

BUD TIMS
CHAIRMAN

JIM WEEKS
COMMISSIONER

DIANE B. MCCARTHY
COMMISSIONER



TIMOTHY A. BARROW
EXECUTIVE SECRETARY

ARIZONA CORPORATION COMMISSION

Re: TURTLE ROCK II HOMEOWNERS ASSOCIATION

Greetings:

We are pleased to inform you that your Articles of Incorporation have been approved for filing and the notation stamped on the upper corner of the first page, with the filed information, is in lieu of your Certificate of Incorporation and is evidence of your corporate existence.

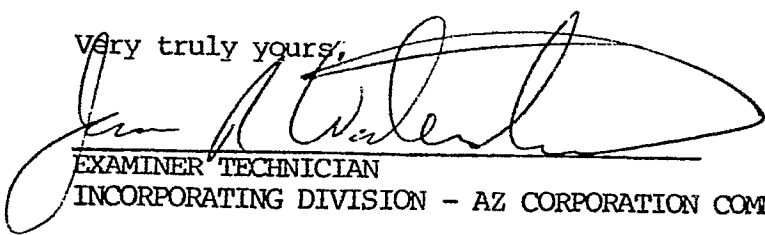
Your articles of Incorporation must be published within sixty (60) days, and the Affidavit of Publication must be returned to this office within ninety (90) days. Publication must be in a newspaper of general circulation in the county of the known place of business of the corporation.

As a corporation, you are required to continuously maintain both a statutory agent and a principal office address. Any change of the agent or office address requires the filing of a statement in the Commission's Office within thirty (30) days of such a change. Any change of the statutory agent will require that we receive evidence of the new statutory agent's acceptance of this position.

All corporations are required to file an annual corporate report. Since your fiscal year end is 12-31-82, the first annual corporate report of your new corporation is due 12-31-82. The applicable form will be mailed to your principal registered office address thirty (30) days prior to the date the report is due. The annual report filing fee for a profit corporation is \$30.00; a nonprofit corporation is \$10.00. Arizona law provides a grace period of three (3) months and fifteen (15) days from the due date, within which period of time you may file your annual corporate report. If your annual corporate report is not filed and fees are not paid on or before 04-15-83, penalties shall be assessed thereafter. You may want to retain this letter as a reminder, or mark your records accordingly, so that you will not inadvertently become liable for any statutory penalties or consequences for late filing or non-filing.

If you are in need of further services, you may contact us at our Phoenix Office. Hours are from 8:00 a.m. to 5:00 p.m., Monday through Friday at (602) 255-3026.

Very truly yours,


EXAMINER TECHNICIAN

INCORPORATING DIVISION - AZ CORPORATION COMMISSION

ARTICLES OF INCORPORATION

OF

TURTLE ROCK II HOMEOWNERS ASSOCIATION

AZ. CORP. COMMISSION
FOR THE STATE OF AZ.
FILED

JAN 4 3 37 PM '82

APPR Jane W. L. L. L.
DATE APR 11 FILE #
TERM _____
DATE _____ TIME _____

KNOW ALL MEN BY THESE PRESENTS:

ARTICLE I

The name of the corporation shall be TURTLE ROCK II HOMEOWNERS ASSOCIATION, hereafter referred to as "Association".

ARTICLE II

This corporation is organized pursuant to the general non-profit corporation laws of the State of Arizona.

ARTICLE III

The names and addresses of the incorporators are as follows:

Dell Traylor	6019 North 20th Street Phoenix, Arizona 85016
Mike Traylor	1117 East Meadow Lane Phoenix, Arizona 85022
Don Stachowiak	5854 East Emile Zola Scottsdale, Arizona 85254

ARTICLE IV

The number of directors of this corporation to act initially shall be three (3). Thereafter, the Board shall be elected at the regular annual meetings of the members as provided for in Article III of the Association By-Laws. The following persons were elected at Phoenix, Arizona, on the 18th day of December, 19 81, to serve as initial directors until the election of their successors:

Dell Traylor	6019 North 20th Street Phoenix, Arizona 85016
Mike Traylor	1117 East Meadow Lane Phoenix, Arizona 85022
Don Stachowiak	5854 East Emile Zola Scottsdale, Arizona 85254

ARTICLE V

The principal place of business of the corporation shall be at the City of Phoenix, Arizona, but the corporation may establish other offices within Maricopa County, Arizona, and hold its meetings at such places within Maricopa County, Arizona, as the By-Laws may provide.

ARTICLE VI

The general nature of the business to be transacted and the objective and purposes of the corporation shall be as follows:

A. To own, operate and/or maintain certain property and improvements to be used in common by and for the benefit of the owners of residences constructed within the following described premises and any additions thereto as may hereafter be brought within the jurisdiction of this Association by annexation as provided in the Covenants, Conditions and Restrictions recorded for Turtle Rock II:

Tracts A, B, C, D, E, F & G of TURTLE ROCK II according to the plat of record thereof recorded in the Office of the County Recorder of Maricopa County, Arizona, in Book 233 of Maps on Page 26 thereof.

B. To accept, maintain and protect such property and improvements as may be conveyed to the Corporation; to pay all taxes and assessments, if any, which may properly be levied against such property or other property acquired by or owned by the Corporation; to impress liens against the individual lots to secure the payment of obligations due from the owners thereof to the Corporation and to collect, foreclose or otherwise enforce, compromise, release, satisfy and discharge said demands, and to do all other acts necessary to the filing, maintenance and discharge of said liens; to take any action necessary to enforce the Covenants, Restrictions and Conditions which at present or in the future affect said property described in Article VI, Paragraph A above, either by recording Restrictions, By-Laws of the Corporation, Rules and Regulations of the Corporation, or in any other way created; and in addition thereto, to do any and all lawful things and acts which the Corporation, at any time, and from time to time, shall, in its discretion, deem to be to the best interests of the members of the Corporation, and to pay all costs and expenses in connection therewith and in connection with any and all the purposes of the Corporation, and further, to do any and all lawful things which may be advisable, proper, authorized or permitted to be done by the Corporation under and by virtue of any Condition, Covenant and Restriction, charge or assessment affecting said property or any portion thereof, and to do and perform any and all acts which may be either necessary for or incidental to the exercise of any of the foregoing powers, or for the peace, health, comfort, safety or general welfare of the members of the Corporation, and further, to do any and all things and exercise all rights and powers permitted to non-profit corporations under the laws of the State of Arizona, including the power to mortgage or encumber any property owned by it.

C. To enter into, perform and carry out contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of the purposes of the corporation.

D. To borrow and loan money, and give, take and hold security and collateral; to execute, make and issue and take and receive bonds, notes, debentures, mortgages, pledges and other evidences of indebtedness and security, of any and all kinds whatsoever, in furtherance of any or all of the objects of its business, only with the consent of two-thirds (2/3) of each class of membership.

E. To make contracts of all kinds and descriptions with third parties, firms and corporations.

F. To do and perform any and all acts and things and to transact any business, not inconsistent with law, which may be necessary, incidental to or convenient in carrying out any of the business or purposes of the corporation.

G. To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions, hereinafter called the "Declaration", applicable to the property and recorded or to be recorded in the Office of the County Recorder, Maricopa County, Arizona, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length.

ARTICLE VII

The corporation shall be a non-stock corporation and shall be owned by its members, who shall be collectively called the Members of the Association, and no dividends or pecuniary profits shall be paid to its members. Membership in the Association, except for membership of the incorporators and the first Board of Directors, shall be limited to record owners of equitable title (or legal title if the equitable title has merged) of the lots on the property described above. An owner of a lot shall automatically, upon becoming the owner of a lot, be a member of the Association, and shall remain a member of the Association until such time as his ownership ceases for any reason, at which time his membership in said Association shall automatically cease. Nothing herein is intended to include as members of the Association persons or entities who hold an interest merely as security for the performance of an obligation. No certificates of membership shall be issued and membership shall be evidenced by an official list of said members, which list shall be kept by the Secretary of the Association. No membership shall be issued to any other person or persons except as they may be issued in substitution for outstanding memberships assigned to the new record owners of equitable title (or legal title if equitable title has merged). Membership shall be appurtenant to and may not be separated from ownership of any Lot.

In the event any such Lot is owned by two or more persons, whether by joint tenancy, tenancy in common, community property or otherwise, the membership as to each Lot shall be joint and a single membership for such Lot shall be issued in the names of all, and they shall designate to the Association in writing at the time of issuance one of their number who shall hold the membership and have the power to vote said membership, and in the absence of such designation and until such designation is made, the Board of Directors of the Association shall make such designation.

ARTICLE VIII

The Association shall have two classes of voting membership:

Class A. Class A members shall be all those owners as defined in Article VII. A Class A member shall be entitled to one vote for each Lot owned by said member, as provided above.

Class B. The Class B member shall be the Declarant (as defined in the Declaration of Covenants, Conditions and Restrictions recorded for the property referred to in Article VI-A above). The Class B member shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(b) Three years from the date of the above referred-to Declaration.

ARTICLE IX

The affairs of the corporation shall be managed by a Board of five (5) Directors, except for the initial directors as provided in Article IV above, and such other officers as the Board of Directors may select from time to time, including a President, Vice President, Secretary and Treasurer. The same person may hold any two offices, except that the President may not, at the same time, hold the office of Vice President or Secretary.

The Directors shall be elected by the members of the Association at the first and each ensuing annual meeting thereof, as provided for in the By-Laws of this corporation. The Directors need not be members of the Association. The Board of Directors will adopt By-Laws for the corporation and such By-Laws may be amended, supplemented, repealed or suspended and new By-Laws may be adopted as provided for therein.

ARTICLE X

Any indebtedness or liability, direct or contingent, must be authorized by an affirmative vote of a majority of the votes cast by members of the Board of Directors at a lawfully held meeting, and approved by the Arizona Corporation Commission, to the extent required by the laws of the State of Arizona. The highest amount of indebtedness or liability, direct or contingent, to which this corporation may be subject at any one time shall not exceed one hundred fifty percent (150%) of its income for the previous fiscal year, except that additional amounts may be authorized by an affirmative vote of two-thirds (2/3) of each class of the Members of the Association.

ARTICLE XI

Any mortgage by the Association of the Common Area, as defined in the Declaration of Covenants, Conditions and Restrictions for the property referred to in Article VI of these Articles of Incorporation, shall have the assent of two-thirds (2/3) of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any, as well as the assent of the holders of first mortgage liens on all units.

ARTICLE XII

The private property of each and every officer, director and member of the Association of this corporation shall at all times be exempt from all debts and liabilities of the corporation.

ARTICLE XIII

This corporation hereby appoints DELL TRAILOR, 6019 North 20th Street, Phoenix, Arizona 85016, who is now and has been for more than three (3) years last past, a bona fide resident of the State of Arizona, as its lawful statutory agent, upon whom all notices and processes, including service of summons, may be served, and which, when so served, shall be lawful, personal service upon this corporation. The Directors may, at any time, appoint another agent for such purpose, and the filling of such appointment shall revoke this or any other previous appointment of such agent.

ARTICLE XIV

The first annual meeting of the Members of the Association of the corporation shall be held within sixty (60) days after the builder has constructed and conveyed seventy-five percent (75%) of the total number of residence units to be constructed within the premises as described in Article II of the By-Laws, or within one (1) year from the date of incorporation, whichever is sooner. Thereafter, the annual meetings of the Members of the Association shall be on the fourth Monday of January of each year. If the day for the annual meeting of the members is a legal

holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday; or, said annual meeting shall be held at such other time as shall be specified by the By-Laws of this corporation duly adopted or amended. Any such amendment of the By-Laws, thus duly adopted, changing the date of the annual meetings shall be valid and effective without the necessity of amending the Articles of Incorporation of the corporation. The annual meetings of the Board of Directors and the Members of the Association shall be held at the office of the corporation or at such other office or offices at such other places within the County of Maricopa, State of Arizona, as may be designated by the Board of Directors.

ARTICLE XV

The corporation shall not execute or file for record any documents which impose a restriction upon the sale, lease or occupancy of property solely on the basis of race, color or creed.

ARTICLE XVI

These Articles of Incorporation may be amended by the affirmative vote of seventy-five percent (75%) of the entire membership.

ARTICLE XVII

The corporation shall have power to dedicate, sell or transfer all or any part of the common area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by members entitled to cast two-thirds (2/3) of the votes of the Class A membership and two-thirds (2/3) of the votes of the Class B membership, if any, agreeing to such dedication, sale or transfer.

ARTICLE XVIII

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any. Upon dissolution of the Association, the assets, both real and personal, of the Association shall be dedicated to an appropriate public agency to be devoted to purposes, as nearly as practicable, the same as those to which they were required to be devoted by the Association. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to purposes and uses that would most nearly reflect the purposes and uses to which they were required to be devoted by the Association.

ARTICLE XIX

To the extent permitted by law, the Association may participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided, however, that any such merger or consolidation shall have the assent of two-thirds (2/3) of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any.

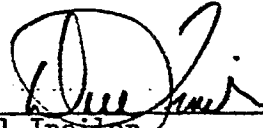
ARTICLE XX

As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dedication of Common Area, dissolution and amendment of these Articles.

ARTICLE XXI

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, the undersigned persons have hereunto set their hands this 18th day of December, 1981.



Dell Traitor



Mike Traitor



Donald W. Stachowiak