

STATE OF ARIZONA
ACC/FAX
DATE FILED

MAY 08 2002

DATE APPR

5/8/02

TERM

BY Mason C. [unclear]

1029489-2

ARTICLES OF INCORPORATION
OF

RANCHO GABRIELA HOMEOWNERS ASSOCIATION

The undersigned hereby sets forth the following statements for the purpose of forming a nonprofit corporation under and pursuant to the laws of the State of Arizona and, for that purpose, hereby adopts these Articles of Incorporation.

ARTICLE I
NAME

The name of the corporation is Rancho Gabriela Homeowners Association (the "Association"). *SDK*

ARTICLE II
DEFINITIONS

Unless otherwise specifically provided herein, capitalized terms and phrases used herein shall have the meanings given those terms in that certain Declaration of Covenants, Conditions, Restrictions, Reservations and Easements for Rancho Gabriela, as amended from time to time (the "Declaration"), which was first recorded in the records of the County Recorder of Maricopa County, Arizona on April 12, 2002, as Document No. 2002-0378464.

ARTICLE III
INITIAL BUSINESS

The character of business that the Association initially intends to conduct in Arizona is the fulfillment of all its duties and responsibilities and the exercise of all its rights, powers, privileges and prerogatives under the Declaration.

ARTICLE IV
BOARD OF DIRECTORS

The Board of Directors of the Association (the "Board") shall consist of not more than seven (7) nor less than three (3) directors, who need not be Members of the Association. The number of directors shall be as determined by the Board from time to time. The names and addresses of the three (3) individuals who are to serve as directors until their successors are appointed, or until the first annual election of directors, are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Chris B. Heeter	6730 N. Scottsdale Road Suite 230 Scottsdale, Arizona 85253

Robert C. Speirs

6730 N. Scottsdale Road
Suite 230
Scottsdale, Arizona 85253

Dorothy F. Desroches

6730 N. Scottsdale Road
Suite 230
Scottsdale, Arizona 85253

ARTICLE V STATUTORY AGENT

Chris B. Heeter, whose address is 6730 N. Scottsdale Road, Suite 230, Scottsdale, Arizona 85253, is hereby appointed statutory agent of the Association. The Board may revoke the appointment of the agent at any time and shall have the power to fill any vacancy.

ARTICLE VI INCORPORATOR

The name and address of the incorporator is Chris B. Heeter, 6730 N. Scottsdale Road, Suite 230, Scottsdale, Arizona 85253.

ARTICLE VII MEMBERSHIP

The Association shall have Members and their voting rights shall be as provided in the Declaration. It is hereby acknowledged that the Declaration may be amended from time to time to change the qualifications and requirements of Members and their respective voting rights.

ARTICLE VIII AMENDMENTS

Amendment of these Articles shall require the assent of seventy-five percent (75%) of all of the Members who are eligible to vote. Notwithstanding anything contained herein to the contrary, however, the Declarant, for so long as it holds a Class B Membership shall have the right to amend all or any part of these Articles to correct minor errors or omissions. Additionally, Declarant shall have the right to amend these Articles to the extent and with the language requested by the Federal Housing Administration ("FHA"), the Department of Veterans Affairs ("VA"), Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, and to further amend these Articles to the extent requested by any other federal, state or local governmental agency that requests an amendment as a condition precedent to the agency's approval of these Articles, or by any federally or state chartered lending institution as a condition precedent to lending funds upon the security of any Lot(s) or any portions thereof. Any such amendment shall be effected by the filing, by the Board, of Articles of Amendment duly signed by or on behalf of the Association with signatures acknowledged, specifying the errors or omissions in question and/or the federal, state or local governmental agency or the federally or

state chartered lending institution requesting the amendment and setting forth the amendatory language requested by the agency or institution. The filing of Articles of Amendment specifying such a request by an agency or institution shall be deemed conclusive proof of the agency's or institution's request for an amendment, and the Articles of Amendment, when filed, shall be binding upon all of the property and all persons having an interest therein.

ARTICLE IX
ELIMINATION OF DIRECTOR LIABILITY; INDEMNIFICATION

To the fullest extent permitted by the Arizona Revised Statutes as the same exist or may be hereafter amended, no director of the Association shall be liable to the Association or its Members for monetary damages for any action taken or any failure to take any action as a director. No repeal, amendment or modification of this Article IX, whether direct or indirect, shall eliminate or reduce its effect with respect to any act or failure to act of a director of the Association occurring prior to such repeal, amendment or modification. To the fullest extent permitted by the Arizona Revised Statutes as the same exist or may be hereafter amended, the Association shall indemnify and advance expenses to any person who incurs expenses or liabilities by reason of the fact he or she is or was an officer or director of the Association or is or was serving at the request of the Association as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other entity. The foregoing indemnification and advancement of expenses shall be mandatory in all circumstances in which the same are permitted by law. No repeal, amendment or modification of this Article IX, whether direct or indirect, shall eliminate or reduce its effect with respect to any matter giving rise to indemnification and advancement of expenses occurring prior to such repeal, amendment or modification.

ARTICLE X
DISSOLUTION

If the Association is dissolved in accordance with and pursuant to Sections 10-11401 et seq. of the Arizona Revised Statutes, as amended from time to time, or any successor statutes thereto, and articles of dissolution of the Association have been duly filed with the Corporation Commission of the State of Arizona, the assets of the Association shall be distributed to one or more non-profit corporations or other non-profit entities duly organized under the laws of Arizona or other jurisdiction and engaged in activities substantially similar to the Association.

ARTICLE XI
CONFLICT WITH DECLARATION

The Association is formed and shall exist pursuant to and for the purpose of effectuating the provisions of the Declaration. In the event of any inconsistency between the terms of the Declaration, as amended from time to time, and the terms of these Articles, as amended from time to time, the terms of the Declaration shall control.

ARTICLE XII
FHA/VA APPROVAL

Notwithstanding anything herein to the contrary, for as long as there is a Class B Membership (if and to the extent that the Declaration previously has been submitted to and approved by the FHA and/or the VA and, at the time of the action in question, the applicable agency has insured or guaranteed an outstanding loan against any portion of the Property), the following actions will require the prior approval of the VA or FHA, as applicable, unless such agency or agencies have waived such requirements or unless the last sentence of this Article XII applies: (i) annexation of additional properties into the Property (unless the annexation is in accordance with a plan of annexation or expansion previously approved by such agencies); (ii) mergers and consolidations of the Association; (iii) mortgaging of Common Areas or Neighborhood Common Areas; (iv) dissolution of the Association; and (vi) amendment of these Articles to the extent required to be approved by the FHA or VA pursuant to their rules and regulations. Consent of the FHA or VA will be deemed to have been given if the matter has been submitted to the agency for approval and the agency has failed to respond within thirty (30) days of submittal.

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles this 6th day of May, 2002.

By: 

Chris B. Heeter, Incorporator