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DEC 11 1997

ARIZONA CORP. COMMISSION  
CORPORATIONS DIVISION

ARTICLES OF INCORPORATION

OF

ORCHARD RANCHETTES COMMUNITY ASSOCIATION

KNOW ALL MEN BY THESE PRESENTS:

We, the undersigned, have this day associated ourselves together for the purpose of forming a nonprofit association under and pursuant to the laws of the State of Arizona and for that purpose do hereby adopt these Articles of Incorporation.

ARTICLE I

NAME OF THE ASSOCIATION

The name of the association shall be ORCHARD RANCHETTES COMMUNITY ASSOCIATION (the "Association").

ARTICLE II

DEFINED TERMS/CONFLICTING PROVISIONS

Capitalized terms used in these Articles of Incorporation without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions, and Restrictions for Orchard Ranchettes Phase I recorded on October 24, 1997, in the Office of the Recorder of Maricopa County, Arizona as Document No. 97-0745718 (the "Declaration"), the terms and provisions of which are incorporated into these Articles of Incorporation by this reference as if set forth herein. In the event of any conflict or inconsistency between the Declaration and these Articles, the Declaration shall control.

ARTICLE III

PURPOSE AND POWERS

The purpose for which the Association is organized is the transaction of any and all lawful business for which nonprofit associations may be incorporated under the laws of the State of

Arizona, as they may be amended from time to time; provided, however, that such business shall conform with the tax exempt organization requirements of Section 528 of the Internal Revenue Code of 1986, as amended. The Association does not contemplate pecuniary profit, gain or private advantage for the incorporators, directors, officers, Association or its Members, and the specific primary purpose for which this Association is formed is to provide for the protection, improvement, alteration, maintenance, repair, replacement, administration and operation of that certain property situated in the Town of Queen Creek, County of Maricopa, State of Arizona, as more particularly described in the Declaration, the assessment of expenses, payment of losses, disposition of casualty insurance proceeds, and other matters as provided in the Declaration, and to promote the health, safety and welfare of all the residents within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for this purpose.

#### ARTICLE IV

##### INITIAL BUSINESS

The character of business that the Association initially intends to actually conduct is the operation as a homeowners' association as contemplated by the Declaration.

#### ARTICLE V

##### MEMBERSHIP AND VOTING RIGHTS

Membership in the Association, voting and other rights and privileges of Members, and their liability for dues and assessments and the method of collection thereof, shall be as set forth in the Declaration and any rules promulgated thereunder, and the Bylaws of the Association.

#### ARTICLE VI

##### PRINCIPAL PLACE OF BUSINESS

The Association's principal place of business shall be 5080 N. 40th Street, Suite 100, Phoenix, Arizona 85018.

#### ARTICLE VII

##### STATUTORY AGENT

The name and address of the initial Statutory Agent for the Association is M & H Agent Services, Inc., Attention Gary R. Zwillinger, Esq., 2800 N. Central Avenue, Suite 1600, Phoenix, Arizona 85004.

## ARTICLE VIII

INCORPORATOR

The name and address of the incorporator is John R. Hamilton, 402-107th Place SW, Bothell, Washington 98012.

All powers, duties and responsibilities of the incorporator shall cease at the time of filing of these Articles of Incorporation with the Arizona Corporation Commission.

## ARTICLE IX

BOARD OF DIRECTORS/OFFICERS

The number of persons to serve on the Board of the Association will be fixed by the Bylaws of the Association. The initial Board of Directors of the Association shall consist of three directors. Each director (except the initial directors who are appointed by the Declarant) shall be a Member of the Association or the spouse of a Member. ~~The names and addresses of persons who shall serve as directors until the next annual meeting of the Association or until their successors are elected and qualify in accordance with the terms of Paragraph 3.2 of the Declaration are:~~

Sam Nocifera  
5080 N. 40th St., Suite 100  
Phoenix, Arizona 85018

John R. Hamilton  
402-107th Place SW  
Bothell, Washington 98012

Michael Smith  
8238 East Thomas Road  
Scottsdale, Arizona 85251

The initial officers of the Association and their respective positions shall be:

Sam Nocifera  
President and Treasurer  
5080 N. 40th St., Suite 100  
Phoenix, Arizona 85018

John R. Hamilton  
Secretary  
402-107th Place SW  
Bothell, Washington 98012

## ARTICLE X

DISSOLUTION

The Association may be dissolved by the adoption of a resolution to dissolve by the Board of Directors, which resolution to dissolve shall be adopted by the Declarant (or its successors and assigns), except if Declarant has assigned its rights for only part of the Property and retained the rights for the remainder, in which event the resolution shall be required to be adopted by Declarant or its successors and assigns and seventy-five percent (75%) of the Members then entitled to vote at an election held for

such purpose until December 31, 2026. At any time after December 31, 2026, dissolution of the Association shall be adopted by sixty-five percent (65%) of the Members then entitled to vote at an election held for such purpose. Upon any dissolution of the Association, other than incident to a merger or a consolidation, the assets of the Association shall be dedicated, granted, conveyed, or assigned to any nonprofit corporation, association, trust, or other organization designated by the Members approving the dissolution as being the entity that will thereafter perform the duties and obligations of the Association under the Declaration.

#### ARTICLE XI

##### AMENDMENTS

These Articles of Incorporation may be amended by an affirmative vote of seventy-five (75%) of all Members of the Association then entitled to vote at any meeting called for such purpose until December 31, 2026, after which time the affirmative vote of sixty-five percent (65%) of the Members shall be required for such amendments.

#### ARTICLE XII

##### LIABILITY OF DIRECTORS

In accordance with A.R.S. § 10-2342A.3., the directors of the Association shall not be liable for monetary damages to the Association or its Members for breach of fiduciary duty as a director except as follows:

(a) Any breach of the director's duty of loyalty to the Association or its Members;

(b) Acts or omissions which are not in good faith or which involve intentional misconduct or a knowing violation of law;

(c) A violation of A.R.S. § 10-2326;

(d) Any transaction from which the director derived an improper personal benefit; or

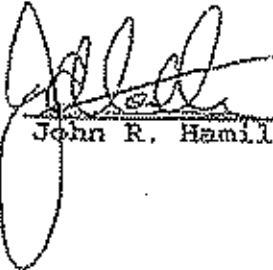
(e) A violation of A.R.S. § 10-2550.

provided, however, that the foregoing limitation of liability should not be effective with respect to any act or omission occurring prior to the filing of these Articles of Incorporation by the Arizona Corporation Commission. If the Arizona General Corporation Law hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Association, in addition to the limitation on personal liability provided herein, shall be limited

to the fullest extent permitted by the amended Arizona General Corporation Law. Any repeal or modification of this Article by the Members of the Association shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the Association existing at the time of such repeal or modification.

IN WITNESS WHEREOF, the undersigned incorporator has hereunto set his hand this 10 day of December, 1997.

INCORPORATOR:

  
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John R. Hamilton

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