

ARTICLES OF INCORPORATION
OF
CHATEAU de VIE TWO TOWNHOUSES ASSOCIATION

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned persons, all of whom are residents of Arizona, have this day voluntarily associated themselves together, for the purpose of forming a corporation under and pursuant to the rules of the State of Arizona, and for that purpose hereby adopt the following Articles of Incorporation:

ARTICLE I.

The name of the corporation shall be:

CHATEAU de VIE TWO TOWNHOUSES ASSOCIATION

ARTICLE II.

This corporation is organized pursuant to the general non-profit corporation laws of the State of Arizona.

ARTICLE III.

The names and post office addresses of the incorporators are as follows:

LAWRENCE L. PAVILACK	381 East Verde Lane Phoenix, Arizona
EARL SUMRALL	8601 East Pecos Lane Scottsdale, Arizona
HENRY F. KAESTNER	5077 E. Granite Reef Road Scottsdale, Arizona

ARTICLE IV.

The number of directors of this corporation to act initially shall be three (3) but such number may be changed by the By-Laws duly adopted. The following persons were elected September 25, 19 68, at Phoenix, Arizona, to serve as directors until the election

of their successors:

LAWRENCE L. PAVILACK 381 East Verde Lane
Phoenix, Arizona

EARL SUMRALL 8601 East Pecos Lane
Scottsdale, Arizona

HENRY F. KAESTNER 5077 E. Granite Reef Road
Scottsdale, Arizona

ARTICLE V.

The principal place of business of the corporation shall be at the City of Phoenix, Arizona, but the corporation may establish other offices within the State of Arizona and hold its meetings at such places as the By-Laws may provide.

ARTICLE VI.

The general nature of the business to be transacted and the objectives and purposes of the corporation shall be as follows:

A. To own, operate and/or maintain certain property and improvements to be used in common by and for the benefit of the owners of residences constructed within the following described premises and any additions thereto as may hereafter be brought within the jurisdiction of this association by annexation as provided in Article XX herein and for this purpose:

Lots Eighty-four (84) through One Hundred Sixty-six (166), inclusive, together with Tract "I" of CHATEAU de VIE TWO according to the plat of record in the office of the County Recorder of Maricopa County, Arizona in Book 120, at page 45 thereof.

B. To accept such property and improvements as may be conveyed to the corporation and to maintain and otherwise manage landscaping, parking areas, walk areas, common elements, recreational areas and facilities upon such property. To pay all taxes and assessments, if any, which may properly be levied against such property or other property acquired by or owned by the corporation. To repair, maintain, rehabilitate and restore the real property and any improvements located thereon; to impress liens against the individual residence units and their fractional or percentage ownership interests in the townhouse corporation, to secure the payment of obligations due from the owners thereof to the corporation and to collect, foreclose or otherwise enforce, compromise, release, satisfy and discharge said demands, and to do all other acts necessary to the filing, maintenance and discharge of said liens; to take any action necessary to enforce the covenants, restrictions, reservations and conditions which at present or in the future affect said property described in Article VI, Paragraph A above, either by recording restrictions, By-Laws of the corporation, rules and regulations of the corporation, or in any other way created; and in addition thereto, to do any and all lawful things and acts which the corporation, at any time, and from time to time, shall, in its discretion, deem to be to the best interests of the members of the corporation, and to pay all costs and expenses in connection therewith and in connection with any and all the purposes of the corporation, and further, to do any and all lawful things which may be advisable, proper, authorized or permitted to be done by the corporation under and by virtue of any condition, covenant, restriction, reservation, charge

or assessment affecting said property or any portion thereof, and to do and perform any and all acts which may be either necessary for or incidental to the exercise of any of the foregoing powers, or for the peace, health, comfort, safety or general welfare of the members of the corporation, and further, to do any and all things and exercise all rights and powers permitted to non-profit corporations under the laws of the State of Arizona, including the power to mortgage or encumber any property owned by it.

C. To enter into, perform and carry out contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of the purposes of the corporation.

D. To borrow and loan money, and give, take and hold security and collateral; to execute, make and issue and take and receive bonds, notes, debentures, mortgages, pledges and other evidences of indebtedness and security, of any and all kinds whatsoever, in furtherance of any or all of the objects of its business.

E. To make contracts of all kinds and descriptions with third parties, firms and corporations; to make contracts with any of the officers, directors, members of the Council of Co-Owners or employees of this corporation, individually or otherwise and without limitation, restriction or prejudice, which contracts shall be considered and construed on the same basis as contracts with third persons, all in furtherance of the organization, management, operation, objects or purposes of the corporation.

F. To do and perform any and all acts and things and to transact any business, not inconsistent with law, which may be necessary, incidental to or convenient in carrying out any of the business or purposes of the corporation.

ARTICLE VII.

The corporation shall be a non-stock corporation and shall be owned by its members, who shall be collectively called the Council of Co-Owners, and no dividends or pecuniary profits shall be paid to its members. Membership in the Association, except for membership of the incorporators and the first Board of Directors, shall be limited to record owners of equitable title (or legal title if the equitable title has merged) of townhouses constructed or planned to be constructed on the property described above, and any additions thereto as may hereafter be brought within the jurisdiction of this association by annexation as provided in Article XX herein and for this purpose. An owner of a townhouse shall automatically, upon becoming the owner of a townhouse, be a member of the Association, and shall remain a member of the Association until such time as his ownership ceases for any reason, at which time his membership in said Association shall automatically cease. Nothing herein is intended to include as members of the Association persons or entities who hold an interest merely as security for the performance of an obligation. No certificates of membership shall be issued and membership shall be evidenced by an official list of said members, which list shall be kept by the Secretary of the Association. No membership shall be issued to any other person or persons except as they may be issued in substitution for outstanding memberships assigned to the new record owners of equitable title (or legal title if equitable title has merged). Membership shall be appurtenant to and may not be separated from ownership of any lot.

In the event any such townhouse is owned by two or more persons, whether by joint tenancy, tenancy in common, community property or otherwise, the membership as to

each townhouse unit shall be joint and a single membership for such townhouse shall be issued in the names of all, and they shall designate to the Association in writing at the time of issuance one of their number who shall hold the membership and have the power to vote said membership, and in the absence of such designation and until such designation is made, the Board of Directors of the Association shall make such designation.

ARTICLE VIII.

The Association shall have two classes of voting membership.

Class A. Class A members shall be all those owners as defined in Article VII. A Class A member shall be entitled to one vote for each lot owned by said member, as provided above.

Class B. The Class B member shall be the Declarant (as defined in the Declaration of Covenants, Conditions and Restrictions recorded for the property referred to in Article VI A above). The Class B member shall be entitled to three (3) votes for each lot in which it holds the interest required for membership by Article VII, provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(b) Two (2) years from the date of the above referred to Declaration.

ARTICLE IX.

The time of commencement of this corporation shall be the date upon which the Arizona Corporation Commission shall issue its Certificate of Incorporation and the termination of the corporation shall be twenty-five (25) years thereafter, with the power and privilege of renewal as provided by law. Application for the renewal of such corporate existence shall be made in a timely manner prior to the date of termination of the original corporation charter.

ARTICLE X.

The affairs of the corporation shall be conducted by a Board of Directors consisting of an odd number of not less than five (5) nor more than seven (7) members, except for the initial directors as provided in Article IV above, or as may be fixed from time to time by the members of the Council of Co-Owners, and such other officers as the Board of Directors may select from time to time, including a President, a Vice President, a Secretary and a Treasurer. The same person may hold any two offices, except that the President may not at the same time hold the office of the Vice President or Secretary.

The directors shall be elected by the members of the Council of Co-Owners at the first and each ensuing annual meeting thereof, as provided for in the By-Laws of this corporation. The directors, other than those named in Article IV above, must be members of the Council of Co-Owners. In addition to those eligible to be a director, as indicated above, any director, officer or employee of a corporation, which is a member of the Council of Co-Owners, shall be

eligible to be a director of the townhouse corporation upon being so authorized by said member corporation.

The Board of Directors, at any regular or special meeting called for such purpose, shall have full power to adopt, amend or repeal resolutions and by-laws of the corporation or such resolutions and by-laws not contrary to nor inconsistent with law or these Articles of Incorporation.

ARTICLE XI.

Any indebtedness or liability, direct or contingent, must be authorized by an affirmative vote of a majority of the votes cast by the members of the Board of Directors at a lawfully held meeting, and approved by the Arizona Corporation Commission, to the extent required by the laws of the State of Arizona. The highest amount of indebtedness or liability, direct or contingent, to which this corporation may be subject at any one time shall not exceed one hundred fifty percent (150%) of its income for the previous fiscal year, except that additional amounts may be authorized by an affirmative vote of two-thirds (2/3) of the members of the Council of Co-Owners.

245,000

ARTICLE XII.

Any mortgage by the Association of the common area, as defined in the Declaration of Covenants, Conditions and Restrictions for the property referred to in Article VI, shall have the assent of two-thirds (2/3) of the entire Class A membership and two-thirds (2/3) of the Class B membership, if any.

ARTICLE XIII.

The private property of each and every officer, director, and member of the Council of Co-Owners of this corporation shall at all times be exempt from all debts and liabilities of the corporation.

ARTICLE XIV.

This corporation hereby appoints LAWRENCE L.

PAVILACK, 733 Security Building, Phoenix, Arizona, who is now and has been for more than three (3) years last past, a bona fide resident of the State of Arizona, as its lawful statutory agent, upon whom all notices and processes, including service of summons, may be served, and which, when so served, shall be lawful, personal service upon this corporation. The Directors may, at any time, appoint another agent for such purpose, and the filling of such other appointment shall revoke this or any other previous appointment of such agent.

ARTICLE XV.

The first annual meeting of the Council of Co-Owners of the corporation shall be held within sixty (60) days after the builder has constructed and conveyed sixty-six percent (66%) of the total number of residence units to be constructed within the premises as described in Article II of the By-Laws, or within one (1) year from the date of incorporation, whichever is sooner. Thereafter, the annual meetings of the Council of Co-Owners shall be on the last Tuesday of February of each year or at such other time as shall be specified by the By-Laws of this corporation duly adopted or amended. Any such amendment of the By-Laws, thus duly adopted, changing the date of the annual meetings shall be valid and effective without the necessity of amending the Articles of Incorporation of the corporation. The annual meetings of the Board of Directors and the members of the Council of Co-Owners shall be held at the office of the corporation or at such other office or offices at such other places within the County of Maricopa, State of Arizona, as may be designated by the Board of Directors. There shall be no

less than two (2) meetings of the Board of Directors during each fiscal year.

ARTICLE XVI.

The corporation shall not execute or file for record any documents which impose a restriction upon the sale, lease or occupancy of property solely on the basis of race, color or creed.

ARTICLE XVII.

These Articles of Incorporation may be amended by the affirmative vote of seventy-five percent (75%) of the entire membership. As long as there is a Class B membership, amendment of these Articles will require the prior approval of the Federal Housing Administration.

ARTICLE XVIII.

The corporation shall have power to dedicate, sell or transfer all or any part of the common area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by members entitled to cast two-thirds (2/3) of the votes of the Class A membership and two-thirds (2/3) of the votes of the Class B membership, if any, agreeing to such dedication, sale or transfer.

ARTICLE XIX.

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any. Upon dissolution of the Association, the assets, both real and personal, of the Association shall be dedicated to an appropriate public agency to be devoted to purposes as nearly as practicable

the same as those to which they were required to be devoted by the Association. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to purposes and uses that would most nearly reflect the purposes and uses to which they were required to be devoted by the Association.

ARTICLE XX.

Section 1. The Association may, at any time, annex additional residential properties and common areas to the properties described in Article VI, and so add to its membership under the provisions of Article VII, provided, however, that any such annexation shall have the assent of two-thirds (2/3) of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any.

ARTICLE XXI.

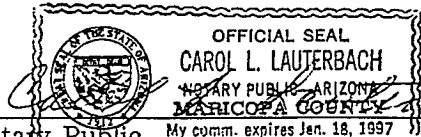
To the extent permitted by law, the Association may participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, provided, however, that any such merger or consolidation shall have the assent of two-thirds (2/3) of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any.

ARTICLE XXII.

As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dedication of Common Area, dissolution and amendment of these Articles.

STATE OF ARIZONA)
) ss
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this April day of 01, 19 94 by Russ Kafer and Kit Kraft, President and Secretary, respectively, of Chateau De Vie II Townhouse Association, an Arizona Corporation, on behalf of said corporation.

 OFFICIAL SEAL
CAROL L. LAUTERBACH
NOTARY PUBLIC, ARIZONA
MARICOPA COUNTY
My comm. expires Jan. 18, 1997
Carol L. Lauterbach
Notary Public

My commission expires:
Jan. 18, 1997

EXHIBIT A

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
CHATEAU DE VIE II TOWNHOUSE ASSOCIATION

1. Article IX is amended to read as follows:

ARTICLE IX

The time of commencement of this Corporation shall be the date upon which the Arizona Corporation Commission shall issue its Certificate of Incorporation and the duration shall be perpetual.

When recorded return

Tri-City Property Management
P O Box 1057, Scottsdale AZ 85252

1-24

90 233944

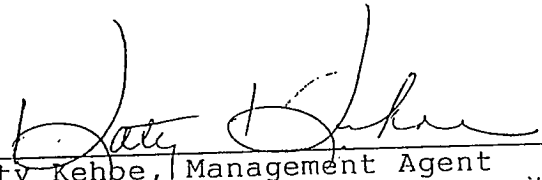
AMENDMENT
DECLARATIONS OF COVENANTS, CONDITIONS AND RESTRICTIONS
CHATEAU DE VIE II TOWNHOUSES ASSOCIATION

CHANGE Article XIV (d) page 16 to read:

MOD RSTR (DF)

"The first mortgagee acquiring title to a mortgaged townhouse unit through foreclosure suit or through any equivalent proceedings such as, but not limited to, the taking of a deed in lieu of foreclosure, shall acquire title to the mortgaged townhouse unit free and clear of any lien Authorized by or arising out of any of the provisions of this Declaration which secures the payment of any assessment for charges Accrued prior to the final conclusion of any such foreclosure suit or equivalent proceeding, including the expiration date of any period of redemption....."

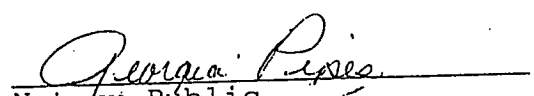
I certify that sixty-five (65) signatures of homeowners of record have been received in favor of the above amendment. This is in excess of the number required by the Covenants, Conditions and Restrictions for amendment of the document. The signatures are held in the files of Chateau De Vie II Townhouses Association.



Katy Kehbe, Management Agent
Tri-City Property Management Services, Inc.

STATE OF ARIZONA)
) ss
County of Maricopa)

SUBSCRIBED and sworn before me this 17th day of May, 1990.


Notary Public

My Commission Expires July 29, 1990

RECORDED IN OFFICIAL RECORDS
OF MARICOPA COUNTY ARIZONA
MAY 25 '90 - 10 00
HELEN PURCELL, County Recorder
FEE 9-PGS 1 HC

RESOLUTION

RESOLVED that pursuant to the power of the Board of Directors to establish rules and regulations contained in Article VI, Section 2 of the By-Laws, the existing "General Rules and Regulations" be and hereby are amended to add the following rules and regulations:

6. No owner (member) or tenant or a child or guest of an owner (member) or tenant shall have the right to use the clubhouse or shall be permitted in the pool area if a delinquency exists in regard to any assessment pursuant to the Declaration of Covenants, Conditions and Restrictions, Articles of Incorporation, By-Laws, Rules or Regulations of Chateau de Vie Two Townhouses Association.

7. If the Board of Directors determines that it is probably that any provision of the Rules or Regulations have been violated by any owner (member) or tenant or a child or guest of an owner (member) or tenant, the Board of Directors shall send a notice to the owner (member) and tenant (if applicable) notifying them that the alleged violation will be considered by the Board of Directors at a specific time on a specific date and that said person or persons shall have the right to appear at such hearing and testify as to what transpired in regard to said alleged violation and that an assessment may be rendered against said owner (member) by the Board of Directors at said hearing. If the Board of Directors determines that a violation has transpired, the owner (member) shall be assessed a sum of money as a penalty as follows: first violation - \$5.00 to \$25.00; second violation - \$25.00 to \$50.00; all subsequent violations - \$50.00 to \$100.00. Said assessment shall be enforceable against the owner (member) pursuant to the provisions of Article V and all other relevant provisions of the Declaration of Covenants, Conditions and Restrictions of Chateau de Vie Two.

RESOLUTION

RESOLVED that it is declared that the renting by an owner of a townhouse to two or more non-related parties at the same time is a "business activity" in violation of Article XII, Section 4 of the Declaration of Covenants, Conditions and Restrictions. The Association is hereby authorized to investigate any complaints concerning violations, and if it determines that a violation probably exists, a hearing date shall be established by the Board, and ten days before said hearing, written notice of the hearing shall be mailed or delivered to the owner in question. The Board shall review any evidence introduced by the owner or others at said hearing, and the Board shall determine if a violation exists. If the decision of the Board is that a violation does exist, notice of the decision shall be delivered or mailed to the owner. The owner shall have a thirty day grace period from the date of said notice to eliminate the violation. If the violation is not eliminated within said thirty day period, the Association is empowered to bring litigation against the offending owner and recover its court costs and attorney fees in enforcing this provision, plus damages against the owner of \$10.00 per day for each day this provision is violated after the thirty day grace period has expired, except that after fifteen days of violations, damages shall be increased to \$30.00 per day. In addition, the Association shall be entitled to injunctive relief and to record an assessment lien against the townhouse of the owner, securing said damages pending a judgment of the court enforcing this provision.