

EXPEDITED

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AZ. CORP. COMMISSION
FOR THE STATE OF AZ.
FILED

ARTICLES OF INCORPORATION

Nov 14 4 52 PM '97

OF

B. Malloy
DATE: 11/17/97
TERM: _____
DATE: _____ TIME: _____

DESERT CROSSINGS AT RITA RANCH ASSOCIATION

In compliance with the requirements of A.R.S. §10-2301 et. seq. and that certain Declaration of Covenants, Conditions and Restrictions for Desert Crossings at Rita Ranch recorded in Docket 10491 at Page 1530 in the Office of the Pima County Recorder (the "Declaration"), the undersigned has this day formed a non-profit corporation under and pursuant to the laws of the State of Arizona, and does hereby adopt the following Articles of Incorporation.

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.

ARTICLE II
NAME

The name of the corporation is Desert Crossings at Rita Ranch Association (the "Association").

ARTICLE III
INITIAL BUSINESS

The character of business that the Association initially intends to conduct is the administration of the requirements of the Declaration and to act as an owner's association.

ARTICLE IV
STATUTORY AGENT

W. James Harrison, Esq., whose address is 3561 East Sunrise Drive, Suite 201, Tucson, Arizona 85718, is the initial statutory agent of the Association.

ARTICLE V
PURPOSES, POWERS AND CHARACTER OF AFFAIRS

Section 1. Purposes and Initial Purposes. The purpose for which the Association is organized is the transaction of any and all lawful business for which non-profit corporations may be incorporated under the laws of the State of Arizona, as the same may be amended from time to time, including, but not limited to:

A. To encourage and facilitate social and recreational activities for the Owners, Lessees and Residents of the Covered Property.

B. To provide for the orderly development, maintenance, preservation and architectural control of the Covered Property, as provided in the Declaration.

C. To promote the health, safety and welfare of the Owners, Lessees and Residents within the Covered Property and any additions thereto as may hereafter be brought within the jurisdiction of the Association.

D. To comply with the requirements and provisions of the Declaration.

Section 2. Powers. In the conduct of its business, this Association, to the extent authorized by its Board of Directors and subject to any limitations set forth in the Declaration and amendments thereto, shall be empowered to do all things that a private person or individual might do under the laws of the State of Arizona, including, but not limited to, the following:

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, as the same may be amended from time to time as therein provided, such Declaration being incorporated herein as if set forth at length;

B. Fix, levy, collect and enforce payment of, by any lawful means, all charges or Assessments pursuant to the terms of the Declaration;

C. 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;

D. Borrow money, guarantee payment or performance of obligations, and, with the assent of two-thirds (2/3) of each class of Members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

E. Dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purpose and subject to such conditions as may be agreed to by the Association. Unless otherwise required by zoning stipulations or agreements with the Town of Marana effective prior to the date hereof or specified on a recorded subdivision plat, no such dedication or transfer shall be effective unless an instrument has been signed and recorded by the holders of two-thirds (2/3) of the votes of each class of Members, agreeing to such dedication, sale or transfer, or such dedication or transfer is to public agencies, authorities or utilities in accordance with the Declaration.

F. Participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional property and Common Area; provided, however, that any such merger, consolidation or annexation of property other than the Annexable Property shall have the assent of the holders of two-thirds (2/3) of the votes of each class of Members. Annexation of Annexable Property may be accomplished by act of the Declarant without approval by the Members.

G. Establish and adopt Bylaws and other rules and regulations deemed necessary and expedient to carry into effect the objects and purposes of the Association.

H. Have and exercise any and all powers, rights and privileges which a corporation organized under the Arizona Revised Statutes Section 10-2601 et seq. may by law now or hereafter exercise.

Section 3. Dissolution. If the Association is dissolved, then its assets shall be dedicated to a public body or conveyed to a nonprofit organization with similar purposes, all as determined by an affirmative vote of the holders of two-thirds (2/3) of the

votes of the Members existing as of the date of such dissolution, and in accordance with the laws of the State of Arizona.

ARTICLE VI
MEMBERSHIPS AND VOTING

Section 1. Owners of Lots and Parcels. Every Owner of a Lot or Parcel which is subject to assessment shall be a Member of the Association. Each such Membership shall be appurtenant to, and may not be separated from, ownership of the Lot or Parcel to which the Membership is attributable.

Section 2. Declarant. The Declarant shall be a Member of the Association for so long as each Declarant holds a Class A or Class B Membership.

Section 3. Voting. The Association shall have two (2) classes of voting Memberships. The determination of Memberships and all voting in the Association shall be in accordance with Article VI of the Declaration which is incorporated herein by reference as if fully set forth herein.

Section 4. Right to Vote. No change in the ownership of a hall be effective for voting purposes unless and until the Board is given actual written notice of such change and is provided satisfactory proof thereof. The vote for each such Membership must be cast as a unit, and fractional votes shall not be allowed. In the event that a Membership is owned by more than one (1) person or entity and such Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Member casts a vote representing a certain Membership, it will thereafter be conclusively presumed to be for all other owners of the same Lot unless objection thereto is made at the time the vote is cast. In the event more than one (1) vote is cast for a particular Membership, none of the said votes shall be counted and all said votes shall be deemed void.

Section 5. Cumulative Voting for Board Members. In any election of the members of the Board, every owner of a Membership entitled to vote at such an election shall have the number of votes for such Membership times the number of directors to be elected. Each Member shall have the right to cumulate his votes for one (1) candidate or to divide such votes among any number of the candidates. The candidates receiving the highest number of votes,

up to the number of the Board members to be elected, shall be deemed elected.

Section 6. Membership Rights. Each Member shall have the rights, duties and obligations set forth in the Declaration and such other rights, duties and obligations as are set forth in the Articles and Bylaws, as the same may be amended from time to time.

Section 7. Transfer of Membership. Except as provided in the Declaration, the rights and obligations of the owner of a Class A Membership in the Association shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership to an Owner's Lot, and then only to the transferee thereof. Such transfer may be effected by Deed, intestate succession, testamentary disposition, foreclosure of a mortgage of record, or such other legal process as now in effect or as may hereafter be established under or pursuant to the laws of the State of Arizona. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership to a Lot shall operate to transfer the Membership(s) appurtenant thereto to the new Owner thereof.

ARTICLE VII
BOARD OF DIRECTORS

The control and management of the affairs of this Association shall be vested in a Board of Directors of not less than three (3) directors. The persons who are to serve as directors beginning with the incorporation of the Association until their successors are elected and qualified are:

David Mehl
3567 E. Sunrise, Suite 219
Tucson, AZ 85718

Bonnie Mehl
3567 E. Sunrise, Suite 219
Tucson, AZ 85718

Bill Hallinan
3567 E. Sunrise, Suite 219
Tucson, AZ 85719

ARTICLE VIII
AMENDMENTS

Section 1. Amendments. These Articles of Incorporation may be amended by the affirmative vote of the holders of two-thirds (2/3) of the votes of Members of the Association cast at a duly called meeting of the Members.

Section 2. Right of Amendment if Requested by Governmental Agency or Federally Chartered Lending Institutions. Anything in these Articles to the contrary notwithstanding, the Board shall have the right to amend all or any part of the Articles to such an extent and with such language as may be requested by the Federal Housing Administration ("FHA") or the Veterans Administration ("VA") and to further amend the Articles to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of the Articles or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Lots or Parcels. In the event of such an amendment, articles of amendment shall be executed, filed and published as provided under Arizona law. It is the desire of the Declarant to retain control of the Association and its activities through the Board of Directors during the anticipated period of planning and development of the Covered Property and the Annexable Property and until the Class B Membership ceases pursuant to Article VI, Section 3 above. If any amendment requested pursuant to the provisions of this Section deletes, diminishes or alters such control, the Board shall have the right to prepare, provide for and adopt, as an amendment hereto, other and different control provisions.

ARTICLE IX
INCORPORATORS

The name and address of the incorporator is as follows:

Shirley M. Welch
3561 East Sunrise Dr., Ste. 201
Tucson, AZ 86718

ARTICLE X
INTERPRETATION

In the event that any provision hereof is inconsistent with, or in derogation of, the Declaration, the provisions of the Declaration shall control and this instrument shall be interpreted accordingly.

ARTICLE XI
INDEMNIFICATION

The Association shall indemnify any person against expenses including, without limitation, attorney's fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by reason of the fact that he or she was a director, officer, employee, or agent of the Association, or is or was serving as a director, officers, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise in all circumstances in which, and to the maximum extent that, such indemnification is permitted and provided for by the laws of the State of Arizona as then in effect. The private property of the incorporators, directors, officers, employees and agents of the Association shall be forever exempt from corporate debts and liabilities. The personal liability of directors of this Association for monetary damages, for breach of fiduciary duty as director or otherwise is eliminated to the maximum extent permitted by law.

ARTICLE XII
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 on the Covered Property which are insured or guaranteed by FHA or VA, then as long as there is a Class B Membership, the following actions will require the prior approval of the FHA or VA, as applicable, unless the need for such approval has been waived by FHA or VA: (i) annexation of additional properties other than the Annexable Property, (ii) mergers and consolidations, (iii) dedication of the Common Area except as required by zoning stipulations or agreements with the County of Pima or Town of Marana effective prior to the date hereof, (iv) mortgaging of the Common Area, and (v) dissolution or amendment of these Articles.

DATED this 14th day of November, 1997.

Shirley Welch
Shirley Welch

