

EXPEDITED
AZ CORP COMMISSION
FILED

Aug 10 3 30 PM '94

ARTICLES OF INCORPORATION
OF
SADDLEBROOKE HOMEOWNERS ASSOCIATION NO. 2, INC.

APPR. Sonia Siles
DATE 8/10/94
TERM _____
DATE _____

The undersigned, as incorporators, for the purpose of forming a nonprofit corporation (the "Corporation") under the laws of the State of Arizona, hereby adopt the following Articles of Incorporation:

0724110-7

ARTICLE I
Name

The name of the Corporation is SaddleBrooke Homeowners Association No. 2, Inc.

ARTICLE II
Definitions

Except as otherwise provided in Article VII below, capitalized terms used in these Articles of Incorporation without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions and Restrictions of SaddleBrooke Country Club No. 2, Inc., recorded in the Official Records of Pinal County, Arizona, as Instrument No. Docket 2032/389. As used in these Articles of Incorporation, the term "Additional Declaration" shall mean any declaration of covenants, conditions or restrictions, as amended from time to time, executed by Declarant that makes reference to these Articles of Incorporation and makes membership in the Corporation an incident of ownership of any part of the real property described therein.

ARTICLE III
Duration

The Corporation shall exist perpetually.

ARTICLE IV
Purposes

The object and purpose for which the Corporation is organized is to provide for management, maintenance and care of the Common Areas, of other property owned by the Corporation and of property placed under the jurisdiction of the Corporation, and to perform all duties and exercise all rights imposed upon, granted to or permitted to the Corporation by these Articles of Incorporation or by the Declaration, any Tract Declaration or any Additional Declaration. Without limiting the generality of the foregoing, to the extent authorized by the Board, but subject to any limitations set

forth in 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 area, recreational areas and facilities now or hereafter constructed on the Common Areas; to pay all taxes and assessments that may be levied against Common Areas; to repair, rehabilitate and restore all buildings, structures and improvements on the Common Areas; to insure the Common Areas, SaddleBrooke County Club No. 2, Inc., and buildings and structures thereon against such risks as the Board shall determine; to levy assessments for maintenance, operating charges and other matters as the Board shall determine in accordance with the Declaration, any Trust Declaration, any Additional Declaration, these Articles of Incorporation, and the Bylaws of the Corporation, and to enforce the collection of such assessments; to impose liens against 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 and any Tract Declaration or Additional Declaration; to enforce any and all covenants, restrictions and agreements applicable to SaddleBrooke Country Club No. 2, Inc.; to pay all maintenance, operating and other costs and to perform all acts which in the sole discretion of the Board shall be deemed to be in the best interests of the members of the corporation or for the peace, comfort, safety or general welfare of the members of the Corporation; to enter into use agreements and/or reciprocal use agreements with respect to all or any portion of the Common Areas or any facilities thereon; to make and amend rules and regulations respecting the Common Areas and SaddleBrooke Country Club No. 2, Inc.; and to do all things necessary or appropriate to carry out and to enforce the terms and provisions of the Declaration, and Tract Declaration and any Additional Declaration;

(b) to purchase, acquire, lease, own, improve, develop, maintain, operate and hold real and personal property of every kind and description, including but not limited to the Common Areas, and to lease, mortgage, assign, pledge, sell, transfer, encumber, hypothecate or otherwise deal with such property;

(c) 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;

(d) to enter into, perform and carry out leases and contracts of any kind necessary or incidental to, or in connection with, the accomplishment of any one or more of the objects and purposes of the Corporation;

(e) to lend or invest the Corporation's capital and reserves with or without security.

(f) to act as surety or guarantor, agent, trustee, broker or in any other capacity when appropriate for the fulfillment or the furtherance of the Corporation's objects and purposes as reasonably determined by the Board;

(g) to procure such types and kinds of insurance as shall be required by the Declaration or deemed by the Board to be in the best interests of the Corporation;

(h) in general, to do and perform such acts and to transact such business in connection with the foregoing objects and purposes as may be necessary, required or appropriate; and

(i) to transact any and all lawful business for which nonprofit corporations may be incorporated under the laws of the State of Arizona.

ARTICLE V **Character of Affairs**

The character of affairs that the Corporation initially intends actually to conduct in Arizona in the fulfillment of all of the Corporation's duties and responsibilities and the exercise of all the Corporation's rights, powers and prerogatives under the Declaration.

ARTICLE VI **Membership; Voting Rights; Declarant Control; Management Fee**

As provided in the Declaration, each Owner including Declarant, shall be a Member of the Corporation so long as such Owner shall be an Owner. Each Owner shall have one Membership for each Lot owned by the Owner. A Membership in the Corporation shall not be transferred, pledged or alienated in any way, except upon transfer of the Lot to which it appertains to a new Owner. A Membership shall automatically be transferred to the new Owner upon the transfer of the Lot to which the Membership appertains (and then only to such transferee), whether the Lot is transferred by sale, intestate succession, testamentary disposition, foreclosure of a lien or other legal process.

Except to the extent expressly provided otherwise herein or in the Declaration, no Members other than Declarant shall have any voting rights until the Transition Date. Subject to Declarant's right to control the Corporation and to Declarant's right to three votes for each Membership held by Declarant from and after the Transition Date or such other date as Declarant ceases to control the Corporation, and as provided in the Declaration, the voting rights of the Owners shall be as follows: Each

Membership shall be entitled to one vote. In the event that more than one person or entity constitutes the Owner of a Lot, all such persons and/or entities shall be deemed to be Members of the Association, but they collectively shall hold only a single Membership. The voting for such Lot shall be as they determine among themselves, but in no event shall the vote be split or more than one vote cast with respect to any such Membership. If such persons and /or entities are unable to agree on how their single vote is to be cast, their vote shall not be counted.

The Corporation is not organized for the purpose of gaining pecuniary profit and shall not have or issue shares of stock. No dividend may be paid and no part of the income or profit of the Corporation may be distributed to its Members, directors or officers in violation of Arizona nonprofit corporation law. No part of the net earnings of the Corporation shall inure to the benefit of any Member or individual, other than by the Corporation acquiring, constructing or providing management, maintenance and care of Corporation property and other than by any rebate of excess membership dues, fees and assessments.

Notwithstanding anything in these Articles of Incorporation to the contrary, until the Transition Date (as defined in the Declaration), Declarant shall have the right and power to maintain absolute control over the Corporation, including without limitation the right and power to amend these Articles of Incorporation (through control of the Board), appoint the officers of the Corporation, appoint all (or, at Declarant's option, a majority) of the members of the Board, and appoint members of the committees of the Corporation. Until the Transition Date, Declarant shall appoint three directors, and, at such time as is deemed appropriate by Declarant in its sole discretion, the Members of the Corporation other than Declarant shall elect two persons to serve on the Board for two-year terms, thereby making a total of five persons on the Board. In addition, unless otherwise approved by Declarant in its sole discretion or otherwise required by the Declaration, until the Transition Date only Declarant shall be entitled to cast any vote with respect to any matter requiring approval of the Members. Declarant voluntarily may (but shall not be required to) relinquish control of the Corporation and thereby require the Members to assume control of the Corporation at any time. From and after the Transition Date, the date Declarant relinquishes to the Members control of the Corporation or the date Declarant otherwise ceases to control the Corporation, whichever first occurs, Declarant shall have three (3) votes for each Membership held by Declarant. From and after the date of the Declaration and until the date thirty five (35) years after the Transition Date, Declarant or its designee shall have the right to serve as manager of the Corporation and, from and after the date that one thousand (1,000) houses are constructed in SaddleBrooke Country Club No. 2 Inc., to receive from the Corporation a management fee of four percent (4%) of the total gross revenues of the Corporation from all sources as reported in the Corporation's annual financial statements. Such management fee shall be in addition to, and not in substitution for, reimbursement by the corporation to Declarant or its designee for all direct expenses actually incurred

in managing the Corporation and in addition to the costs and expenses of operating the Corporation and of paying the employees of the corporation. Such management fee shall not be payable if Declarant or its designee elect not to serve as manager of the Corporation.

ARTICLE VIII
Statutory Agent

FC Service Corporation, an Arizona corporation, whose address in Two North Central, Suite 2200, Phoenix, Arizona 85004-2390, is hereby appointed the initial statutory agent for the Corporation.

ARTICLE IX
Board of Directors and Officers

The business, property and affairs of the Corporation shall be managed, controlled and conducted by the Board. Until the Transition Date, the number of directors, who shall serve without compensation, shall not exceed five (5). After the Transition Date, the number of directors who shall serve without compensation, shall not be less than three (3) nor more than nine (9), as shall be specified in the Bylaws. The initial Board shall consist of three (3) directors, all of whom shall be appointed by Declarant. Except for directors nominated or appointed by Declarant, each director shall be a Member or spouse of a 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 shall be deemed vacant, unless the director was appointed by Declarant, in which case the vacancy shall be filled immediately by another appointee of Declarant. A director shall serve his term until he resigns or is removed and his successor is elected and qualified, except that Declarant shall have the absolute power and right to appoint and remove directors appointed by Declarant until the Transition Date. All directors shall serve two-year terms, except that prior to the Transition Date, Declarant need not periodically re-elect or re-appoint directors appointed by Declarant. The following individuals shall serve as directors until their successors are elected and qualified;

Paul A. Dupler
9532 East Riggs Road
Sun Lakes, Arizona 85248-7411

Donald V. Drake
9532 East Riggs Road
Sun Lakes, Arizona 85248-7411

Michael R. Osborn
9532 East Riggs Road
Sun Lakes, Arizona 85248-7411

The Board shall have the power to adopt and amend Bylaws. The Bylaws shall prescribe, among other things, the date of the annual meeting of the members of the Corporation.

Unless otherwise required by these Articles, the Declaration, or by applicable law, the acts of a majority of the directors present at a meeting at which a quorum is present shall constitute an act of the Board.

The principal officers of the Corporation shall be a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as the Board may desire. All officers of the Corporation shall be elected by the Board of Directors. The officers of the Corporation shall have those powers, duties and responsibilities provided in the Bylaws.

ARTICLE X
Incorporators

The names and addresses of the Incorporators are:

Edward J. Robson
9532 East Riggs Road
Sun Lakes, Arizona 85248-7411

Steven S. Robson
9532 East Riggs Road
Sun Lakes, Arizona 85248-7411

ARTICLE XI
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 and liabilities of every kind whatsoever.

ARTICLE XII
Indemnification

To the fullest extent permitted by law, the Corporation shall indemnify each of its committee members, directors and officers, and former committee members, directors and officers, against expenses incurred by them, including legal fees incurred by, and judgements and penalties rendered or levied against, each such person in any legal actions brought against each such person for acts or omissions alleged to have been committed by such person while acting within the scope of such person's

authority as a committee member, director or officer of this Corporation, or exercising the powers of the Board.

ARTICLE XIII
Limitation of Director Liability

No director of the Corporation shall be personally liable to the Corporation or its Members for monetary damages for breach of fiduciary duty as a director; provided, however, that this Article shall not eliminate or limit the liability of a director for (a) any breach of the director's duty of loyalty to the Corporation or its members; (b) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (c) any violation of Arizona Revised Statutes Section 10-1026; (d) any transaction from which the director derived an improper personal benefit; or (e) any violation of Arizona Revised Statutes Section 10-1097.

ARTICLE XIV
Known Place of Business

The known place of business of the Corporation shall be located at 9532 East Riggs Road, Sun Lakes, Arizona, 85248-7411. The Corporation may establish such other offices, both within and outside the State of Arizona, as the Board may from time to time designate.

ARTICLE XV
Amendments

Until the Transition Date, these Articles of Incorporation may only be amended by the Board. Thereafter these Articles of Incorporation may be amended at a lawfully held meeting of the Members of the Corporation by the affirmative vote of a majority of the votes held by those Members present, whether in person or by valid proxy, after the Board has first adopted a resolution setting forth the proposed amendment and directed that it be submitted to vote by the Members; provided, however, that these Articles of Incorporation shall not be amended to contain any provision which would be contrary to or inconsistent with the Declaration or any Tract of Additional Declaration, and any provision or purported amendment to these Articles of Incorporation which is contrary to or inconsistent with the Declaration or any Tract or Additional Declaration shall be void to the extent of such inconsistency.

ARTICLE XVI
Conflicts

In the event of any conflict or inconsistency between the Declaration and these Articles, the Declaration shall govern and control.

IN WITNESS WHEREOF, the undersigned incorporators have executed these Articles of Incorporation this 8th day of Aug, 1994.

INCORPORATORS:



Edward J. Robson



Steven S. Robson

CONSENT OF STATUTORY AGENT

OF

SADDLEBROOKE HOMEOWNERS ASSOCIATION NO.2, INC.

The undersigned, having been named in the Articles of Incorporation of SaddleBrooke Homeowners Association No.2, Inc. as its statutory agent for the State of Arizona, hereby confirms that it has been notified of the appointment and that it accepts the appointment as the statutory agent of SaddleBrooke Homeowners Association No.2, Inc.

DATED: Aug. 8, 1994.

FC SERVICE CORPORATION,
an Arizona Corporation

By

Peter M. Gerstman
Peter M. Gerstman
Two North Central Avenue
Suite 2200
Phoenix, Arizona 85004-2390

BY HAND DELIVERY

Arizona Corporation Commission
Attention: Ms. Ann Shaw
Corporation Division/Starpas
1300 West Washington Street
Phoenix, Arizona 85005

Re: STATEMENT OF CHANGE OF ADDRESS OF STATUTORY AGENT

1. The name of the corporation and the address of its known place of business are as follows:

Saddlebrooke Homeowners Association
No. 2, Inc.-0724110-7
9532 E. Riggs Road
Sun Lakes, AZ 85248-7411

2. The name and street address of the current statutory agent of the corporation are as follows:

FC Service Corporation
2 N. Central Avenue, Suite 2200
Phoenix, AZ 85004-2390

3. The street address of the statutory agent of the corporation is changed as follows:

3003 N. Central Avenue, Suite 2600
Phoenix, AZ 85012-2913

The corporation has been notified of the change in address of the statutory agent.

EXECUTED: April 28, 1997.

FC SERVICE CORPORATION

By 

3003 N. Central Avenue, Suite 2600
Phoenix, AZ 85012-2913

ARIZONA CORPORATION COMMISSION
CORPORATIONS DIVISION

Phoenix Address: 1200 West Washington
Phoenix, Arizona 85007

Tucson Address: 400 West Congress
Tucson, Arizona 85701

CERTIFICATE OF DISCLOSURE

A.R.S. Sections 10-128 & 10-1084

PLEASE SEE REVERSE SIDE

SADDLEBROOKE HOMEOWNERS
ASSOCIATION No. 2, INC.
EXACT CORPORATE NAME

CHECK APPROPRIATE BOX(ES) A or B
ANSWER "C"

THE UNDERSIGNED CERTIFY THAT:

A. No persons serving either by elections or appointment as officers, directors, incorporators and persons controlling, or holding more than 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation:

1. Have 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. Have been convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or restraining the trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate.
3. Have 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 where 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.

B. For any person or persons who have been or are subject to one or more of the statements in Items A.1 through A.3 above, the following information MUST be attached:

- | | |
|---|--|
| 1. Full name and prior name(s) used. | 6. Social Security number. |
| 2. Full birth name. | 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. |
| 3. Present home address. | |
| 4. Prior addresses (for immediate preceding 7-year period). | |
| 5. Date and location of birth. | |

STATEMENT OF BANKRUPTCY, RECEIVERSHIP OR REVOCATION

A.R.S. Sections 10-128.01 and 10-1083

C. Has any person serving (a) either by election or appointment as an officer, director, trustee or incorporator of the corporation or, (b) major stockholder possessing or controlling any proprietary, beneficial or membership interest in 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? YES ~~X~~ NO

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. | 4. Dates of corporate operation. |
| 2. Full name, including alias and address of each person involved. | 5. A description of the bankruptcy, receivership or charter revocation, including the date, court or agency involved and the file or cause number of the case. |
| 3. State(s) in which the corporation: <ol style="list-style-type: none"> (a) Was incorporated. (b) Has transacted business. | |

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.

BY [Signature] DATE 8/8/94
TITLE INCORPORATOR

BY [Signature] DATE 8/8/94
TITLE INCORPORATOR

BY _____ DATE _____
TITLE _____

BY _____ DATE _____
TITLE _____

FISCAL DATE: Dec 31