

ARTICLES OF INCORPORATION
OF

Oct 7 3 43 PM '99

LAS CASITAS DEL SUR PROPERTY OWNERS ASSOCIATION *W. J. Lutz - Hutch*

FILED
OCT 7 1999

-0883492-0

The undersigned, as the incorporator for the purpose of forming a private non-profit corporation under and by virtue of the laws of the State of Arizona, hereby adopts the following Articles of Incorporation: *LMMH 10-27-99*

ARTICLE I

Name

The name of the corporation is "Las Casitas Del Sur Property Owners Association" *OK-aj*

ARTICLE II

Definitions

The capitalized words and terms used herein which are defined in the Declaration of Covenants, Conditions and Restrictions for Las Casitas Del Sur, as amended from time to time (the "Declaration"), as initially recorded on October 1, 1999, as Instrument No. 99-0916110, in the official records of Maricopa County, Arizona, shall be deemed to have the same definitions and meanings as in the Declaration.

ARTICLE III

Duration

The corporation shall exist perpetually.

ARTICLE IV

Purposes

The corporation is not organized for the purpose of gaining any pecuniary profit. No part of the income or profit or net earnings of the corporation, if any, shall inure to the benefit of any Member, director or officer nor to any other person or entity other than by acquiring,

constructing, or providing management, maintenance and care of the corporation's property and other than by a rebate of excess membership dues, fees or assessments. The corporation is formed and its initial business will be to act for and on behalf of all of the Owners for the ownership of Common Area and the protection, improvement, alteration, maintenance, repair, replacement, administration and operation of the Lots and Common Area, for the assessment of expenses, for the payment of losses, for the disposition of casualty insurance proceeds, to enforce the terms and provisions of the Declaration and for other matters as provided in the Declaration, these Articles of Incorporation, and the Bylaws of the corporation. Without limiting the generality of the foregoing, to the extent authorized by its Board of Directors and in accordance with the provisions of the Declaration, the corporation shall be empowered:

(a) To accept such properties, improvements, rights, and interests as may be conveyed, leased, assigned, or transferred to the corporation; to assume such obligations and duties as may be contained in any lease assigned or transferred to the corporation; to maintain, operate and otherwise manage all buildings, structures, improvements, landscaping, parking areas, walks, common elements, common areas, recreational areas and facilities now or hereafter constructed, on the Common Area; to pay all taxes and assessments, if any, which may properly be levied against properties of the corporation; to repair, rehabilitate and restore all buildings, structures and improvements on the Common Area; to insure the Common Area and the property and all building and structures thereon as required by the Declaration and against such other risks as the Board of Directors shall determine; to make assignments and assessments for maintenance and operating charges as the Board of Directors shall determine in accordance with the Declaration and the Bylaws of the corporation and to enforce the collection of such assessments; to impose liens against individual Lots to secure the payment of obligations due from the Owners thereof, and to collect, sue, foreclose or otherwise enforce, compromise, release, satisfy and discharge such demands and liens in accordance with the Declaration; to enforce any and all covenants, restrictions and agreements applicable to the Property; to pay all maintenance, operating and other costs and to do all things and acts which in the sole discretion of the Board of Directors shall be deemed to be in the best interests of the Members or for the peace, comfort, safety or general welfare of the Members, all in accordance with the Declaration; to make and amend rules and regulations respecting the use of the Common Area and the Property; and to do all things necessary or appropriate to carry out and to enforce the terms and provisions of the Declaration.

(b) To purchase or otherwise acquire title to Lots or to hold and exercise options to purchase the same, and to lease Lots in the corporation's name as lessee and to sell and lease or to grant options to lease and purchase Lots; and, if the corporation becomes the owner or lessee of a Lot, to perform all the obligations of an owner or lessee thereof and to assume and agree to pay any mortgage constituting a lien upon the Lot.

(c) To develop, construct, purchase, lease, own, improve, maintain, operate and hold real and personal property of every kind and description; to sell, convey, and lease such property; and to mortgage, assign and pledge or otherwise encumber such property.

(d) To borrow money, and to issue notes, bonds, and other evidences of indebtedness in furtherance of any or all of the objects and purposes of the corporation, and to

secure the same by mortgage, trust deed, pledge or other lien on or security interest in property of the corporation.

(e) To enter into, perform, and carry out leases and contracts of any kind necessary to or in connection with or incidental to the accomplishment of any one or more of the objects and purposes of the corporation.

(f) To lend or invest its working capital and reserves.

(g) To act as surety or guarantor, agent, trustee, broker or in any other capacity when appropriate to the fulfillment and the furtherance of its objects and purposes.

(h) To procure all types and kinds of insurance as shall be deemed to be in the best interests of the corporation.

(i) In general, to do and perform such acts and things and to transact such business in connection with the foregoing objects and purposes as may be necessary and required.

ARTICLE V

Character of Affairs

The character of affairs which the corporation initially intends actually to conduct in Arizona is the fulfillment of all its duties and responsibilities and the exercise of all its rights and powers under the Declaration.

ARTICLE VI

Membership Classes of Members: Voting Rights

(a) The corporation shall have members. The members of the corporation shall be the Owners of Lots, as provided in the Declaration and as shall be set forth in the Bylaws. Other than its members, the corporation shall have no shareholders, and no capital stock shall be authorized or issued.

(b) The corporation shall have two (2) classes of voting membership:

Class A: Class A Members shall be all Owners but, so long as any Class B Membership is outstanding, shall not include the Declarant. Class A Members shall be entitled to one (1) vote for each Lot owned on each matter to be decided. When more than one Person holds an interest in any Lot, all

such Persons shall be Members and shall collectively hold the voting rights for the Lot. The voting for such a Lot shall be exercised as they determine among themselves, but in no event shall the vote be split or more than one (1) vote be cast with respect to the Lot. If such Persons are unable to agree how their single vote is to be cast, their vote shall not be counted. In no event shall more than one (1) vote be cast with respect to any Lot owned by a Class A Member.

Class B: The Class B Member shall be the Declarant. The Declarant shall be entitled to three (3) votes for each Lot owned on each matter to be decided.

The Class B Membership in the Association shall terminate and the Membership appurtenant to each Lot then owned by Declarant shall be converted to a Class A Membership, upon the earlier of: (i) that date upon which the number of votes entitled to be cast by the Class A Members exceeds the number of votes entitled to be cast by the Class B Member; or (ii) when the Declarant notifies the Association in writing that the Declarant relinquishes the Class B Membership.

If any lender to whom the Declarant has assigned, or hereafter assigns, as security all or substantially all of its rights under the Declaration succeeds to the interests of the Declarant by virtue of said assignment, the voting rights of the Declarant as provided in the Declaration shall not be terminated thereby, and such lender shall hold the Declarant's memberships and voting rights on the same terms as they were held by the Declarant pursuant to the Declaration.

Notwithstanding anything in these Articles to the contrary, so long as there is a Class B Membership and if approval of the Project, the Project Plat or the Project Documents has been requested of the United States Department of Housing and Urban Development/Federal Housing Administration ("FHA") or the Veterans Administration ("VA"), the following actions require the prior written approval of the FHA and VA (to the extent then required by applicable regulations of the FHA and VA, respectively): annexation of additional properties, mergers and consolidations involving the corporation, mortgaging of the Common Area or any part thereof, dedication of the Common Area or any part thereof, dissolution of the corporation or amendment of these Articles.

ARTICLE VII

Statutory Agent

S.A. One Ltd., an Arizona corporation, whose address is 2111 E. Highland Ave., Suite 255, Phoenix, Arizona 85016, is hereby appointed the initial statutory agent of the corporation for the State of Arizona.

ARTICLE VIII

Board of Directors and Officers

The business, property and affairs of the corporation shall be managed, controlled and conducted by a Board of Directors. The number of directors, who shall serve without compensation, shall not be less than three (3) nor more than seven (7), as shall be specified in the Bylaws. The initial Board of Directors shall consist of three (3) directors. Except for the initial Board of Directors and any director elected or appointed by Declarant, each director shall be a Member or the spouse of a Member (or if a Member is a corporation, limited liability company, partnership or trust, a director may be an officer, member/manager, partner, trustee or beneficiary of such Member). If a director shall cease to meet such qualifications during his term, he will thereupon cease to be a director and his place on the Board of Directors shall be deemed vacant. At a meeting held on September 1, 1999, at Chandler, Arizona, Declarant and the undersigned incorporators elected the following individuals to serve as directors until their successors are elected and qualified at the first annual meeting of the Members (or until their resignation or removal from office, as the case may be):

<u>Name</u>	<u>Address</u>
John C. Scremin	c/o John Scremin Development 407 S. Arizona Ave. Chandler, Arizona 85224
James E. Scremin	c/o John Scremin Development 407 S. Arizona Ave. Chandler, Arizona 85224
John P. Scremin	c/o John Scremin Development 407 S. Arizona Ave. Chandler, Arizona 85224

Vacancies on the Board of Directors caused by any reason shall be filled by a vote of the majority or the remaining directors even though less than a quorum, or by the remaining

director if there be only one, and each person so elected shall be a director until his/her successor is duly elected and shall qualify.

The Declarant shall have the absolute power and right to appoint and remove the members of the Board of Directors until its Class B Membership terminates as provided for in the Declaration. After the Declarant's Class B Membership terminates, (a) any director may be removed from office, with or without cause, by a majority vote of the Owners at any annual meeting or at any special meeting called for that purpose, and (b) any director may be removed from office, with cause, by a majority vote of the Board of Directors at any regular or special meeting of the Board of Directors called for that purpose.

The Board of Directors shall have the power to adopt Bylaws of the corporation, which may be changed or amended as provided in such Bylaws. The Bylaws shall prescribe, among other things, the date of the annual meeting of the Members.

The principal officers of the corporation shall be a President, one or more Vice Presidents, a Secretary and a Treasurer all of whom shall be elected by the Board of Directors. Any one person may hold two or more offices at the same time, except that no person shall simultaneously hold the office of President and Secretary.

ARTICLE IX

Incorporator

The name and address of the incorporator is as follows:

Name

Address

John C. Scremin

c/o John Scremin Development
407 S. Arizona Ave.
Chandler, Arizona 85224

ARTICLE X

Private Property

The Members, directors and officers of the corporation shall not be individually or personally liable for the debts or other liabilities of the corporation, and the private property of the Members, directors and officers of the corporation shall be forever exempt from corporate debts or liabilities of any kind whatsoever.

ARTICLE XI

Interdealing

No transaction, contract or act of the corporation shall be either void or voidable or in any other way affected or invalidated by reason of the fact that any officer, director or Member of the corporation, or any other corporation or other entity of which he may be an officer, director, Member or shareholder, is in any way interested in such transaction, contract or act, provided the interest of such officer, director or Member is disclosed to or known by the members of the Board of Directors of the corporation or such directors as shall be present at any meeting at which action is taken upon any such transaction, contract or act. Nor shall any such officer, director or Member be accountable or otherwise responsible to the corporation for, or in connection with, any such action, contract or transaction or for any gains or profits realized by him by reason of the fact that he, or any other corporation or other entity of which he is an officer, director, Member or shareholder, is interested in any such transaction, contract or act. Any such officer, director or Member, if he is a director, after making full disclosure of his interest may be counted in determining the existence of a quorum at any meeting of the Board of Directors of the corporation which shall authorize or take action upon any such transaction, contract or act, and he may vote at any such meeting to authorize, adopt, ratify or approve any Such transaction, contract or act to the same extent as if he, or any other corporation or other entity of which he is an officer, director, Member or shareholder, were not interested in such transaction, contract or act.

ARTICLE XII

Indemnification

To the fullest extent permitted by law, every director and every officer of the corporation, every member of the Architectural Committee, and the Declarant and its members and managers (to the extent a claim may be brought against the Declarant or its members and managers by reason of its appointment, removal or control over members of the Board of Directors or the Architectural Committee) shall be indemnified by the corporation, and every other Person serving as an employee or direct agent of the corporation, or on behalf of the corporation as a member of a committee or otherwise, may, in the discretion of the Board of Directors, be indemnified by the corporation, against all expenses and liabilities (including, but not limited to, attorneys' fees), reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having served in such capacity on behalf of the corporation (or in the case of the Declarant or its members and managers by reason of having appointed, removed or controlled or failed to control members of the Board of Directors or the Architectural Committee), or any settlement thereof, whether or not he is a director, officer or member of the Architectural Committee or serving in such other specified capacity at the time such expenses are incurred, provided that the Board of Directors shall determine, in good faith, that the Person to be

indemnified hereunder did not act, fail to act, or refuse to act with gross negligence or fraudulent or criminal intent in the performance of his duties. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such Persons may be entitled at law or otherwise. Notwithstanding anything to the contrary expressed herein, the Board of Directors shall have the right to refuse indemnification as to expenses in any instance in which the person or entity to whom indemnification would otherwise have been applicable shall have incurred expenses without approval by the Board of Directors which are excessive and unreasonable in the circumstances and are so determined by the Board of Directors, and as to expenses, judgments, or penalties in any instance in which such person or entity shall have refused unreasonably to permit the corporation, at its own expense and through counsel of its own choosing, to defend him or it in the action or to compromise and settle the action. The corporation shall also indemnify the employees and direct agents of the corporation in the same manner and with the same limitations as provided above with respect to directors and officers.

ARTICLE XIII

Amendments


Until Declarant's Class B membership terminates as provided for in the Declaration, the right to amend these Articles of Incorporation is reserved to Declarant. Thereafter these Articles of Incorporation may be amended with or without a meeting of the Members by the affirmative vote of two-thirds of the Members after the Board of Directors has first adopted a resolution setting forth the proposed amendment and directing that it be submitted to a vote by the Members; provided, however, that as to the amendment of any provision of these Articles which specifies voting and quorum requirements for any action under such provision, the voting and quorum requirements of that provision shall apply also to any amendment of such provision. These Articles of Incorporation shall not be amended to contain any provisions which would be contrary to or inconsistent with the Declaration and any provisions of or purported amendment to these Articles of Incorporation which is contrary to or inconsistent with the Declaration shall be void to the extent of such inconsistency.

ARTICLE XIV

Priority of Declaration

The provisions of the Declaration shall have priority over these Articles of Incorporation, and any provision hereof which is contrary to or inconsistent with the Declaration shall be void to the extent of the inconsistency.

IN WITNESS WHEREOF, the undersigned incorporator had hereunto
affixed his signatures this ~~20th~~ day of ~~September~~, 1999.
4th October,


John C. Scremin

RECEIVED: JED