

CARL J. KUNASEK
CHAIRMAN

JIM IRVIN
COMMISSIONER

RENZ D. JENNINGS
COMMISSIONER



JACK ROSE
EXECUTIVE SECRETARY

ARIZONA CORPORATION COMMISSION

ROBERTS ROWLEY & SMITH, LTD.
63 EAST MAIN STREET
SUITE 501
MESA, AZ 85201-7417

RE: CIRCLE G AT HIGHLANDS WEST HOMEOWNERS ASSOCIATION
File Number: -0820257-4

We are pleased to notify you that your Articles of Incorporation were filed on October 6, 1997.

You must publish a copy of your Articles of Incorporation WITHIN SIXTY (60) DAYS from the File Date. 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 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,

JUDY MURRAY
Examiner
Corporations Division
Arizona Corporation Commission

CF:04
Rev: 4/97

AZ. CORP. COMMISSION
FILED

OCT 6 1997

APPR. *John D. [Signature]*
TERM _____
DATE 10-6-97

- 052 0257-4

Circle G at Highlands West Homeowners Association

ARTICLES OF INCORPORATION
OF
CIRCLE G AT HIGHLANDS WEST HOMEOWNERS ASSOCIATION

In compliance with the requirements of Arizona Revised Statutes, Title 10, Chapter 5, the undersigned, all of whom are residents of Maricopa County, Arizona, and all of whom are of full age, have this day voluntarily associated themselves together for the purpose of forming a corporation not for profit and do hereby certify:

ARTICLE I
DEFINITIONS

The words and terms used herein shall be deemed to have the same meanings as are given those words and terms in the Declaration of Covenants, Conditions and Restrictions of Circle G at Highlands West, herein referred to as the "Declaration", which shall be of record in the Official Records of the Maricopa County Recorder, Arizona, as the same may be supplemented or amended from time to time.

ARTICLE II
NAME

The name of the corporation is Circle G at Highlands West Homeowners Association, herein referred to as the "Association".

ARTICLE III
PURPOSES

This Association does not contemplate pecuniary gain or profit to its Members, and the specific purposes for which it is formed are to provide for the maintenance, preservation and architectural control of the Lots and Common Area within the residential subdivision referred to as Circle G at Highlands West, created by *A Final Plat of Circle G at Highlands West*, recorded or to be recorded in the Official Records of the Maricopa County Recorder, Maricopa County, Arizona, and to promote the health, safety, and welfare of the Owners within the above-described Property and any supplements or additions thereto as may hereafter be brought within the jurisdiction of this Association, and for these purposes to:

- (a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration and all supplements thereto being incorporated herein as if set forth at length;
- (b) fix, levy, collect, and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration;
- (c) to pay all expenses in connection with the foregoing and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the Property of the Association;
- (d) acquire (by gift, purchase, or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;
- (e) borrow money, and with the assent of two-thirds (2/3) of the Members of each class of membership, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;
- (f) 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 two-thirds (2/3) of the Members of each class of membership agreeing to such dedication, sale or transfer;
- (g) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional property and Common Area, provided that any merger or consolidation shall have the assent of two-thirds (2/3) of the Members of each class of membership; and
- (h) have and exercise any and all powers, rights and privileges which a corporation organized under the Nonprofit Corporations Law of the State of Arizona by law may now or hereafter have or exercise.

ARTICLE IV

INITIAL BUSINESS

The Association initially intends to conduct the business of a nonprofit homeowners association.

ARTICLE V

MEMBERSHIP

Every person or entity who is an Owner of any Lot which is subject by covenants of record to assessment by the Association shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.

ARTICLE VI

VOTING RIGHTS

The Association shall have two (2) classes of voting memberships:

Class A: Class A Members shall be all Owners of Lots within Circle G at Highlands West with the exception of Declarant (and any assignee of Declarant receiving Class B votes). Each Class A Member shall be entitled to one (1) vote for each Lot owned on each issue to be voted upon by the Members.

Class B: The Class B Member shall be the Declarant and any successor or assignee of Declarant who takes title to one (1) or more Lots for the purpose of development and sale and to whom Declarant assigned in a recorded writing one (1) or more of the Class B votes. Each Class B Member shall be entitled to three (3) times the number of votes that said Member would be entitled to cast were said Class B Member voting as a Class A Member. The Class B membership shall terminate and any Owner then holding Class B membership shall be deemed to be a holder of Class A membership upon the happening of the earliest to occur of the following:

- (a) When all of the Lots have been conveyed to purchasers;
- (b) When the Declarant notifies the Association in writing that it relinquishes its Class B memberships; or
- (c) On January 1, 2003.

From and after the happening of any one of the stated events, Declarant shall advise the Association in writing of the termination of Class B membership within thirty (30) days of the happening of such event.

When more than one (1) person is the Owner of any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) ballot be cast with respect to any Lot. The vote for each such Lot must be cast as a unit, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote shall be cast, they shall lose their right to vote on the matter in question. If any Owner casts a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other Owners of the same Lot. In the event more than one (1) vote is cast for a particular Lot, none of said votes shall be counted, as said votes shall be deemed void.

In any election of the members of the Board, every Owner entitled to vote at such an election shall have the right to cumulate his votes and give one (1) candidate, or divide among any number of the candidates, a number of votes equal to the number of Lots owned by the Owner multiplied by the number of members to be elected. The candidates receiving the highest number of votes, up to the number of the Board members to be elected, shall be deemed elected.

In the event any Lot is owned by a corporation, partnership or other association, the corporation, partnership or association shall be a Member and shall designate in writing at the time of acquisition of the Lot an individual who shall have the power to vote the membership, and in the absence of such designation and until such designation is made, the chief executive officer, if any, of such corporation, partnership or association shall have the power to vote the membership, and if there is no chief executive officer, then the board of directors or general partner of such corporation, partnership or association shall designate who shall have the power to vote the membership.

In the event any Owner shall be in arrears in the payment of any amounts due under any of the provisions of the Declaration for a period of thirty (30) days, or shall be in default in the performance of or in breach of any of the terms of the Declaration, said Owner's right to vote as a Member of the Association and right to use the recreational facilities shall be suspended and shall remain suspended until all payments are brought current, including accrued interest and attorneys' fees, and all defaults and breaches are remedied.

ARTICLE VII

BOARD OF DIRECTORS

The affairs of the Association shall be managed by a board of three (3) directors who need not be Members of the Association. The name and address of each person who is to serve as a director until the first annual meeting of Members or until his successor is elected and qualifies are:

T. Dennis Barney
1455 East University Drive
Mesa, Arizona 85203

William R. Olsen, Jr.
1455 East University Drive
Mesa, Arizona 85203

Gerald J. Ricke
1455 East University Drive
Mesa, Arizona 85203

ARTICLE VIII

STATUTORY AGENT

The name and address of the initial Statutory Agent of the Association are:

Roberts, Rowley & Smith, Ltd.
(Arizona Corporation Commission #613643)
63 East Main Street, Suite 501
Mesa, Arizona 85201-7417

ARTICLE IX

INCORPORATORS

The name and address of each incorporator are:

T. Dennis Barney
1455 East University Drive
Mesa, Arizona 85203

William R. Olsen, Jr.
1455 East University Drive
Mesa, Arizona 85203

All powers, duties and responsibilities of the incorporators shall cease at the time of filing of these Articles of Incorporation.

ARTICLE X

INDEMNITY

Subject to the further provisions hereof, the Association shall indemnify any and all of its directors, officers, former directors and former officers against all expense incurred by them and each of them, including but not limited to legal fees, judgments and penalties which may be incurred, rendered or levied in any legal action brought against any of them for or on account of any action or omission alleged to have been committed while acting within the scope of employment or service as director or officer of the Association. Whenever any director, officer, former director or former officer shall report to the President of the Association or the Chairman of the Board that he has incurred or may incur expenses, including but not limited to legal fees, judgments and penalties in a legal action brought or about to be brought against him for or on account of any action or omission alleged to have been committed by him while acting within the scope of his employment or service as a director or officer of the Association, the Board shall, at its next regular or at a special meeting held within a reasonable time thereafter, determine in good faith whether, in regard to the matter involved in the action or contemplated action, such person acted, failed to act, or refused to act willfully, with gross negligence or with fraudulent or criminal intent. If the Board determines in good faith that such person did not act, failed to act, or refused to act willfully or with gross negligence or with fraudulent or criminal intent in regard to the matter involved in the action or contemplated action, indemnification shall be mandatory and shall be automatically extended as specified herein, and to the fullest extent permitted by law; provided, however, that no such indemnification shall be available with respect to liabilities under the Securities Act of 1933, and provided further, that the Association shall have the right to refuse indemnification in any instance in which the person to whom indemnification would otherwise have been applicable shall have unreasonably refused to permit the Association, at its own expense and through counsel of its own choosing, to defend him in the action.

ARTICLE XI

DISSOLUTION

The Association may be dissolved, merged or consolidated with assent given in writing and signed by not less than two-thirds (2/3) of the Members of each class of membership. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the

Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed, and assigned to any nonprofit corporation, association, trust or other organization devoted to such similar purposes.

ARTICLE XII

AMENDMENTS

Amendment of these Articles shall require the assent of two-thirds (2/3) of the Members of each class of membership.

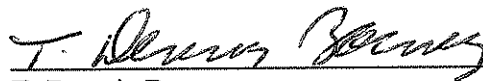
ARTICLE XIII

INTERPRETATION

In the event any provision hereof is inconsistent with or in derogation of the Declaration, the provisions of the Declaration shall be deemed to control.

IN WITNESS WHEREOF, for the purposes of forming this Association under the laws of the State of Arizona, we the undersigned, constituting the incorporators of this Association have executed these Articles of Incorporation on October 2, 1997.

INCORPORATORS:



T. Dennis Barney



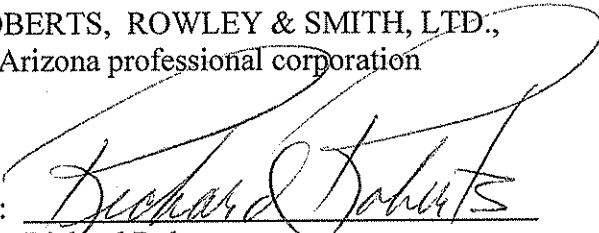
William R. Olsen, Jr.

STATUTORY AGENT CONSENT

ROBERTS, ROWLEY & SMITH, LTD. (Arizona Corporation Commission #613643), an Arizona professional corporation, having been designated to act as statutory agent of **CIRCLE G AT HIGHLANDS WEST HOMEOWNERS ASSOCIATION**, hereby consents to act in that capacity until removed, or resignation is submitted in accordance with the Arizona Revised Statutes.

ROBERTS, ROWLEY & SMITH, LTD.,
an Arizona professional corporation

By:

A large, stylized handwritten signature in black ink, appearing to read "Richard Roberts", is written over a horizontal line.

Richard Roberts