

OCT 04 2006

ARTICLES OF INCORPORATION  
OF

FILE NO. 1316632-3 ~~DE~~ DESERT RANCH HOMEOWNERS ASSOCIATION  
an Arizona nonprofit corporation

In compliance with the requirement of section 1-3101, et seq., Arizona Revised Statutes, as may from time to time be amended, the undersigned, all of whom are of full legal age, have voluntarily associated themselves on the date set forth below for the purpose of forming an Arizona nonprofit corporation. All of the undersigned incorporators certify and adopt the following Articles of Incorporation ("Articles"):

1. **Name.** The name of the corporation is DESERT RANCH HOMEOWNERS ASSOCIATION ("Association"). The association will exist perpetually.

2. **Defined Terms.** Terms in all capital letters used but not defined in these Articles will have the meaning specified for those terms in the Declaration of Covenants, Conditions, and Restrictions for DESERT RANCH HOMEOWNERS ASSOCIATION recorded in Docket 11577, page 436, as amended in Docket 11696, page 24, official records of Maricopa County, Arizona ("Declaration"). If there is any conflict between the Articles and the Declaration, the Declaration will control. As used in these Articles, the term "Association Property" means the COMMON AREAS, all property and improvements within the PROPERTY used in common by and for the benefit of the OWNERS of LOTS, all other real and personal property, if any, owned by the Association or placed under its jurisdiction, and any additions to any of the foregoing that may be brought within the jurisdiction of the Association pursuant to the Declaration.

3. **Purpose.** The object and purpose for which this Association is organized is to provide for the ownership, management, maintenance and care of the Association Property and for the administration of the affairs of the Association. In furtherance of and in order to accomplish

these objectives and purposes, the Association may transact any or all lawful business for which nonprofit corporations may be incorporated under the laws of the State of Arizona, as these laws may be amended from time to time, including the power to indemnify the Board of Directors, officers, members, employees, or agents of the Association in the manner specified in the Bylaws. All business transacted by the Association will be transacted in a way so as to further its tax-exempt status as an Association under the internal revenue code, if the Association so elects to be treated as a tax-exempt organization. The existence of the Association will commence on the date of the filing of these Articles with the Arizona Corporation Commission.

4. **Principal Office.** The principal office of the Association is located at 9222 E. Vista Drive, Scottsdale, Arizona 85262, Maricopa County.

5. **Statutory Agent.** Peter Godfrey, whose address is 9222 E. Vista Drive, Scottsdale, Arizona 85262 and who has been a bonafide resident of the State of Arizona for more than three (3) years last past, is appointed and designated as the Statutory Agent for the corporation for the State of Arizona, upon whom service of process may be made. This appointment may be revoked at any time by the Board of Directors of the Association by the filing of an appointment of another Statutory Agent.

6. **Membership.**

6a. **Identity of Members.** The Association is a non-stock corporation. No dividends or pecuniary profits will be paid at any time to its MEMBERS. Membership in the Association is limited to OWNERS of LOTS. Upon becoming the OWNER of a LOT, the OWNER becomes a MEMBER of the Corporation and will remain a MEMBER of the Corporation until the ownership ceases, for any reason, at which time the OWNER'S membership in the Corporation will

cease automatically.

6b. **Transfer of Membership.** Membership in the Corporation is appurtenant to each LOT and a membership in the Corporation will not be transferred, pledged, or alienated in any way, except: (i) upon the sale of a LOT, and then only to the purchasers; (ii) by intestate succession or testamentary disposition; (iii) foreclosure of mortgage (or similar security instrument) of record; or (iv) other legal process. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Corporation.

6c. **First Annual Meeting.** The first annual meeting as the MEMBERS of the Corporation will be held on March 17, 2007, or at any other date designated by the Board of Directors. There is no cumulative voting on any matter related to the administration or organization of the Corporation or its matters.

7. **Voting Rights.** The Association will have one class of voting membership.

8. **Board of Directors.** The affairs of the Association will be conducted by a Board of Directors of the Association (sometimes individually or collectively called "Board," "Directors," "Director," or "Board of Directors") and any other officers and committees that the Board may elect and appoint. The Board of Directors will be elected by the MEMBERS and Board of Directors elections may be conducted by mail or any other method permitted in the Bylaws or under Arizona law. All Directors must be MEMBERS of the Association. The Board may increase the number of Directors on the Board; however, the number of Directors must always be an odd number and may not exceed seven (7) Directors. The number of Directors constituting the initial Board will be three (3), one of which will serve a three (3) year term, one of which will serve a two (2) year term and one of which will serve a one (1) year term. All additional Directors that may be added from time

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to time to the Board (i.e., in addition to the initial three (3) and up to seven (7) members) will serve one (1) year terms or such other terms that may be provided in the bylaws. The names and addresses of the initial Board of Directors of the Association are as follows:

| <u>Name</u>                     | <u>Mailing Address</u>                           |
|---------------------------------|--------------------------------------------------|
| Peter Godfrey<br>(3 year term)  | 9222 E. Vista Drive<br>Scottsdale, Arizona 85262 |
| James Campbell<br>(2 year term) | 9303 E. Vista Drive<br>Scottsdale, Arizona 85262 |
| Monte Matz<br>(1 year term)     | 9244 E. Vista Drive<br>Scottsdale, Arizona 85262 |

The initial Directors will serve for the term specified below their names and until their successors have been elected and qualified. Successors Director to the initial Directors also will serve the one, two, or three year terms specified above.

8a. **Bylaws.** The Board is expressly authorized to adopt bylaws for the Corporation ("Bylaws"), by a majority vote of the Board or the members at a regular or special meeting.

9. **Dissolution.** The Association may be dissolved with the affirmative written approval of two-thirds (2/3) or more of the total number of eligible votes of each class of MEMBERS in the Association.

10. **Amendments.** Any amendment of these Articles will require the affirmative approval of fifty percent (50%) or more of the total number of eligible votes of each class of MEMBERS in the Association.

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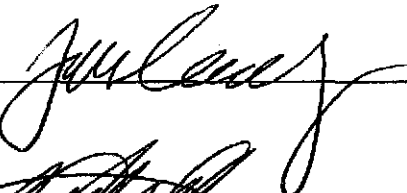
11. **Incorporators.** The name(s) and address(es) of the incorporator(s) of the Association are:

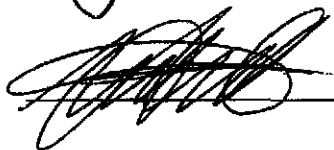
| <b><u>Name</u></b> | <b><u>Mailing Address</u></b>                    |
|--------------------|--------------------------------------------------|
| Peter Godfrey      | 9222 E. Vista Drive<br>Scottsdale, Arizona 85262 |
| James Campbell     | 9303 E. Vista Drive<br>Scottsdale, Arizona 85262 |
| Monte Matz         | 9244 E. Vista Drive<br>Scottsdale, Arizona 85262 |

12. **Director Liability.** The personal liability of any Director of the Corporation to the Corporation for monetary damages for breach of duties as a Director, is hereby eliminated to the fullest extent allowed by the Nonprofit Corporation Act of the State of Arizona, as it may be amended from time to time.

For the purpose of forming this nonprofit corporation under the laws of the State of Arizona, the undersigned, constituting all of the incorporators of the Association, have executed these Articles of Incorporation as of 9/22/06, 2006.

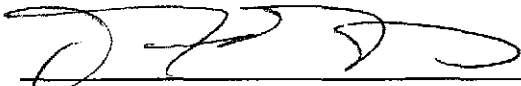
\_\_\_\_\_, Incorporator

\_\_\_\_\_, Incorporator

\_\_\_\_\_, Incorporator

I, Peter Godfrey, having been designated to act as Statutory Agent for DESERT RANCH HOMEOWNERS ASSOCIATION, hereby consent to act in that capacity until removed or my resignation is submitted in accordance with the Arizona Revised Statutes.

Dated 9/15/06

  
PETER GODFREY

ARIZONA CORPORATION COMMISSION  
CORPORATIONS DIVISION

Phoenix Address: 1300 West Washington  
Phoenix, Arizona 85007-2929

Tucson Address: 400 West Congress  
Tucson, Arizona 85701-1347

NONPROFIT  
CERTIFICATE OF DISCLOSURE  
A.R.S. Section 10-3202.D.

DESERT RANCH HOMEOWNERS ASSOCIATION  
EXACT CORPORATE NAME

- A. Has any person serving either by election or appointment as officer, director, trustee, or incorporator in the corporation:
1. Been convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
  2. Been convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or restraint of trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
  3. Been or are subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the execution of this Certificate wherein such injunction, judgment, decree or permanent order:
    - (a) Involved the violation of fraud or registration provisions of the securities laws of that jurisdiction?;
    - (b) Involved the violation of the consumer fraud laws of that jurisdiction?;
    - (c) Involved the violation of the antitrust or restraint of trade laws of that jurisdiction?

Yes \_\_\_\_\_ No X

B. IF YES, the following information MUST be attached:

1. Full name and prior name(s) used.
2. Full birth name.
3. Present home address.
4. Prior addresses (for immediate preceding 7-year period).
5. Date and location of birth.
6. Social Security number.
7. The nature and description of each conviction or judicial action, date and location, the court and public agency involved and file or cause number of case.

- C. Has any person serving either by election or appointment as an officer, director, trustee or incorporator of the corporation, served in any such capacity or held such interest in any other corporation which has been placed in bankruptcy or receivership or had its charter revoked, or administratively dissolved by any jurisdiction?

Yes \_\_\_\_\_ No X

IF YOUR ANSWER TO THE ABOVE QUESTION IS "YES", YOU MUST ATTACH THE FOLLOWING INFORMATION FOR EACH CORPORATION:

1. Name and address of the corporation.
2. Full name, including alias and address of each person involved.
3. State(s) in which the corporation:
  - (a) Was incorporated.
  - (b) Has transacted business.
4. Dates of corporate operation.
5. A description of the bankruptcy, receivership or charter revocation, including the date, court or agency and the file or cause number of the case.

D. The fiscal year end adopted by the corporation is January 1 to December 31 of each year

Under penalties of law, the undersigned incorporators/officers declare that we have examined this Certificate, including any attachments, and to the best of our knowledge and belief it is true, correct and complete, and hereby declare as indicated above. THE SIGNATURE(S) MUST BE DATED WITHIN THIRTY (30) DAYS OF THE DELIVERY DATE.

BY [Signature] DATE 9/7/06  
TITLE VICE PRESIDENT  
BY [Signature] DATE 9/22/06  
TITLE Secretary/Treasurer

BY [Signature] DATE 9/16/06  
TITLE PRESIDENT  
BY \_\_\_\_\_ DATE \_\_\_\_\_  
TITLE \_\_\_\_\_

DOMESTIC CORPORATIONS: ALL INCORPORATORS MUST SIGN THE INITIAL CERTIFICATE OF DISCLOSURE. (If more than four Incorporators, please attach remaining signatures on a separate sheet of paper.)

If within sixty days, any person becomes an officer, director, or trustee and the person was not included in this disclosure, the corporation must file an AMENDED certificate signed by all incorporators, or if officers have been elected, by a duly authorized officer.

FOREIGN CORPORATIONS: MUST BE SIGNED BY AT LEAST ONE DULY AUTHORIZED OFFICER OF THE CORPORATION.