

**SAN MARCOS ESTATES
HOMEOWNERS ASSOCIATION**

**ARTICLES OF
INCORPORATION**

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SEP 26 1988
SAN MARCOS ESTATES HOMEOWNERS ASSOCIATION

47 MARSH COMMISSION
FOR THE STATE OF ARIZONA
FILED

AUG 27 4 25 PM '88

APPROVED: *[Signature]*
DATE: 8/27/88
TERM: 1/1/88
DATE: 1/1/88

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KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, have this day associated ourselves for the purpose of forming a corporation under the laws of the State of Arizona, and for that purpose do hereby adopt the following Articles of Incorporation.

1. Name. The name of this corporation (hereinafter the "Association") is SAN MARCOS ESTATES HOMEOWNERS ASSOCIATION.

2. Duration. The period of duration of the Association shall be perpetual.

3. Principal Place of Business. The principal office for the transaction of business of the Association is located in Maricopa County, Arizona.

4. Statutory Agent. The name and address of the initial Statutory Agent for the Association are: David W. Kreutzberg, Storey & Ross, 4742 North 24th Street, Court One, Fourth Floor, Phoenix, Arizona 85016.

5. Nonprofit Corporation. This Association is organized as a nonprofit corporation under the laws of the State of Arizona.

6. Purpose and Powers. This Association does not contemplate the distribution of gains, profits or dividends to its Members and the specific primary purposes for which it is formed are to provide for the acquisition, construction, management, operation, administration, maintenance, repair, improvement, and preservation of the Common Area and other property for which the Association has maintenance responsibility within that certain tract of property situated in Chandler, Maricopa County, Arizona, which is more particularly described in that certain Declaration of Covenants, Conditions and Restrictions (the "Declaration") which was recorded on the 2nd day of April, 1986, as Document No. 86 158885 of the official records of the Maricopa County Recorder, and to promote the health, safety and welfare of all of the residents within the above-described Project and any additions thereto as may hereafter be brought within the jurisdiction of this Association for this purpose, all according to the Declaration.

In furtherance of said purposes, this Association shall have the powers to:

a. Perform all of the duties and obligations of the Association as set forth in the Declaration;

b. Fix, levy, collect and enforce Assessments and fines as set forth in the Declaration;

c. Pay all expenses and obligations incurred by the Association in the conduct of its business, including without limitation all licenses, taxes or governmental charges levied or imposed against the Common Area;

d. 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 Association;

e. Borrow money and, only with the assent (by vote or written consent) of two-thirds (2/3) of each class of "Members" (as defined in the Declaration), mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

f. Dedicate, sell or transfer all or any part of the Common Area to any public agency, authority or utility company for such purposes and subject to such conditions as may be agreed to by the Members, with no such dedication, sale or transfer being effective unless an instrument has been signed by two-thirds (2/3) of each class of Members agreeing to such dedication, sale or transfer;

g. Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes provided that any merger or consolidation shall have the assent by vote or written consent of two-thirds (2/3) of each class of Members; and

h. Have and exercise any and all powers, rights and privileges which a corporation organized under the Arizona Nonprofit Corporation Act by law may now or hereafter have or exercise.

7. Membership Voting Rights. The number and qualifications of Members of the Association, the different classes of membership, if any, the property, voting and other rights and privileges of Members, their liability for Assessments and the method of collection thereof shall be as set forth in the Declaration and Bylaws.

8. Board of Directors. The affairs of this Association shall be managed by a Board of not less than three (3) nor more than seven (7) Directors (the exact number of which shall be fixed by the Bylaws, or amendments thereof, duly adopted by the

Members or the Board of Directors). The initial Board of Directors, the members of which shall serve until their successors are elected according to the Bylaws, is as follows:

CHERYL COVEY
2411 West 14th Street
Tempe, Arizona 85281

ROBERT C. PORTER
2411 West 14th Street
Tempe, Arizona 85281

CINDY DALHOVER
2411 West 14th Street
Tempe, Arizona 85281

9. Dissolution. In the event of the dissolution, liquidation or winding up of the Association, after paying or adequately providing for the debts and obligations of the Association, the Directors or persons in charge of the liquidation shall divide the remaining assets among the Members in accordance with their respective rights therein except where the Association holds its assets in trust, in which case the assets shall be disposed of according to the applicable provisions of Arizona corporate laws for nonprofit corporations.

10. Amendments. These Articles may be amended by the vote or written assent of Members representing seventy-five percent (75%) of the total voting power of the Association, provided however, that the percentage of the voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision.

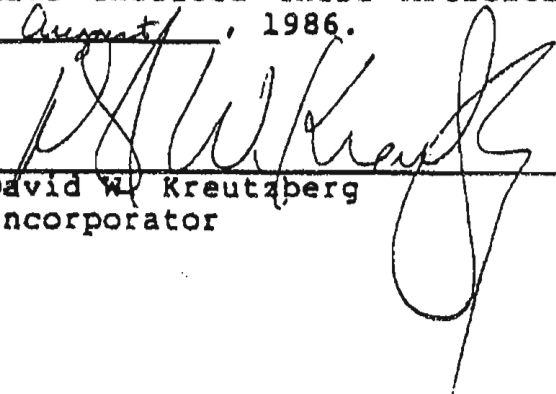
11. FHA/VA Approval. As long as there is Class B Membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration if either of those agencies has approved the proposed development plan of the Project: Annexation of additional properties, mergers and consolidations, mortgage of Common Area, dedication of Common Area, and dissolution and amendment of these Articles or the Bylaws.

12. Incorporators. The Incorporators and their names and addresses are:

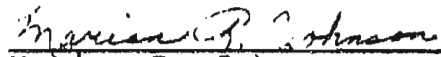
DAVID W. KREUTZBERG
STOREY & ROSS
4742 North 24th Street
Court One, Fourth Floor
Phoenix, Arizona 85016

MARIAN R. JOHNSON
STOREY & ROSS
4742 North 24th Street
Court One, Fourth Floor
Phoenix, Arizona 85016

IN WITNESS WHEREOF, for the purpose of forming this Association under the laws of the State of Arizona, we, the undersigned, constituting the Incorporators of this Association, have executed these Articles of Incorporation this 22nd day of August, 1986.



David W. Kreutzberg
Incorporator



Marian R. Johnson
Incorporator