



FEB 23 2006

ARTICLES OF INCORPORATION
OF

FILE NO. 1266247-6

THE FAIRWAYS AT LOS PORTALES HOMEOWNERS ASSOCIATION

The undersigned, for the purpose of forming a nonprofit corporation pursuant to the Arizona Nonprofit Corporation Act of the State of Arizona, Chapters 24 through 40, inclusive, of Title 10 of the Arizona Revised Statutes, do hereby adopt the following Articles of Incorporation:

ARTICLE I - The name of this Arizona nonprofit corporation will be THE FAIRWAYS AT LOS PORTALES HOMEOWNERS ASSOCIATION (the "Association"). The duration of the Association will be perpetual.

ARTICLE II - The incorporator of the Association is Robert C. Venberg, 2164 East Broadway Road, Suite 300, Tempe, Arizona 85282.

ARTICLE III - The principal offices of the Association are located at 2164 East Broadway Road, Suite 300, Tempe, Arizona 85282.

ARTICLE IV - The name and address of the initial Statutory Agent of the Association is Burgess J.W. Raby, 2164 East Broadway Road, Suite 280, Tempe, Arizona 85282.

ARTICLE V - The purpose for which the Association is organized is to act as a tax-exempt homeowners' association in accordance with section 528 of the Internal Revenue Code of 1986, as amended, or if the Corporation so elects, pursuant to section 501(c)(4) of the Internal Revenue Code of 1986, as amended, and under the laws of the State of Arizona, and as such will serve as a homeowners' association for the owners of lots and homes under the Declaration of Covenants, Conditions, and Restrictions for Los Portales (the "Declaration"), recorded in the office of the County Recorder of Pinal County, Arizona. The Association does not contemplate pecuniary gain or profit to the Members thereof. In furtherance of, and in order to accomplish the general purposes of the Association, the Association may transact any and all lawful business for which nonprofit corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time. The specific purpose for which the Association is formed is to provide for the maintenance, preservation, and architectural control of the homes and lots in those subdivision known as "Los Portales" according to the plats of record in the office of the Pinal County Recorder, as more particularly described in the Declaration, and to which additional property may be annexed, and all of which property, including any property annexed to the Declaration, by this reference, is incorporated herein (collectively, the "Subdivision").

ARTICLE VI - The Association will have all of those powers provided by law, including those set forth in the Arizona Revised Statutes, as they may be amended from time to time, and all those powers necessary and convenient to effect the Association's purpose as set forth above, including but not limited to the power to exercise all of the rights and privileges and perform all duties and obligations of the Association as set forth in the Declaration, as the same may be amended from time to time. In particular, the Association is formed to promote the health, safety, and welfare of the residents within the property covered by the Declaration, and additions thereto and as may hereafter be brought within the jurisdiction of the Association, and for this purpose to:

(a) exercise all of the powers and privileges, and 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 provided therein and, which, by this reference are incorporated herein;

(b) fix, levy, collect, and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith,

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and all office and other expenses incidental to the conduct of business of the Association, including all licenses, taxes, and governmental charges levied or imposed against the property of the Association;

(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, if otherwise provided in the Declaration;

(d) borrow money, and with the consent of two-thirds of each class of members, mortgage, pledge, or hypothecate any or all of the property of the Association as security for borrowed money or debts incurred, if allowable under the Declaration; and

(e) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional property or common areas, provided that any such merger, consolidation, or annexation will have the consent of two-thirds of each class of the members and the United States Department of Housing and Urban Development and the Veterans Administration (collectively, "HUD/VA"), as otherwise provided herein.

ARTICLE VII - Every person or entity who is a record owner of any lot or home in the Subdivision will be a member of the Association, subject to and in accordance with the Declaration. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation, either legal or equitable. The Association will have no shareholders other than its Members, and no capital stock will be authorized or issued.

ARTICLE VIII - The Association will have two classes of voting membership, namely Class A and Class B, as provided below:

Class A - Class A Members will be all Owners, with the exception of Declarant (as such term is defined in the Declaration). Each Class A Member will be entitled to one vote for each lot or home owned. When more than one person holds interest in any lot or home, all such persons will be Members. The voting for such lot or home will be exercised as such persons among themselves determine, but in no event will more than one vote be cast with respect to any such lot or home. If any owner(s) cast(s) a vote representing a certain lot or home, it will thereafter be conclusively presumed for all purposes that such owner(s) was (were) acting with the authority and consent of any other owner(s) of the same lot or home.

Class B - The Class B Member will, at the inception of the Association, be Declarant, who will be entitled to three votes for each lot or home owned. Each Class B membership representing lots owned by Declarant will cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(i) when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership;

(ii) on January 1, 2016; or

(iii) five years after Declarant has ceased offering Lots or Residences for sale in the ordinary course of business.

If any lender to whom Declarant has or may hereafter assign, as security, all or substantially all of its rights under the Declaration succeeds to the interests of such Declarant by virtue of said

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assignment, the Class B memberships will not be terminated thereby, and such lender will hold the Class B memberships on the same terms as they were held by Declarant.

The first annual meeting of the Members of the Association will be held within 30 days after the conversion of all the Class B memberships to Class A memberships, as above provided, or at such earlier time as the Board of Directors will designate. The dates of subsequent annual meetings will be as provided in the Bylaws of the Association. Until such time as the first annual meeting is required to be held, as herein provided, the provisions of Arizona Revised Statutes section 10-2313(B) are hereby waived.

ARTICLE IX - The affairs of the Association will be conducted by a Board of not less than three nor more than seven directors and by a president, one or more vice presidents, a secretary, and a treasurer appointed by the Board of Directors, and such other officers as such Board may determine. The number of directors may be changed by amendment of the Bylaws of the Association. The initial Board of Directors of the Association will be:

- Robert C. Venberg, 2164 East Broadway, Suite 300, Tempe, Arizona 85282
- Craig Helsing, 2164 East Broadway, Suite 300, Tempe, Arizona 85282
- Ginger Swainston, 2164 East Broadway, Suite 300, Tempe, Arizona 85282

ARTICLE X - This Association initially will have the officers set forth below. The names and addresses of the persons who initially will serve as such officers at the pleasure of the Board of Directors are:

- President Robert C. Venberg, 2164 East Broadway, Suite 300, Tempe, Arizona 85282
- Vice President Craig Helsing, 2164 East Broadway, Suite 300, Tempe, Arizona 85282
- Secretary/Treasurer Ginger Swainston, 2164 East Broadway, Suite 300, Tempe, Arizona 85282

ARTICLE XI - The private property of the Members, directors, and officers of the Association will be forever exempt from the Association's debts and obligations.

ARTICLE XII - Pursuant to the provisions contained in Article 5 of Chapter 31 of Title 10 of the Arizona Revised Statutes, the Association will indemnify and hold harmless each of (i) its directors and officers, (ii) each Member of any committee appointed pursuant to the Bylaws of the Association, and (iii) Declarant, pursuant to the Declaration, and each of Declarant's directors and officers (collectively referred to as "Declarant"), against all contractual and other liabilities to others arising out of contracts made by, or other acts of such director(s), officer(s), committee(s), or Declarant, including but not limited to, judgments paid and satisfied and amounts in compromise and settlement, unless any such contract or act will have been made fraudulently or with gross negligence or criminal intent. It is intended that the foregoing indemnification will include indemnification against all costs and expenses, including but not limited to, attorneys' fees reasonably incurred in connection with the defense of any claim, action, suit, or proceeding, whether civil, criminal, administrative, or other, in which any such director, officer, committee member, or

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Declarant may be involved by virtue of such person(s) being or having been such director, officer, committee member, or Declarant, as allowable under section 10-2305, Arizona Revised Statutes.

ARTICLE XIII - Membership in the Association will terminate automatically when an Owner ceases for any reason to be an Owner, any new Owner will automatically succeed to such membership in the Association. A membership in the Association will not be transferred, pledged, hypothecated, or alienated in any way, except upon sale of the lot to which it appertains (and then only with respect to such purchaser(s)) or by intestate succession, testamentary disposition, foreclosure, or other legal process transferring fee simple title to such lot (and then only to the person to whom such fee simple title is transferred). Notwithstanding the foregoing, if an Owner has granted an irrevocable proxy or otherwise pledged or alienated the voting right of his lot regarding special matters to a Mortgagee as additional security, only the vote of such Mortgagee will be recognized in regard to such special matters, if a copy of such proxy or other instrument has been filed with the Board of Directors. If more than one such instrument has been filed, the Board of Directors will recognize the rights of the first Mortgagee to so file, regardless of the priority of the Mortgages themselves. Any attempt to make a prohibited transfer of a membership is void and will not be recognized by or reflected upon the books and records of the Association.

ARTICLE XIV - Amendment to these Articles of Incorporation will require a vote of two-thirds of the votes entitled to be cast at a meeting called for that purpose, and will be subject to approval of HUD/VA to the extent otherwise provided herein.

ARTICLE XV - As long as there is a Class B Member, each of the following actions will require the prior approval of HUD/VA, as applicable: annexation of additional properties, mergers and consolidations, mortgaging or encumbering of any common areas and or dedication of any common areas (if such common areas come within the control of the Association), dissolution of the Association, or amendment of these Articles of Incorporation.

ARTICLE XVI - The fiscal year of the Association will be the calendar year from January 1 through December 31 of each year.

IN WITNESS WHEREOF, the undersigned have executed these Article of Incorporation as of the 8th day of February, 2006.


Robert C. Venberg

Burgess J.W. Raby, having been designated to act as Statutory Agent for The Fairways at Los Portales Homeowners Association, hereby consents to act in that capacity until his removal or his resignation is submitted in accordance with the laws of the State of Arizona.


Burgess J.W. Raby

ARIZONA CORPORATION COMMISSION
CORPORATIONS DIVISION

Phoenix Address: 1300 West Washington
Phoenix, Arizona 85007-2929

Tucson Address: 400 West Congress
Tucson, Arizona 85701-1347

NONPROFIT
CERTIFICATE OF DISCLOSURE
A.R.S. Section 10-3202.D.

The Fairways at Los Portales Homeowners Association
EXACT CORPORATE NAME

- A. Has any person serving either by election or appointment as officer, director, trustee, or incorporator in the corporation:
1. Been convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
 2. Been convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or restraint of trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
 3. Been or are subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the execution of this Certificate wherein such injunction, judgment, decree or permanent order:
 - (a) Involved the violation of fraud or registration provisions of the securities laws of that jurisdiction?; or
 - (b) Involved the violation of the consumer fraud laws of that jurisdiction?; or
 - (c) Involved the violation of the antitrust or restraint of trade laws of that jurisdiction?

Yes _____ No X

B. IF YES, the following information MUST be attached:

1. Full name and prior name(s) used.
2. Full birth name.
3. Present home address.
4. Prior addresses (for immediate preceding 7-year period).
5. Date and location of birth.
6. Social Security number.
7. The nature and description of each conviction or judicial action, date and location, the court and public agency involved and file or cause number of case.

- C. Has any person serving either by election or appointment as an officer, director, trustee or incorporator of the corporation, served in any such capacity or held such interest in any corporation which has been placed in bankruptcy or receivership or had its charter revoked, or administratively dissolved by any jurisdiction?

Yes _____ No X

IF YOUR ANSWER TO THE ABOVE QUESTION IS "YES", YOU MUST ATTACH THE FOLLOWING INFORMATION FOR EACH CORPORATION:

1. Name and address of the corporation.
2. Full name, including alias and address of each person involved.
3. State(s) in which the corporation:
 - (a) Was incorporated.
 - (b) Has transacted business.
4. Dates of corporate operation.
5. A description of the bankruptcy, receivership or charter revocation, including the date, court or agency and the file or cause number of the case.

D. The fiscal year end adopted by the corporation is December 31

Under penalties of law, the undersigned incorporators/officers declare that we have examined this Certificate, including any attachments, and to the best of our knowledge and belief it is true, correct and complete, and hereby declare as indicated above. THE SIGNATURE(S) MUST BE DATED WITHIN THIRTY (30) DAYS OF THE DELIVERY DATE.

BY [Signature] DATE 2/8/04
TITLE Incorporator

BY _____ DATE _____
TITLE _____

BY _____ DATE _____
TITLE _____

BY _____ DATE _____
TITLE _____

DOMESTIC CORPORATIONS: ALL INCORPORATORS MUST SIGN THE INITIAL CERTIFICATE OF DISCLOSURE. (If more than four incorporators, please attach remaining signatures on a separate sheet of paper.)

If within sixty days, any person becomes an officer, director, or trustee and the person was not included in this disclosure, the corporation must file an AMENDED certificate signed by all incorporators, or if officers have been elected, by a duly authorized officer.

FOREIGN CORPORATIONS: MUST BE SIGNED BY AT LEAST ONE DULY AUTHORIZED OFFICER OF THE CORPORATION.

CF: 0001 - Non-Profit
Rev: 9/00