

6955013-1
JAN 28 9 01 AM '00

ARTICLES OF INCORPORATION

APPR: ATTY. B. HARRIS
DATE: 01-28-00
TERM: _____
DATE: _____

OF

MOUNTAIN RANCH COMMUNITY ASSOCIATION

ARTICLE I

NAME

The name of the corporation, which is a nonprofit corporation, is Mountain Ranch Community Association and shall be referred to herein as the "Association."

ARTICLE II

PURPOSES

The primary purposes for which this corporation is formed are:

(a) to act as the "Association" in accordance with and subject to that certain Declaration of Covenants, Conditions, Restrictions and Easements for Kaufman and Broad at Mountain Ranch recorded as Document No. 00-0059097 in the Official Records of Maricopa County, Arizona, as the same may be amended from time to time (the "Declaration");

(b) to manage, maintain, preserve and care for the Common Areas within the Project;

(c) to perform all of the duties and obligations and to exercise all of the powers and privileges of the Association as set forth in the Declaration;

(d) to provide for the orderly development, maintenance, preservation and architectural control of the Project, as provided in the Declaration; and

(e) to do all other things and exercise all powers and rights of a corporation which are lawful and consistent with the foregoing purposes and the nonprofit character of the corporation, including but not limited to the purposes set forth in Section 10-2305(A), Arizona Revised Statutes.

Unless otherwise expressly provided herein, all capitalized terms used in these Articles shall have the meanings set forth in the Declaration. Notwithstanding any other provisions of these Articles, if the corporation elects to qualify under Section 501(c)(4) or Section 501(c)(7) of the Internal Revenue Code of 1986, as amended (the "Code"), the corporation shall not conduct or engage in any activity which would or could result in the revocation of its status as a corporation qualified under such Section of the Code. The corporation does not contemplate securing any gain or profit to the Members of the corporation; the Members shall have no individual interest in the profits of the corporation, if any; and no part of the net earnings of the corporation, if any, shall inure (other than by promoting social and recreational activities for Members, by a rebate of excess membership dues, fees or Assessments, or by acquiring, constructing or providing management, maintenance and care of Association property) to the benefit of any Member of the corporation or other individual.

ARTICLE III

INITIAL ACTIVITY

The character of the business the corporation intends to conduct initially shall be to act as a property owners' association performing the duties and exercising the rights of the Association set forth in the Declaration.

ARTICLE IV

MEMBERSHIP AND VOTING

The corporation will have Members. The corporation shall be a non-stock corporation and shall be owned by all of its Members. No dividends or pecuniary profits shall be paid to the corporation's Members. As more particularly set forth in the Declaration, every Person who is an Owner is entitled to Membership and voting rights in the corporation and the Association.

Other provisions regarding Membership and voting rights are set forth in the Declaration, the relevant portions of which are incorporated herein by reference.

ARTICLE V

BOARD OF DIRECTORS

The affairs of the corporation shall be conducted by a Board of Directors (the "Board"). The initial Board and each Board thereafter for so long as there is a Class B Member shall consist of at least three Members or other Persons with the exact number to be determined by Declarant from time to time. Other provisions regarding the Board are set

forth in the Bylaws, the relevant portions of which are incorporated herein by reference. The following persons shall constitute the initial Board of the corporation:

Kim Heyden
432 N. 44th Street, Suite 115
Phoenix, Arizona 85008

Brad Hare
432 N. 44th Street, Suite 115
Phoenix, Arizona 85008

Angie Graupman
432 N. 44th Street, Suite 115
Phoenix, Arizona 85008

ARTICLE VI

OFFICERS

Except for the initial officers designated in these Articles, the officers of the corporation shall be elected in accordance with the Bylaws of the corporation. The following persons shall be the initial officers of the corporation:

Kim Heyden	President
Brad Hare	Vice-President
Angie Graupman	Secretary/Treasurer

ARTICLE VII

NO PERSONAL LIABILITY

The private property of the Members, directors and officers of the corporation shall be forever exempt from the corporation's debts; provided, however, that each Owner shall be personally liable for any Assessments levied against his Lot.

ARTICLE VIII

INDEMNIFICATION OF DIRECTORS AND OFFICERS, LIMITATION ON DIRECTORS' LIABILITY

A. To the fullest extent permitted by Arizona law as it may be amended from time to time, the corporation shall defend any and all of its existing and former directors, officers and committee members (including, but not limited to, existing and former members of the Committee) against claims made against them or any one of them because they were or are directors or officers, and the corporation shall indemnify its directors and officers for liability and expenses incurred as a result of such claims, including but not limited to, legal fees and costs, judgments, penalties and amounts paid in settlement or compromise, which may arise or be incurred, rendered or levied in any legal action brought or threatened against them or any one of them for or on account of any act or omission alleged to have been committed by such person while acting within the scope of his or her employment as a director, officer or committee member of the corporation, whether or not any action is or has been filed against the person and whether or not any settlement or compromise is approved by a court.

B. A director shall have no personal liability to the corporation or its Members for monetary damages for breach of fiduciary duty as a director; provided that the foregoing shall not eliminate or limit the liability of a director for any of the following:

- (a) Any breach of the director's duty of loyalty to the corporation 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 § 10-2326, Arizona Revised Statutes;
- (d) Any transaction from which the director derived an improper personal benefit, including, but not limited to, embezzlement; and
- (e) A violation of § 10-2550, Arizona Revised Statutes.

ARTICLE IX

CONFLICT WITH DECLARATION AND OTHER LIMITATIONS

To the extent that any part or provision of these Articles is contrary to or inconsistent with provisions of the Declaration, the terms and provisions of the Declaration shall prevail. As set forth in the Declaration, the corporation is subject to certain limitations.

No amendment hereof, nor any action taken by the corporation pursuant hereto, shall be contrary to, or in conflict with, the limitations set forth in the Declaration, and any such amendment or action shall be void to the extent of such inconsistency.

ARTICLE X

APPROVALS REQUIRED

For as long as there is a Class B Member and if VA or FHA certification is desired by Declarant, the following actions will require the prior approval of the VA and FHA, unless such agencies have waived such requirements or unless the last sentence of this section applies: (i) annexation of additional properties into the Project (unless such annexation is in accordance with a plan of annexation or expansion previously approved by such agencies); (ii) mergers and consolidations; (iii) mortgaging or otherwise encumbering Common Area; (iv) dedication or other transfer of Common Areas; (v) dissolution of the corporation; and (vi) amendment of these Articles, the Declaration or the Bylaws. Consent of the FHA and VA to the foregoing will not be required if the FHA and VA have elected not to approve the Project for certification or if such approval has been revoked, withdrawn, canceled or suspended.

ARTICLE XI

AMENDMENTS

Subject to the provisions of Article VIII and Article IX hereof, the Members may, at any duly noticed and convened regular or special meeting called for such purpose, amend, alter or repeal any provision of these Articles by the affirmative vote of sixty-seven percent (67%) of the votes of all Class A and Class B Members. Anything in this Article to the contrary notwithstanding, Declarant reserves the right to amend these Articles as may be requested or required by the FHA, VA or any other governmental agency with whom Declarant elects to do business (each an "Agency") as a condition precedent to such Agency's approval of these Articles. Any such amendment shall be effected by Declarant filing with the Arizona Corporation Commission, in accordance with applicable law, a Certificate of Amendment duly executed by Declarant specifying the governmental agency requesting the amendment and setting forth the requested or required amendment(s). Filing of such a Certificate shall be deemed conclusive proof of the governmental agency's request or requirement and such Certificate, when filed, shall be binding upon the Property and all persons having an interest therein.

ARTICLE XII

BYLAWS

The initial Bylaws shall be adopted by the Board herein designated. Amendments, alterations and repeal of the Bylaws may be made only as provided in the Bylaws. The Bylaws and any amendments thereto shall be valid only if consistent with the Declaration and these Articles.

ARTICLE XIII

KNOWN PLACE OF BUSINESS

The known place of business of the corporation shall be c/o City Property Management, 11022 South 51st Street, Suite 201, Phoenix, Arizona 85044, or such other place as may be designated from time to time by the Board. In addition, different and other offices and places for conducting business, both within and without the State of Arizona, may be established from time to time by the Board.

ARTICLE XIV

STATUTORY AGENT

Brian Lincks, c/o City Property Management, 11022 South 51st Street, Suite 201, Phoenix, Arizona 85044, is hereby appointed the initial statutory agent of the corporation upon whom all notices and process, including summonses, may be served. The Board may revoke the appointment of such agent at any time, and shall have the power to fill any vacancy.

ARTICLE XV

DISSOLUTION

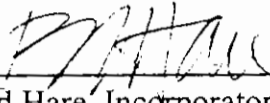
Upon dissolution of the corporation, or the winding up of its affairs, the assets of the corporation shall be distributed exclusively to one or more public agencies, utilities, non-profit corporations, trusts or other organizations to be devoted to purposes as nearly as is practicable to those to which they were required to be devoted by the Association. If the corporation has elected to qualify as a non-profit corporation under Internal Revenue Code Sections 501(c)(4) or 501(c)(7), then distribution may be only made to permitted recipients under the applicable Code Section. Subject to the restrictions imposed by the Declaration and by Article IX of these Articles of Incorporation, the corporation may be dissolved with the written consent of not less than two-thirds of each class of Members.

ARTICLE XVI
INCORPORATOR

The name and addresses of the incorporator is:

Brad Hare
432 North 44th Street, Suite 115
Phoenix, Arizona 85008

IN WITNESS WHEREOF, the undersigned incorporator has hereunto set his
hand this 21st day of January, 2000.



Brad Hare, Incorporator

**ACCEPTANCE OF APPOINTMENT
BY STATUTORY AGENT**

The undersigned hereby acknowledges and accepts appointment as statutory agent of the above named corporation, effective this 26th day of January, 2000.



Brian Lincks

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 10-2505

MOUNTAIN RANCH COMMUNITY 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?; or
 - (b) Involved the violation of the consumer fraud laws of that jurisdiction?; or
 - (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. | 6. Social Security number. |
| 2. Full birth name. | 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. |
| 3. Present home address. | |
| 4. Prior addresses (for immediate preceding 7-year period). | |
| 5. Date and location of birth. | |

C. Has any person serving (a) either by election or appointment as an officer, director, trustee or incorporator of the corporation or, (b) major stockholder possessing controlling any proprietary, beneficial or membership interest in the corporation, served in any such capacity or held such interest in any corporation which has been placed in bankruptcy or receivership or had its charter revoked?

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. | 4. Dates of corporate operation. |
| 2. Full name, including alias and address of each person involved. | 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. |
| 3. State(s) in which the corporation: <ol style="list-style-type: none"> (a) Was incorporated. (b) Has transacted business. | |

D. The fiscal year end adopted by the corporation is December 31.

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 1/21/00 BY Ken Hyder DATE 1/24/00
 TITLE Manager/Incorporator TITLE PRESIDENT

BY [Signature] DATE 1/21/00 BY _____ DATE _____
 TITLE Secretary 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.)

V. If initial officers have been elected, an AMENDED Certificate must be filed within sixty (60) days of original filings and must be signed by two (2) executive officers or directors.

FOREIGN CORPORATIONS: Must be executed by any two executive officers or directors.

**ACCEPTANCE OF APPOINTMENT
BY STATUTORY AGENT**

The undersigned hereby acknowledges and accepts appointment as statutory agent of the above named corporation, effective this 26th day of January, 2000.



Brian Lincks

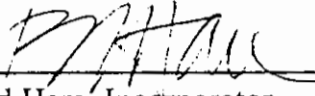
ARTICLE XVI

INCORPORATOR

The name and addresses of the incorporator is:

Brad Hare
432 North 44th Street, Suite 115
Phoenix, Arizona 85008

IN WITNESS WHEREOF, the undersigned incorporator has hereunto set his hand this 21st day of January, 2000.



Brad Hare, Incorporator

NONPROFIT
CERTIFICATE OF DISCLOSURE
A.R.S. Section 10-2505

MOUNTAIN RANCH COMMUNITY 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?; or
 - (b) Involved the violation of the consumer fraud laws of that jurisdiction?; or
 - (c) Involved the violation of the antitrust or restraint of trade laws of that jurisdiction?

Yes ___ No X

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- | | |
|---|--|
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| 2. Full birth name. | 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. |
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| 4. Prior addresses (for immediate preceding 7-year period). | |
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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. | 4. Dates of corporate operation. |
| 2. Full name, including alias and address of each person involved. | 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. |
| 3. State(s) in which the corporation: <ol style="list-style-type: none"> (a) Was incorporated. (b) Has transacted business. | |

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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 <u>[Signature]</u> DATE <u>1/21/00</u>	BY <u>[Signature]</u> DATE <u>1/24/00</u>
TITLE <u>Manager/Incorporator</u>	TITLE <u>PRESIDENT</u>
BY <u>[Signature]</u> DATE <u>1/21/00</u>	BY _____ DATE _____
TITLE <u>Secretary</u>	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.)

When initial officers have been elected, an AMENDED Certificate must be filed within sixty (60) days of original filings and must be signed by two (2) executive officers or directors.

FOR FOREIGN CORPORATIONS: Must be executed by any two executive officers or directors.

GAMMAGE & BURNHAM

A PROFESSIONAL LIMITED LIABILITY COMPANY

ATTORNEYS AT LAW

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ANTHONY J. MEIER

OF COUNSEL:

F. WILLIAM SHEPPARD
DIANE K. GEIMER

March 3, 2000

VIA U.S. MAIL

Ms. Tina Suarez

Kaufman and Broad of Arizona, Inc.

432 North 44th Street, Suite 115

Phoenix, Arizona 85008

RECEIVED
MAR - 6 2000
CPMG

Articles
Re: Kaufman and Broad/Mountain Ranch Community Association
Our File No. 2355-163

Dear Ms. Suarez:

Enclosed for your records, please find the original Affidavit of Publication in the above referenced matter

If you have any questions, please do not hesitate to contact either Donna Ong or me.

Sincerely,

GAMMAGE & BURNHAM P.L.C.

By *Rebecca M. Merkle*

Rebecca M. Merkle
Legal Assistant

Enclosures

cc: Ms. Janelle Benallie (w/enclosures)
Mr. Brian Lincks (w/enclosures)
Donna Y. Ong, Esq. (w/enclosures)

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3/3/00

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AFFIDAVIT OF PUBLICATION
for Corporation Commission

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ARIZONA CAPITOL TIMES FEB 28 2000

P.O. Box 2260 Phoenix, AZ 85002
Phone: (602) 258-7026 / Fax: (602) 258-2504

ARIZONA CORP. COMMISSION
CORPORATIONS DIVISION

STATE OF ARIZONA
County of Maricopa

I, DIANA CREIGHTON, am authorized by the publisher as agent to make this affidavit of publication. Under oath, I state that the following is true and correct.

The ARIZONA CAPITOL TIMES, is a newspaper which is published weekly, is of general circulation and is in compliance with Arizona Revised Statutes §§ 10-140.34 & 39-201.A & B. The notice will be/has been published three (3) consecutive times in the newspaper listed above.

DATES OF PUBLICATION:

- 1) February 11, 2000
- 2) February 18, 2000
- 3) February 25, 2000

RECEIVED
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6 PM

THE NAME OF THE CORPORATION: MOUNTAIN RANCH COMMUNITY ASSOCIATION

CORPORATE FILE NUMBER: 0935613-2

TYPE OF DOCUMENT: Articles of Incorporation

(EXAMPLE: Merger between party a and party b; name change from/to; foreign authority with a fictitious name; articles of incorporation; application for authority; articles of organization; amendment; etc.)

AUTHORIZED SIGNATURE: *Diana Creighton*

SUBSCRIBED AND SWORN TO BEFORE ME
ON THE 28th DAY OF February, 2000.

NOTARY SIGNATURE: *Cynthia A. Nash*



CARL J. KUNASEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER



ARIZONA CORPORATION COMMISSION

BRIAN C. MCNEIL
EXECUTIVE SECRETARY
JOANNE C. MACDONNELL
DIRECTOR, CORPORATIONS DIVISION

REBECCA M MERKLE
2 N CENTRAL AVE 18TH FLOOR
PHOENIX, AZ 85004

RE: MOUNTAIN RANCH COMMUNITY ASSOCIATION
File Number: -0935613-2

We are pleased to notify you that your Articles of Incorporation were filed on January 28, 2000.

You must publish a copy of your Articles of Incorporation. The publication must be in a newspaper of general circulation in the county of the known place of business, for three (3) consecutive publications. An affidavit from the newspaper, evidencing such publication, must be delivered to the Commission for filing WITHIN NINETY (90) DAYS from the File Date.

All corporations transacting business in Arizona are required to file an Annual Report with the Commission, during the fourth (4th) month following the close of each fiscal year. Each year, a preprinted Annual Report Form will be mailed to you prior to the due date of the report.

If you have any questions or need further information, please contact us at (602) 542-3135 in Phoenix, (520) 628-6560 in Tucson, or Toll Free (Arizona residents only) at 1-800-345-5819.

Very truly yours,

RATIB NASIC
Examiner
Corporations Division
Arizona Corporation Commission

CF:04
Rev: 4/97