

CORP. COMMISSION
FILED

EXPEDITED

**ARTICLES OF INCORPORATION
OF**

MESQUITE RANCH HOMEOWNERS ASSOCIATION

OCT 1 2001

R. M. E. *[Signature]*
10-1-01

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**ARTICLE I
NAME AND PERPETUAL DURATION**

The name of the corporation is Mesquite Ranch Homeowners Association, hereafter called the "Corporation". The Corporation is a non-profit corporation under Arizona law. The period of duration shall be perpetual.

**ARTICLE II
STATUTORY AGENT**

CT Corporation System, whose address is 3225 North Central Avenue, Suite 1601, Phoenix, Arizona 85012, is the statutory agent of this Corporation.

**ARTICLE III
ADDRESS OF THE CORPORATION**

The address of the known place of business of the Corporation is 2200 East River Road, Suite 115, Tucson, Arizona 85718.

**ARTICLE IV
PURPOSE AND POWERS OF THE CORPORATION**

This Corporation does not contemplate pecuniary gain or profit to the Members thereof, and the specific purposes for which it is formed are to promote the health, safety and welfare of its Members and to provide for architectural control of the subdivision in Pima County, Arizona commonly known as Mesquite Ranch (the "Covered Property"), and maintenance and preservation of certain Common Areas and other areas of responsibility of the Corporation. The Covered Property is governed by the Declaration of Covenants, Conditions, Restrictions, and Easements for Mesquite Ranch (the "Declaration") recorded in the office of the Pima County Recorder, and any capitalized terms not otherwise defined herein shall have the meanings assigned to them by the Declaration.

The Corporation shall have the power to participate in mergers and consolidations with other corporations organized for the same purposes or annex additional residential property, streets, roadways or alleys. Consolidation or annexation, except as otherwise provided in the Declaration, shall have the assent of at least two-thirds of the votes of each class of Members at a quorum of Members voting in person or by proxy.

The Corporation shall not carry on any activities not permitted to be carried on by a homeowners association exempt from Federal Income Tax under Section 528 of the Internal Revenue Code of 1986 or the corresponding provisions of any future United States Revenue Law.

ARTICLE V
MEMBERSHIP

Membership shall be determined as provided in the Declaration. Each Owner of a Lot within the Covered Property shall be entitled to membership, and membership shall be appurtenant to ownership.

ARTICLE VI
VOTING RIGHTS

The Members' voting rights shall be determined as provided in the Declaration. There shall be two (2) classes of membership, Class A and Class B. The Class B shall be the Declarant and any Declarant Affiliate (as defined in the Declaration), and the Class A shall be all other Lot Owners. Class A Members (except as provided in the Declaration with respect to Developer Owners paying reduced Assessments) shall have one (1) vote for each Lot owned, and the Class B Member shall have three (3) votes for each Lot owned, or deemed owned, by the Class B Member all as set forth in the Declaration.

In order to effectively pursue the development of the Covered Property as contemplated by the Plat, Declarant shall at all times be deemed to possess, in addition to its votes by reason of its ownership of Lots, those additional votes determined by assuming that Declarant is the Owner of those Lots owned by a Developer Owner paying partial or reduced Assessments pursuant to Section 8.3.1 of the Declaration.

In addition, so long as the Class B Membership shall exist, the Class B Member shall have the right, without obligation, to maintain absolute control over the Association by appointing or removing the Board without the necessity of a vote or a meeting of the members, appointing or removing the officers of the Association, appointing or removing the members of the Design Review Committee, and amending the Declaration, subject to the terms thereof.

ARTICLE VII
INITIAL BUSINESS

The character of business that the Corporation initially intends actually to conduct in this state is the operation of a homeowners association and the maintenance of such Common Areas and other properties as may be described in the Declaration as areas of responsibility of the Corporation.

ARTICLE VIII
BOARD OF DIRECTORS

The initial Board and each Board thereafter for so long as the Class B Membership shall exist shall consist of three (3) Members or other persons, and Class B Member shall have the right to appoint all such directors. Commencing with the first annual meeting of the Members when there is no longer a Class B Member, the Board shall consist of, and the voting Members shall elect, at least five (5) and not more than seven (7) directors, but never an even number, all of whom must be Members, or an individual designated by a corporate, partnership or other non-individual Member. The foregoing reference to five (5) to seven (7) directors shall be subject to increase in the number of Directors, if provided in the Bylaws. The term of each of the Directors shall be provided in the Bylaws of the Corporation. The names and addresses of the persons elected to serve as Directors until the next annual meeting of Members or until their successors are elected and qualified are:

Tom Williams
2200 East River Road, Suite 115
Tucson, Arizona 85718

David Goldstein
2200 East River Road, Suite 115
Tucson, Arizona 85718

Yoram Levy
2200 East River Road, Suite 115
Tucson, Arizona 85718

ARTICLE IX
ORIGINAL INCORPORATORS

The original incorporator is Tom Williams, whose address is 2200 East River Road, Suite 115, Tucson, Arizona 85718.

ARTICLE X
DISSOLUTION

The Corporation may be dissolved only in accordance with the provisions of the Declaration and in accordance with the Arizona law. Any dissolution shall be approved in writing by the holders of not less than seventy-five (75%) percent of the total votes of Members entitled to vote and, upon dissolution, other than incident to a merger or consolidation, the assets shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Corporation was created. In the event that such dedication is refused acceptance, the assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust, or other organization to be devoted to such similar purposes.

ARTICLE XI
LIMITATION OF DIRECTORS' LIABILITY

The personal liability of the directors to the Corporation for monetary damage for any action or failure to take any action as a director is eliminated to the fullest extent permitted by A.R.S. §10-3202(B)(1), as it may hereafter be amended or renumbered, or the analogous provision of any future Arizona nonprofit corporation code.

ARTICLE XII
INDEMNIFICATION

The Corporation may indemnify any person against liability and expenses, including without limitation, attorneys' fees, judgments, fines and amounts paid in settlement, actually and reasonably suffered or incurred by reason of the fact that he/she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other entity, in all circumstances in which, and to the extent that, such indemnification is permitted by A.R.S. §§10-3851 and 10-3856, as such provisions may hereafter be amended or renumbered, or the analogous provision of any future Arizona nonprofit corporation code. Any indemnification hereunder shall be made by the Corporation only as authorized by the Board of Directors pursuant to A.R.S. §10-3855, as it may hereafter be amended or renumbered, or the analogous provision of any future Arizona nonprofit corporation code.

The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or was serving at the request of the Corporation as a director or officer, against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such whether or not the Corporation would have had the power to indemnify him against such liability under this Article.

The indemnification herein above permitted shall not be exclusive of any rights to which any director or officer of the Corporation may otherwise be entitled to by law, including mandatory indemnification under A.R.S. §10-3852.

ARTICLE XIII
MANDATORY PROCEDURES

As more specifically set forth in the Section of the Declaration, the Association is limited in the manner in which it may bring civil actions. The Mandatory Procedures prescribed in the Declaration are in addition to and shall not be construed to conflict with any requirements under the laws of the State of Arizona.

**ARTICLE XIV
AMENDMENT**

These Articles may be amended by the affirmative vote of Owners casting at least three-fourths (3/4) of the votes entitled to be cast by the Membership, but no amendment may conflict with the Declaration or affect any reserved rights or privileges or exemptions of the Declarant, and amendments shall first be proposed by the Board of Directors to the extent permitted by law. Notice to Members entitled to vote thereon shall be sent by first class mail at least fifteen (15) days prior to any meeting to consider the amendments. Prior to the expiration of the Class B Membership, however, the following actions will require the prior approval of the Federal Housing Administration ("FHA") or the Veterans Administration ("VA"), as applicable, if such agencies have previously approved these Articles of Incorporation upon application by Declarant: annexation of additional property (unless already provided for in the Declaration or in a phasing plan approved by FHA or VA, in which case Declarant may accomplish such annexation without further consent), mergers and consolidations, mortgaging of Common Area, dedication of Common Area, dissolution and amendment of these Articles. Amendment of the Bylaws may be made by the Board of Directors of the Corporation, subject to amendment or repeal by the vote of not less than three-fourths (3/4) of each Class of Members voting at a meeting at which a quorum of members is present. Declarant reserves the absolute right of its own volition, and without any other consent, to amend these Articles and the Bylaws should such amendment be required in order to achieve compliance with the regulations of FHA, VA or the Federal National Mortgage Association.

**ARTICLE XV
CONFLICTS**

In the case of any conflict between the terms hereof and the Declaration, the Declaration shall always control, and in the case of a conflict with the Bylaws, these Articles of Incorporation shall control.

DATED: 9-17-01

INCORPORATOR:



Tom Williams

CT CORPORATION SYSTEM

July 19, 2001

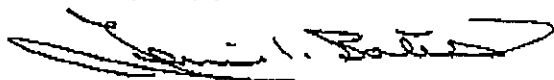
Arizona Corporation Commission
Incorporating Division
1300 West Washington Street
Phoenix, AZ 85005

Re: MESQUITE RANCH HOMEOWNERS ASSOCIATION

Dear Sir/Madam:

CT CORPORATION SYSTEM, having been designated to act as statutory agent for the above entity, hereby consents to act in that capacity until it is removed or submits its resignation, in accordance with the Arizona Revised Statutes.

Very truly yours,



Terrie L. Bates,
Assistant Secretary

3225 North Central Avenue, Suite 1601
Phoenix, AZ 85012
Tel. 602 277 4792
Fax 602 266 9604