

NON- PROFIT
ARTICLES OF INCORPORATION OF CLIFF ROSE HOMEOWNERS
ASSOCIATION

ARTICLE I

NAME

The name of the Corporation is Cliff Rose Homeowners Association, Inc.

ARTICLE II

DURATION

The Corporation shall have perpetual duration.

ARTICLE III

PURPOSE AND POWERS

The Corporation is organized pursuant to the provisions of Arizona Non-profit Corporation Act to carry out the purposes of Declaration of Covenants, Conditions and Restrictions of Cliff Rose, a Planned Area Development, as amended.

A. The Corporation does not contemplate pecuniary gain or Profit, direct or indirect, to its members by way of explanation and not of limitation, the purposes for which it is formed are:

1. To be and constitute the Association to which reference is made in the *Declaration of Covenants, Conditions & Restrictions of Cliff Rose, a Planned Area Development* (hereinafter DECLARATION) establishing a plan of development recorded March 31, 1987, in the office of the County Recorder of Yavapai County, Arizona, to perform all obligations and duties of the Association, and to exercise all rights and powers of the Association as specified therein, in the Bylaws, and as provided by law; and,
2. To provide an entity for the furtherance of the interests of the owners in the development.

B. In furtherance of its purposes, the Corporation shall have the following powers, which, unless indicated otherwise by the Declaration or Bylaws, may be exercised by the Board of Directors.

1. All powers conferred upon non-profit Corporations by common law and the statutes of the state of Arizona in effect from time to time,

2. All powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles, the Bylaws, or the Declaration, including the following:

(a) to fix and collect assessments;

b) to enforce covenants, conditions or restrictions affecting any property to the extent the Association may be authorized to do so under the Declaration of Covenants, Conditions, and Restrictions or Bylaws:

(c) to buy or otherwise acquire, sell or dispose of, mortgage, or otherwise encumber, exchange, loan, hold, use, operate, and otherwise deal in and with real, and personal, property for any purpose of the Corporation;

(d) to borrow money for any purpose as may be limited In the Bylaws:

(e) to enter, make, perform or enforce contracts of every kind and to do all other acts necessary, appropriate or desirable in carrying out any purpose of the Corporation whether in association with any other association, corporation, or other entity.

(f) to adapt, alter, amend or repeal such Bylaws as may be necessary or desirable for the purpose of the affairs of the corporation, provided that such bylaws may not be inconsistent with or contrary to any provisions of the Declaration.

(g) the foregoing enumeration of powers shall not limit the exercise of other rights and powers which may now or hereafter be allowed by law;

C. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its members, directors, officers, or other private persons. The Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the exempt purposes for which It was formed. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on (1) by an association exempt from Federal Income Tax under Section 501 (c)(3) of the Internal Revenue Code; (2) by an association, contributions to which are deductible under Section 170 (c)(2) of the Internal Revenue Code of 1954, (or the corresponding provisions of any future United States Internal Revenue Laws). Upon the dissolution of the Association, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the Association, dispose of all of its assets exclusively for the purpose of the Corporation or Association In such manner, or to such organizations organized and operated exclusively for charitable, education, religious or scientific purposes or which shall at the time qualify as an exempt organization under Section 501 (c)(3) of the

Internal Revenue Code of 1954 or the corresponding provisions of any future United States Internal Revenue Law, as the Board of Directors shall determine. Any assets not disposed of shall be disposed of by the Superior Court of Yavapai County in which county the proposed office of the Corporation shall be located, exclusively for such purposes or to such organization or organizations as the Court shall determine, which are organized and operated exclusively for such purposes.

ARTICLE IV

MEMBERSHIP

The corporation shall be a membership corporation without certificates or shares of stock. The Corporation shall have two classes of membership, Class A and Class B, as follows:

A. Class "A":

Class "A" members shall be all OWNERS, with the exception of the DECLARANT, and shall be entitled to one (1) vote for each LOT owned. When more than one (1) person holds an interest in any townhouse unit or single family lot, all such persons shall be members. The vote for such townhouse unit or LOT shall be exercised as the members determine, among themselves, but in no event shall more than one (1) vote be cast with respect to any LOT.

B. Class "B":

Class "B" members shall be the DECLARANT which shall be entitled to three (3) votes for each LOT or townhouse owned. Class "B" membership shall cease and be converted to Class "A" membership when the total votes outstanding in the Class "A" membership equal the total votes outstanding in the Class "B" membership. DECLARANT and its successors in interest shall, until completion of all phases of the project, retain the exclusive right to develop the CLIFF ROSE P.A.D. in phases as it deems appropriate and shall maintain control over concept and development of subsequent phases of construction. The Association may not override these development rights.

ARTICLE V

BOARD OF DIRECTORS

The business and affairs of the Corporation shall be conducted, managed and controlled by a Board of Directors. The Board shall consist of not less than three directors, one of whom must be an agent, officer, or designated representative of Declarant. The number of directors may be revised and established in the By-Laws. The names and addresses of the initial Board of Directors are as follows:

Franklin Don Savage
P.O. Box 1419
Prescott, Arizona 86302

Karen Savage
P.O. Box 1419
Prescott, Arizona 86302

W.C. Savage
P.O. Box 325
Winterhaven, CA 92283

The election of directors was held on the 25th day of November, 1987 at the Law Offices of David L. Lange, in Prescott, Arizona.

The method of election and term of office, removal and filling of vacancies shall be as set forth in the Declaration and Bylaws.

ARTICLE VI
INCORPORATORS

Franklin Don Savage
P.O. Box 1419
Prescott, Arizona 86302

Karen Savage
P.O. Box 1419
Prescott, Arizona 86302

ARTICLE VII
ADDRESS

The principal place of business of the corporation is

1800 Shortline Lane
Prescott, AZ 86301

ARTICLE VIII
STATUTORY AGENT

The initial statutory agent is David E. Lange whose address is:

Carnegie Library Building
125 East Gurley Street
Prescott, Arizona 86301

ARTICLE IX
NON-LIABILITY OF DIRECTORS; INDEMNIFICATION

The incorporators, directors, officers and agents, and employees of the Corporation shall not be individually liable for the Corporation debts, liabilities, or other obligations and the private property of such individuals shall at all times be exempt from any and all liability whatsoever. The power of indemnification under Arizona law shall not be denied or limited by the Bylaws.

ARTICLE X
FISCAL YEAR

The fiscal year of the Corporation shall be from January 1 to December 31.


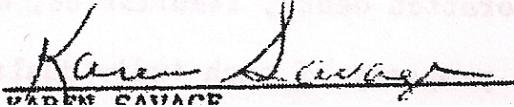
ARTICLE XI
ANNUAL MEETING

The annual meeting is to be held at a place within Yavapai County as fixed by the Bylaws or Declaration.

ARTICLE XII
BY-LAWS

- A.** The power to alter, amend or repeal the Bylaws or adopt new Bylaws, subject to repeal or change by the action of members shall be vested in and reserved to the members.
- B.** Subject to the limitations found in the Arizona Revised statutes relative to the persons constituting the initial board of directors, the Bylaws shall, fix the number of directors, the manner of election, and the term of office, all to be approved by a majority of the membership.

IN WITNESS WHEREOF, we have hereunto set our hands this 23rd day of February 1988.

 FRANKLIN DON SAVAGE, Incorporator	 KAREN SAVAGE, Incorporator
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STATE OF ARIZONA

County of Yavapai

On this 23rd day of February, 1988, before me, the Undersigned Notary Public, personally appeared FRANKLIN DON SAVAGE, known to me (or satisfactorily proven) to be the person whose name is subscribed to the foregoing instrument, and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and Official Seal.

Karol L. Jones
Notary Public

My Commission Expires:

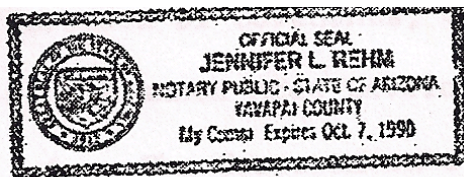
May 30, 1989

STATE OF ARIZONA

County of Yavapai

On this 23rd day of February, 1988, before me, the Undersigned Notary Public, personally appeared KAREN SAVAGE, known to me (or satisfactorily proven) to be the person whose name is subscribed to the foregoing instrument, and acknowledged that she executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and Official Seal.



A handwritten signature in dark ink is written over a horizontal line. Below the line, the words 'Notary Public' are printed in a serif font.

Jennifer L. Lehr
Notary Public

My Commission Expires:

October 7, 1990

I, DAVID L. LANGE, having been designated to act as Statutory Agent, hereby consent to act in that capacity until removal or my resignation submitted in accordance with Arizona Revised Statutes.

David L. Lange
Statutory Agent