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**ARTICLES OF INCORPORATION  
OF  
SANTAN RANCH HOMEOWNERS ASSOCIATION**

The undersigned hereby voluntarily sets forth the following statements for the purpose of forming a nonprofit corporation under and pursuant to the laws of the State of Arizona, and for that purpose hereby adopts these Articles of Incorporation.

**ARTICLE I  
DEFINITIONS**

The capitalized words and terms used herein shall be deemed to have the same meanings as are given those words and terms in the Master Declaration of Covenants, Conditions and Restrictions for San Tan Ranch (the "Declaration"), recorded November 13, 1998, as Document No. 98-1024104 in the office of the County Recorder of Maricopa County, Arizona, 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 II  
NAME**

The name of the corporation is SAN TAN RANCH HOMEOWNERS ASSOCIATION, hereinafter called the "Association."

**ARTICLE III  
KNOWN PLACE OF BUSINESS**

The address of the Association's known place of business is 5705 North Scottsdale Road, Suite 130, Scottsdale, Arizona 85250.

**ARTICLE IV  
STATUTORY AGENT**

Jeffrey J. Miller, whose address is Two North Central Avenue, 18th Floor, Phoenix, Arizona 85004, is hereby appointed the initial statutory agent of the Association.

**ARTICLE V  
PURPOSE AND POWERS OF THE MASTER ASSOCIATION**

The Association does not contemplate pecuniary gain or profit to the Members thereof. The specific purposes for which it is formed are to provide for the orderly

development, maintenance, preservation and architectural control of that residential subdivision known as San Tan Ranch, to combat the future deterioration of San Tan Ranch and to bring about civic improvements in furtherance of the common good and general welfare of the San Tan Ranch community. No part of the net earnings of the Association shall inure to the benefit of or be distributable to its directors, officers or other private persons, except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in this Article. No portion of the activities of the Association and no earnings realized in connection with such activities shall inure to the private benefit of any individual. In the conduct of its affairs, the Association shall, to the extent authorized by its Board of Directors, have the power 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;

B. Fix, levy, collect and enforce payment of, by any lawful means, all dues, fees, charges or Assessments pursuant to the terms of the Declaration, to pay all expenses in connection therewith and all office and other expenses incidental to the conduct of the affairs of the Association, including all licenses, taxes or other governmental charges levied or imposed against the property of the Association; and to rebate or apply against future dues, fees, charges or Assessments levied against such Members any excess dues, fees, charges or Assessments collected therefrom;

C. Subject to the provisions of the Declaration, dedicate or transfer all or any part of the Master Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Association;

D. Have and to exercise any and all powers, rights and privileges which a corporation organized under the nonprofit corporation law of the State of Arizona may by law now or hereafter have or exercise.

Notwithstanding any provisions of these Articles or law to the contrary, the Association shall not engage in any activities which are not in furtherance of the purposes of the Association set forth in this Article V, nor shall the Association carry on activities not permitted to be carried on by an organization exempt from federal income tax under the provisions of Section 501(C)(4) of the Internal Revenue Code of 1986 or the corresponding section of any future federal tax code.

#### ARTICLE VI INITIAL ACTIVITIES

The character of the affairs the Association initially intends to actually conduct is the administration of San Tan Ranch.

## ARTICLE VII MEMBERSHIP

Each Owner of a Parcel or Lot which is subject to assessment by the Declaration 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 Parcel or Lot which is subject to assessment by the Association. A Membership in the Association shall not be transferred, pledged or alienated in any way except as provided in the Declaration. The number of Memberships attributable to an Owner shall be determined in accordance with the Declaration.

## ARTICLE VIII VOTING RIGHTS

A. Memberships. The Association shall have two classes of voting Memberships: Class A Memberships and Class B Memberships. Except as specifically set forth in the Declaration, the Class A Memberships and the Class B Memberships shall be constituted as follows and shall have the following voting rights:

(1) Class A. Class A Memberships shall be all Memberships, except the Class B Memberships held by the Declarant, and each Owner shall be entitled to one (1) vote for each Class A Membership held by the Owner, subject to the authority of the Board to suspend the voting rights of the Owner for violations of the Declaration in accordance with the provisions of the Declaration, these Articles and the Bylaws;

(2) Class B. Until converted to Class A Memberships as provided below, each Membership owned by Declarant shall be a Class B Membership. At the time of any vote by the Members of the Association, Declarant shall be entitled to three (3) votes for each Class B Membership held by Declarant. Class B Membership shall cease and be converted to Class A Membership on the first to occur of the following: (a) the date which is one hundred twenty (120) days after the date on which the total votes of the Class A Members entitled to vote equals the total votes of the Class B Membership, or (b) the date which is twenty (20) years after the date the Declaration is recorded; or (c) the date on which Declarant relinquishes the Class B Membership by notifying the Class A Members in writing.

B. Right to Vote. No change in the ownership of a Membership shall be effective for voting purposes unless and until the Board is given actual written notice of such change and is provided with satisfactory proof thereof. The vote for each such Membership must be cast as a unit and fractional votes shall not be allowed. If a Membership is owned by

more than one person or entity and such Owners are not able to agree among themselves as to how their vote or votes shall be cast, they shall lose the right to vote on the matter in question. If any Member casts a vote representing a certain Membership, it will thereafter be conclusively presumed for all purposes that such Member was acting with the authority and consent of all other Owners of the same Membership unless objection thereto is made at the time the vote is cast. In the event more than one vote is cast for a particular Membership, none of said votes shall be counted and all said votes shall be deemed void.

**ARTICLE IX  
BOARD OF DIRECTORS**

The affairs of the Association shall be managed by a Board composed initially of one (1) Director. As long as there is a Class B Membership, the Director shall not be required to be a Member of the Association. The number of Directors may be changed as set forth in the Bylaws of the Association. The name and address of the person who is to act in the capacity of Director until the selection of his successor or successors is:

<u>NAME</u>	<u>ADDRESS</u>
Larry L. Miller	5705 North Scottsdale Road Suite 130 Scottsdale, Arizona 85250

**ARTICLE X  
OFFICERS**

The affairs of the Association shall be administered by Officers elected by the Board of Directors at each annual meeting of the Board. The Officers shall consist of a President, Vice President, Secretary and Treasurer. The names of the persons who shall act in the capacity of Officers until the selection of their successors are:

- President: Larry L. Miller
- Vice President: Larry L. Miller
- Secretary: Larry L. Miller
- Treasurer: Larry L. Miller

## ARTICLE XI INDEMNIFICATION

The Association shall indemnify any person against expenses, including, without limitation, attorneys' fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by reason of the fact that he or she is or was a Director or Officer of the Association, provided that the Board of Directors shall determine in good faith that such person did not act, fail to act, or refuse to act willfully or with gross negligence, or with fraudulent or criminal intent with regard to the matter involved in the action, and provided that such indemnification is specifically permitted and provided for by the laws of the State of Arizona as then in effect.

## ARTICLE XII LIMITATION OF DIRECTOR LIABILITY

No Director of the Association shall be personally liable to the Association or its Members for monetary damages for breach of fiduciary duty as a Director; provided, however, that this Article XII shall not eliminate or limit the liability of a Director to the extent provided by applicable law for (i) any financial benefit received by a Director to which the Director is not entitled; (ii) the intentional infliction of harm on the corporation or its Members; (iii) a violation of Section 10-3833 of the Arizona Revised Statutes; or (iv) an intentional violation of criminal law. The limitation of liability provided herein shall continue after a Director has ceased to occupy such position as to acts or omissions occurring during such Director's term or terms of office, and no amendment or repeal of this Article XII shall apply to or have any effect on the liability or alleged liability of any Director of the Association for or with respect to any acts or omission of such Director occurring prior to such amendment or repeal.

## ARTICLE XIII DURATION AND DISSOLUTION

The Association shall exist so long as the Declaration is in effect. Upon dissolution of the Association, all of the remaining assets of the Association, after the discharge of all liabilities of the Association or after making adequate provision therefor, that represent excess dues, fees, charges or Assessments permitted hereunder, shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created, or, alternatively, and where appropriate, such assets shall be granted, conveyed and assigned to such corporations, associations, trust or other organizations which are exempt from taxation under the provisions in Sections 501(c)(4), 501(c)(7), or 528 of the Internal Revenue Code of 1986 as now or hereafter amended, and which are devoted for purposes consistent with those of the Association.

**ARTICLE XIV  
AMENDMENT OF ARTICLES**

Amendment of these Articles shall require the affirmative vote of seventy-five percent (75%) of the Members.

**ARTICLE XV  
AMENDMENT OF BYLAWS**

The power to amend the Bylaws of the Association is reserved to the Members to the extent set forth in the Bylaws.

**ARTICLE XVI  
FHA/VA APPROVAL**

If the Declaration and these Articles have been initially approved by the FHA or the VA in connection with any loan programs made available by FHA or VA and any loans have been made which are insured or guaranteed by FHA or VA, then as long as there is a Class B Membership, the following actions will require prior approval of FHA or VA, as applicable, unless the need for such approval has been waived by FHA or VA: (i) dedication, conveyance or mortgage of Master Common Areas; (ii) annexation of additional property (except for the Annexable Property described in the Declaration); (iii) amendment of these Articles; (iv) dissolution of the Association; and (v) mergers and consolidations.

**ARTICLE XVII  
INCORPORATOR**

The name and address of the Incorporator is:

<u>NAME</u>	<u>ADDRESS</u>
Larry L. Miller	5705 North Scottsdale Road Suite 130 Scottsdale, Arizona 85250

All powers, duties and responsibilities of the Incorporator shall cease upon filing of these Articles of Incorporation by the Arizona Corporation Commission.

**ARTICLE XVIII  
CONFLICT WITH DECLARATION**

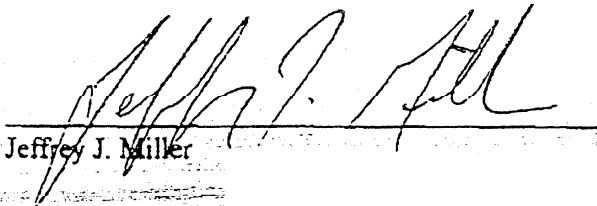
In the event any provision of this instrument is inconsistent with or more permissive than any provisions of the Declaration dealing with the same subject, the Declaration shall control and this instrument shall be interpreted accordingly.

DATED this 26 day of March, 1999.



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Larry L. Miller, Incorporator

Jeffrey J. Miller, having been designated to act as Statutory Agent, hereby consents to act in that capacity until his removal or resignation is submitted in accordance with Arizona Revised Statutes.



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Jeffrey J. Miller