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BY Windy Robinson
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ARTICLES OF INCORPORATION

OF

MESQUITE GROVE ESTATES HOMEOWNERS ASSOCIATION

In compliance with the requirements of § 10-3201, et seq., Arizona Revised Statutes, as amended (the Arizona Non-Profit Corporation Act), the undersigned, who is a person capable of contracting, states as follows:

ARTICLE I

NAME

The name of the corporation is Mesquite Grove Estates Homeowners Association (the "Association").

ARTICLE II

DEFINED TERMS

Capitalized terms used in these Articles without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions, Restrictions and Easements for Mesquite Grove Estates to be recorded in the records of Maricopa County, Arizona, in connection with that certain Planned Area Development located in Chandler, Maricopa County, Arizona, commonly known as "Mesquite Grove Estates," as such Declaration may be amended from time to time.

ARTICLE III

KNOWN PLACE OF BUSINESS

The known place of business of the Association shall be located at 3025 S. 48th Street, Suite 4, Tempe, Arizona 85282.

Windy Robinson
William Lyon - Mesquite
July 13, 2000

ARTICLE IV

STATUTORY AGENT

Lars O. Lagerman, whose address is Two North Central Avenue, Suite 2200, Phoenix, Arizona 85004-4406, and who has been a bona fide resident of the State of Arizona for more than three (3) years last past, is hereby appointed and designated as the initial statutory agent for the corporation.

ARTICLE V

PURPOSE OF THE ASSOCIATION

The object and purpose for which this Association is organized is to provide for the management, maintenance, and care of the Areas of Association Responsibility and other property owned by the Association or property placed under its jurisdiction and to perform all duties and exercise all rights imposed on or granted to the Association by the Project Documents. In furtherance thereof, and in order to accomplish the foregoing object and purpose, the Association may transact any or all lawful business for which corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time.

ARTICLE VI

CHARACTER OF BUSINESS

The character of the business which the Association intends to conduct in Arizona is to provide for the management, maintenance and care of the Areas of Association Responsibility and to exercise and perform such other powers and duties as are imposed on or granted to the Association by the Project Documents.

ARTICLE VII

MEMBERSHIP AND VOTING RIGHTS

The Members of the Association shall be limited to Owners of Lots. An Owner of a Lot shall automatically, upon becoming the Owner thereof, be a Member of the Association, and shall remain a Member of the Association until such time as such Owner's ownership ceases for any reason, at which time such Owner's Membership in the Association shall automatically cease. Each Owner shall have such rights, privileges and votes in the Association as are set forth in the Project Documents. The provisions of the Declaration pertaining to classes of membership and the voting rights of the Members are incorporated in these Articles of Incorporation by reference.

ARTICLE VIII

BOARD OF DIRECTORS

The number of directors constituting the initial Board of Directors shall be three (3). The names and addresses of the initial directors of the Association who shall serve until their successors are elected and qualify are as follows:

<u>Name</u>	<u>Mailing Address</u>
Tom Graham	3025 S. 48 th Street, Suite 4 Tempe, Arizona 85282
Billy Littleton	3025 S. 48 th Street, Suite 4 Tempe, Arizona 85282
Larry Sears	3025 S. 48 th Street, Suite 4 Tempe, Arizona 85282

The Board shall adopt the initial Bylaws of the Association. The power to alter, amend or repeal the Bylaws is reserved to the Members except that so long as the Declarant owns any Lot, the Declarant, and thereafter, the Board, without a vote of the Members, may amend the Bylaws in order to conform the Bylaws to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project, the Plat or the Project Documents is required by law or requested by the Declarant or the Association.

ARTICLE IX

OFFICERS

The following persons shall be the initial officers of the Association and shall hold the positions opposite their names until their successors have been elected and qualify:

Tom Graham	-	President
Billy Littleton	-	Vice President
Larry Sears	-	Secretary/Treasurer

ARTICLE X

LIMITATION ON LIABILITY OF DIRECTORS

The personal liability of a director of the Association to the Association or its Members for monetary damages for breach of his fiduciary duties as a director is hereby eliminated to the extent permitted by the Arizona Nonprofit Corporation Act, as it may be amended from time to time. Any repeal or modification of this Article X shall be prospective only and shall not adversely affect the personal liability of a director or prior director for any act or omission occurring prior to the effective date of such repeal or modification.

ARTICLE XI

INDEMNIFICATION

The Association shall indemnify any person made a party to any civil suit or criminal, administrative or investigative action, other than an action by or in the right of the Association, by reason of the fact that he is or was a member, director, officer, employee or agent of the Association against expenses, including attorneys' fees, and judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, if he acted, or failed to act, in good faith and he reasonably believed (i) in the case of conduct in an official capacity with the Association, that the conduct was in its best interests, (ii) in all other cases, that the conduct was at least not opposed to its best interests and (iii) in the case of any criminal action or proceeding, that he had no reasonable cause to believe the conduct was unlawful. Any indemnification of the members, directors, officers, employees or agents of the Association shall be governed by and made in accordance with the provisions of the Arizona Revised Statutes pertaining to nonprofit corporations. Any repeal or modification of this Article XI shall be prospective only and shall not adversely affect, defeat or limit the right of any person to indemnification for any act, or failure to act, occurring prior to the effective date of such repeal or modification.

ARTICLE XII

AMENDMENTS

These Articles may be amended by Members holding at least two-thirds (2/3) of the total votes in the Association; provided, however, that so long as the Declarant owns any Lot, the Declarant, and thereafter, the Board, without a vote of Members, may amend these Articles in order to conform these Articles to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project, the Plat or the Project Documents is required by law or requested

by the Declarant or the Association. So long as the Declarant owns any Lot, any amendment to these Articles must be approved in writing by the Declarant.

ARTICLE XIII

DISSOLUTION

The Association may be dissolved by the affirmative vote or written consent, or any combination thereof, of the Members representing not less than ninety percent (90%) of the authorized votes in each class of membership and by the holders of First Mortgages, the Owners of which have seventy-five percent (75) or more of the votes in the Association. Upon dissolution of the Association, other than incident to a merger or consolidation, the rights and obligations of the Association, including without limitation the maintenance obligations of the Association, shall be assigned to and assumed by an appropriate public agency, to be exercised and performed in the manner required pursuant to the Declaration. In the event that such assignment and assumption is refused, such rights and obligations shall be assigned to and assumed by any nonprofit corporation, association, trust or other organization to be devoted to purposes similar to those for which this Association was created. So long as the Declarant owns any Lot, any dissolution of the Association must be approved in writing by the Declarant.

ARTICLE XIV

DURATION

The corporation shall exist perpetually.

ARTICLE XV

ASSESSMENTS AND FEES

Each Member shall be obligated to pay Assessments and other fees and charges to the Association in accordance with the Project Documents.

ARTICLE XVI

VA/FHA APPROVAL

As long as there is a Class B membership in the Association, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties; mergers or consolidations, mortgaging of Common Area,

assignment and assumption of the rights and obligations of the Association and dissolution or amendment of these Articles of Incorporation.

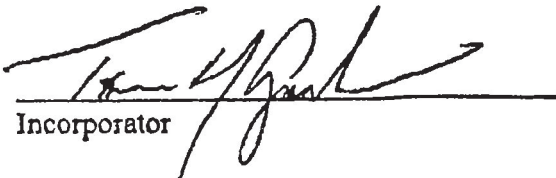
ARTICLE XVII

INCORPORATOR

The name and address of the incorporator of the Association is:

<u>Name</u>	<u>Address</u>
Tom Graham	3025 S. 48 th Street, Suite 4 Tempe, Arizona 85282

Dated this 13th day of July, 2000.



 Incorporator

ACCEPTANCE OF APPOINTMENT AS STATUTORY AGENT

The undersigned, having been designated to act as statutory agent for this corporation, hereby accepts such appointment and agrees to act in that capacity until removal or resignation is submitted in accordance with applicable provisions of the Arizona Revised Statutes.

Dated this 13th day of July, 2000.



 Lars O. Lagerman