

ARIZONA COMMISSION
OF THE STATE OF AZ
FILED

**ARTICLES OF INCORPORATION
OF**

1999 DEC 16 HIGH LONESOME RANCH ESTATES PROPERTY OWNERS ASSOCIATION

Paul Lewinsky
DATE APPL. *12-16-99*
TERM _____
DATE _____

0897557-0

**ARTICLE I
NAME AND PERPETUAL DURATION**

The name of the corporation is High Lonesome Ranch Estates Property Owners Association, hereafter called the "Corporation". The Corporation is a non-profit corporation under Arizona law, A.R.S. §10-3101, et seq. and A.R.S. §33-1801, et seq. The period of duration shall be perpetual.

**ARTICLE II
STATUTORY AGENT**

CT Corporation System, whose address is 3225 North Central Avenue, Suite 1601, Phoenix, Arizona 85012, is the statutory agent of this Corporation.

**ARTICLE III
ADDRESS OF THE CORPORATION**

The address of the known place of business of the Corporation is 5151 East Broadway, Suite 1530, Tucson, Arizona 85711.

**ARTICLE IV
PURPOSE AND POWERS OF THE CORPORATION**

This Corporation does not contemplate pecuniary gain or profit to the Members thereof, and the specific purposes for which it is formed are to promote the health, safety and welfare of its Members and to provide for architectural control of the subdivision in Cochise County, Arizona known as High Lonesome Ranch Estates—Unit 1 (the "Properties") and maintenance and preservation of certain Common Areas and other areas of responsibility of the Corporation. The subdivision is governed by the Declaration of Covenants, Conditions, Restrictions and Easements for High Lonesome Ranch Estates—Unit 1, Lots 7 Through 50 (the "Declaration"), recorded in the office of the Cochise County Recorder, and any capitalized terms not otherwise defined herein shall have the meanings assigned to them by the Declaration.

The Corporation shall have the power to participate in mergers and consolidations with other corporations organized for the same purposes or annex additional residential property, streets, roadways or alleys. Consolidation or annexation, except as provided in the Declaration, shall have the assent of at least two-thirds of the votes of the Members at a quorum of Members voting in person or by proxy.

The Corporation shall not carry on any activities not permitted to be carried on by a homeowners association exempt from Federal Income Tax under Section 528 of the Internal

Revenue Code of 1986 or the corresponding provisions of any future United States Revenue Law.

ARTICLE V MEMBERSHIP

Membership shall be determined as provided in the Declaration. Each Owner of a Lot within the Properties shall be entitled to membership, and membership shall be appurtenant to such ownership.

ARTICLE VI VOTING RIGHTS

The Members' voting rights shall be determined as provided in the Declaration. There shall be two (2) classes of membership, Class A and Class B. The Class B shall be the Declarant, and the Class A shall be all other Lot Owners. Class A Members shall have one (1) vote for each Lot owned, and the Class B Member shall have three (3) votes for each Lot owned within the Properties, all as set forth in the Declaration.

The Class B Membership shall cease and be converted to Class A Memberships at such time as seventy-five percent (75%) of the Lots from time to time subject to this Declaration are owned by Class A Members other than Declarant.

ARTICLE VII INITIAL BUSINESS

The character of business that the Corporation initially intends actually to conduct in this state is the operation of a homeowners association and the maintenance of such Common Areas and other properties as may be described in the Declaration as areas of responsibility of the Corporation.

ARTICLE VIII BOARD OF DIRECTORS

The affairs of this Corporation shall be managed by a Board of Directors of not less than three (3) persons. The number and term of Board members shall be provided in the Bylaws of the Corporation. The names and addresses of the persons elected to serve as until the next annual meeting of Members or until their successors are elected and qualified are:

Louis L. Christensen
5151 East Broadway, Suite 1530
Tucson, Arizona 85711

Louis B. Christensen
5151 East Broadway, Suite 1530
Tucson, Arizona 85711

Mary Katherine Keil
5151 East Broadway, Suite 1530
Tucson, Arizona 85711

ARTICLE IX ORIGINAL INCORPORATOR

The original incorporator is Louis B. Christensen, whose address is 5151 East Broadway, Suite 1530, Tucson, Arizona 85711.

ARTICLE X DISSOLUTION

The Corporation may be dissolved only in accordance with the provisions of the Declaration and in accordance with the Arizona law. Any dissolution shall be approved in writing by the holders of not less than seventy-five (75%) percent of the total votes of Members entitled to vote and, upon dissolution, other than incident to a merger or consolidation, the assets shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Corporation was created. In the event that such dedication is refused acceptance, the assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust, or other organization to be devoted to such similar purposes.

ARTICLE XI LIMITATION OF DIRECTORS' LIABILITY

The personal liability of the directors to the Corporation for monetary damage for any action taken or any failure to take any action as a director is eliminated to the fullest extent permitted by A.R.S. § 10-3202(B)(1), as it may hereafter be amended or renumbered, or the analogous provision of any future Arizona nonprofit corporation code.

ARTICLE XII INDEMNIFICATION

The Corporation may indemnify any person against liability and expenses, including without limitation, attorneys' fees, judgments, fines and amounts paid in settlement, actually and reasonably suffered or incurred by reason of the fact that he/she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other entity, in all circumstances in which, and to the extent that, such indemnification is permitted by A.R.S. §§ 10-3851 and 10-3856, as such provisions may hereafter be amended or renumbered, or the analogous provision of any future Arizona nonprofit corporation code. Any indemnification hereunder shall be made by the Corporation only as authorized by the Board of Directors pursuant to A.R.S. § 10-3855, as it may hereafter be amended or renumbered, or the analogous provision of any future Arizona nonprofit corporation code.

The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or was serving at the request of the Corporation as a director or officer, against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such whether or not the Corporation would have had the power to indemnify him against such liability under this Article.

The indemnification herein above permitted shall not be exclusive of any rights to which any director or officer of the Corporation may otherwise be entitled by law, including mandatory indemnification under A.R.S. § 10-3852.

ARTICLE XIII AMENDMENT

These Articles may be amended by Owners representing at least seventy-five percent (75%) of the total votes held by the Members, but no amendment may conflict with the Declaration or affect any reserved rights or privileges or exemptions of the Declarant, and amendments shall first be proposed by the Board of Directors to the extent required by law. Amendment of the Corporation Bylaws may be made by the Board of Directors of the Corporation, subject to amendment or repeal by the vote of the Owners representing at least seventy-five percent (75%) of the total votes held by the Members.

ARTICLE XIV CONFLICTS

In the case of any conflict between the terms hereof and the Declaration, the Declaration shall always control, and in the case of a conflict with the Bylaws, these Articles of Incorporation shall control.

DATED: 12/14/99

INCORPORATOR:

A handwritten signature in black ink, appearing to be "J. A. [unclear]", written over a horizontal line.

CT CORPORATION SYSTEM

3225 North Central Avenue
Suite 1601
Phoenix, AZ 85012
Tel. 602 277 4792
Fax 602 266 9604

December 15, 1999

Dear Sir/Madam:

C T Corporation System, having been designated to act as statutory agent, hereby consents to act in that capacity until it is removed or submits its resignation, in accordance with the Arizona Revised Statutes.

Very truly yours,



Vickie M. Prince
Assistant Secretary

RE: HIGH LONESOME RANCH ESTATES PROPERTY OWNERS ASSOCIATION

Arizona Corporation Commission
Incorporating Division
1300 W. Washington, 1st Floor
Phoenix, Arizona 85005