vote by Association, fully paid all Assessments that are due and payable by such Member, as such Assessments are provided for under the Restrictions;

(b) does not have any notice of unpaid Assessments that has been filed by the Association against the Lot owned by such Member; and

(c) has discharged all other obligations to the Association as may be required of a Member, as an Owner of a Lot under the Restrictions, Bylaws or the Rules and Regulations.

Section 6.3 Board Determination. The Board shall have sole authority for determining the good standing status of any Member and shall make such determination prior to a vote being taken by the Association on any matter. The Board shall have the right and authority, in its sole discretion, to waive the requirement set forth in Section 6.2(a)-(c) of this Certificate of Formation, and as to Section 6.2(a) of this Certificate of Formation require only that such payment be made at any time before such vote is taken if the Board shall determine, in the Board' judgment, that extenuating circumstances exist which have prevented prior payment. Any Member not conforming with the provisions of this Article VI shall be declared by the Board not to be a Member in Good Standing and shall not be entitled to vote on matters before the Association until such time as a Member in Good Standing status is attained and so declared by the Board.

Section 6.4 Quorum. Members in Good Standing holding 51% of the aggregate votes entitled to be cast by all Members represented at a meeting of the Members in person or by a proxy in a form approved by the Board, shall constitute a quorum for voting on matters brought before the Members (a "Quorum"). Except as otherwise provided by Texas Law, the Restrictions, this Certificate of Formation or the Bylaws, the vote of Members in Good Standing holding, in the aggregate, a majority of the votes entitled to be cast by the Members in Good Standing present or voting by legitimate proxy at a called meeting at which a Quorum is present (the "Majority Vote of the Members") shall be the act of the

Members. Notice requirements for all actions proposed to be taken by the Association which require an approval by a vote of the Members shall be given as set forth in the Bylaws, as such may be amended from time to time.

ARTICLE VII
LIABILITY; CONDUCT OF DIRECTORS AND OFFICERS

No Member, Director, officer, or representative of the Association shall be personally liable for debts or liabilities of the Association. A Director or officer is not liable to the Association, any Member or any other Person for an action taken or omission made, or mistake in judgment by, the Director, or officer in the Person's capacity as a Director or officer, whether negligent or otherwise, unless the Director or officer's conduct was not exercised: (a) in good faith; (b) with ordinary care; and (c) in a manner that the Director or officer reasonably believed to be in the best interest of the Association. The liability of officers and Directors of the Association shall, to the fullest extent permitted by law, be limited by the Charitable Immunity and Liability Act of 1987, Chapter 84, Texas Civil Practice and Remedies Code, as amended. This Article VII may not be amended without the affirmative vote of 100% of the Directors and any amendment hereto may not decrease the rights granted hereunder unless required to cause this Article VII to comply with the then Texas Law.

ARTICLE VIII
INDEMNIFICATION OF DIRECTORS,
OFFICERS AND OTHER AUTHORIZED REPRESENTATIVES

Section 8.1 General Indemnification. The Association shall indemnify an individual who was, is or is threatened to be made a named defendant or respondent in any Proceeding because the individual is or was a Director, against judgments, penalties (including excise and similar taxes), fines, settlements, and reasonable expenses (including court costs and attorneys' fees), actually incurred by the individual in connection with a Proceeding only if it is determined in accordance with Section 8.5 of this Certificate of Formation that the individual: (a) conducted himself or herself in good faith; (b) reasonably believed: (i) in the case of conduct in such individual's Official Capacity as a Director, that his or her conduct was in the Association's best interests; and (ii) in all other cases, that his or her conduct was at least not opposed to the Association's best interests; and (c) in the case of any criminal Proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

Section 8.2 Personal Interest or Liability. A Director shall not be indemnified by the Association as provided in Section 8.1 of this Certificate of Formation for obligations resulting from a Proceeding: (a) in which the Director 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 individual's official capacity as a Director; or (b) in which the individual is found liable to the Association, except to the extent permitted in Section 8.4 of this Certificate of Formation.

Section 8.3 Final Judgment Required. 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 individual did not meet the requirement set forth in Section 8.1 of this Certificate of Formation. An individual shall be deemed to have been found liable in respect of any claim, issue or matter only after the individual shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom or after such judgment becomes final and non-appealable.

Section 8.4 Limits on Indemnification. If the individual is found liable to the Association or is found liable on the basis that personal benefit was improperly received by the individual, the indemnification described in Section 8.1 of this Certificate of Formation: (a) is limited to reasonable

expenses actually incurred by the individual in connection with the Proceeding including court costs and attorneys' fees; and (b) 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 or her duty to the Association.

Section 8.5 Determination of Indemnification. A determination of indemnification under Section 8.1 of this Certificate of Formation must be made: (a) by a majority vote of Directors who at the time of the vote are not named defendants or respondents in the Proceeding; (b) if a majority of Directors cannot be obtained, by a majority vote of a committee of the Board, designated to act in the matter by a 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; or (c) by special legal counsel selected by the Board or a committee of the Board by vote as set forth in this Section 8.5(a) or (b) or, if such a quorum of Directors cannot be obtained and such a committee cannot be established, by a majority vote of all Directors.

Section 8.6 Authorization and Determination of Reasonableness of Expenses. Authorization of indemnification and determination as to reasonableness of expenses (including court costs and attorneys' fees) 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 (including court costs and attorneys' fees) must be made in the manner specified by Section 8.5(c) of this Certificate of Formation for the selection of special legal counsel. A provision contained in this Certificate of Formation, the Bylaws, a resolution of the Board or an agreement that makes mandatory the indemnification described in Section 8.1 of this Certificate of Formation shall be deemed to constitute authorization of indemnification in the manner required herein, even though such provision may not have been adopted or authorized in the same manner as the determination that indemnification is permissible.

Section 8.7 Success in a Proceeding. The Association shall indemnify a Director against reasonable expenses (including court costs and attorneys' fees) incurred by him in connection with a 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.

Section 8.8 Court Determination of Indemnification. 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 8.1 of this Certificate of Formation or has been found liable in the circumstances described in Section 8.2 of this Certificate of Formation, the Association shall indemnify the Director to such further extent as the court shall determine; but if the individual is found liable to the Association or is found liable on the basis that personal benefit was improperly received by the individual, the indemnification shall be limited to reasonable expenses (including court costs and attorneys' fees) actually incurred by the individual in connection with the Proceeding.

Section 8.9 Advancing Director Expenses. Reasonable expenses (including court costs and attorneys' fees) 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 Association in advance of the final disposition of the Proceeding and without the determination specified in Section 8.5 of this Certificate of Formation or the authorization or determination specified in Section 8.6 of this Certificate of Formation, after the Association 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 VIII 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 it is ultimately determined that indemnification of the Director against expenses (including court costs and attorneys' fees) incurred by him in connection with that Proceeding is prohibited by Section 8.4 of this Certificate of Formation. A provision contained in this Certificate of Formation, the Bylaws, a resolution of the Board, or an agreement that makes mandatory the payment or reimbursement permitted under this Section 8.9 shall be deemed to constitute authorization of that payment or reimbursement.

Section 8.10 Repayment of Expenses by Director. The written undertaking required by Section 8.9 of this Certificate of Formation must be an unlimited general obligation of the Director but need not be secured. It may be accepted without reference to financial ability to make repayment.

Section 8.11 Witness Expenses. Notwithstanding any other provision of this Article VIII, the Association may pay or reimburse expenses (including attorneys' fees) incurred by a Director in connection with his appearance as a witness or other participation in a Proceeding at a time when he is not a named defendant or respondent in the Proceeding.

Section 8.12 Officer Indemnification. An officer of the Association shall be indemnified by the Association as and to the same extent provided for a Director by Section 8.1, Section 8.6, Section 8.7 and Section 8.8 of this Certificate of Formation and is entitled to seek indemnification under those Sections to the same extent as a Director. The Association may indemnify and advance expenses (including court costs and attorneys' fees) to an officer, employee or agent of the Association to the same extent that it may indemnify and advance expenses (including court costs and attorneys' fees) to Directors under this Article VIII.

Section 1.1 Indemnification of Others. The Association may indemnify and advance expenses (including court costs and attorneys' fees) to individuals who are not or were not officers, employees, or agents of the Association but who are or were serving at the request of the Association as a Director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic association, partnership, joint venture, sole proprietorship, trust or other enterprise to the same extent that it may indemnify and advance expenses (including court costs and attorneys' fees) to Directors under this Article VIII.

Section 8.13 Advancing Expenses for Others. The Association may indemnify and advance expenses (including court costs and attorneys' fees) to an officer, employee, agent, or individual identified in Section 8.13 of this Certificate of Formation and who is not a Director to such further extent, consistent with law, as may be provided by this Certificate of Formation, the Bylaws, general or specific action of the Board or contract or as permitted or required by common law.

Section 8.14 Insurance Authorized. The Association may purchase and maintain insurance or another arrangement on behalf of any individual who is or was a Director, officer, employee or agent of the Association or who is or was serving at the request of the Association as a Director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic association, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, 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 Association would have the power to indemnify him against that liability under this Article VIII. Without limiting the power of the Association to procure or maintain any kind of insurance or other arrangement, the Association may, for the benefit of individuals indemnified by the Association: (a) create a trust fund; (b) establish any form of self-insurance; (c) secure its indemnity obligations by grant of a security interest or other lien on the assets of the Association; or (d) establish a letter of credit, guaranty or surety agreement. The insurance or other arrangement may be procured, maintained or established within the Association or with any insurer or

other individual deemed appropriate by the Board, 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 Association. In the absence of fraud, the judgment of the Board 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 shall be conclusive, and the insurance or arrangement shall not be voidable and shall 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. Notwithstanding the provisions of this Section 8.15 in the event of any conflict between the provisions of this Section 8.15 and the provisions of the Restrictions, the provisions of the Restrictions shall control.

Section 8.15 This Article VIII may not be amended without the affirmative vote of 100% of the Directors and any amendment hereto may not decrease the rights granted hereunder unless required to cause this Article VIII to comply with the then Texas Law.

ARTICLE IX
MANAGEMENT OF THE ASSOCIATION

The management and affairs of the Association shall be vested in the Board, except for those matters expressly reserved to others in the Restrictions and the Bylaws. The Bylaws shall determine the number and qualification of Directors; the term of office of Directors; the methods of electing, removing, and replacing Directors; and the methods of holding a meeting of the Board and obtaining consents.

ARTICLE X
WINDING UP AND TERMINATION

Winding up of the Association may be accomplished only by resolution adopted by the Board which is approved by the Members in Good Standing holding in the aggregate 67% of the votes eligible to be cast by the Members in Good Standing present or voting by legitimate proxy at a called meeting at which a Quorum is present. Upon a termination of the Association, all assets, both real and personal, of the Association shall be applied and distributed in accordance with the provisions of Section 22.304 of the TNCL.

ARTICLE XI
REGISTERED OFFICE AND AGENT

The street address of the Association's initial registered office is 11431 State Hwy 337, Graford, Texas 76449, and the name of its initial registered agent at such address is Oscar Rohne.

ARTICLE XII
INITIAL DIRECTORS

The number of Directors constituting the initial Board is three, and the names and addresses of the Persons who are to serve as Directors are:

Oscar Rohne
11431 State Hwy 337,
Graford, Texas 76449

Caramie Perry
11431 State Hwy 337,
Graford, Texas 76449

Monte Magness
11431 State Hwy 337,
Graford, Texas 76449

ARTICLE XIII
ACTION WITHOUT MEETING OF DIRECTORS

An action approved by unanimous written consent of the Board has the effect of an approval by a unanimous vote of the Directors at a meeting.

ARTICLE XIV
ORGANIZER

The name and address of the organizer is:

Lorin Williams Combs
Winstead PC
500 Winstead Building
2728 N. Harwood Street
Dallas, Texas 75201

IN WITNESS WHEREOF, I have hereunto set my hand this the 27 day of June, 2013.

Lorin Williams Combs, Organizer