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ARTICLES OF INCORPORATION      JUN 4 2 59 PM '56  
OF  
CRYSTAL TERRACE HOMEOWNERS' ASSOCIATION

FILE NO. Jh-4  
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0719394-1

The undersigned, for the purpose of forming a nonprofit corporation pursuant to sections 10-2301 through 10-2577, inclusive, of the Arizona Revised Statutes, do hereby adopt the following Articles of Incorporation:

ARTICLE I - The name of this Arizona nonprofit corporation will be CRYSTAL TERRACE HOMEOWNERS' ASSOCIATION (the "Association"). The duration of the Association will be perpetual.

ARTICLE II - The incorporator of the Association is Burgess J. William Raby, 2164 E. Broadway Road, Suite 230, Tempe, Arizona 85282.

ARTICLE III - The principal offices of the Association are located at 2164 E. Broadway Road, Suite 300, Tempe, Arizona 85282.

ARTICLE IV - The name and address of the initial Statutory Agent of the Association is Burgess J. William Raby, 2164 E. Broadway Road, Suite 230, Tempe, Arizona 85282.

ARTICLE V - The purpose for which the Association is organized is to act as a tax-exempt homeowners' association in accordance with section 528 of the Internal Revenue Code of 1986, as amended, or if the Corporation so elects, pursuant to section 501(c)(4) of the Internal Revenue Code of 1986, as amended, and under the laws of the State of Arizona, and as such will serve as a homeowner's association for the owners of lots and homes under the Declaration of Covenants, Conditions, and Restrictions for Dave Brown 7th Avenue (the "Declaration"), recorded in the office of the County Recorder of Maricopa County, Arizona. The Association does not contemplate pecuniary gain or profit to the Members thereof. In furtherance of, and in order to accomplish the general purposes of the Association, the Association may transact any and all lawful business for which nonprofit corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time. The specific purpose for which the Association is formed is to provide for the maintenance, preservation, and architectural control of the homes and lots in the subdivision known as "Dave Brown 7th Avenue" according to the Plat of record in the office of the Maricopa County Recorder, as more particularly described in the Declaration, and to which additional property may be annexed, and all of which property, including any property annexed to the Declaration, by this reference, is incorporated herein.

ARTICLE VI - The Association will have all of those powers provided by law, including those set forth in the Arizona Revised Statutes, as they may be amended from time to time, and all those powers necessary and convenient to effect the Association's purpose as set forth above, including but not limited to the power to exercise all of the rights and privileges and perform all duties and obligations of the Association as set forth in the Declaration, as the same may be amended from time to time. In particular, the Association is formed to promote the health, safety, and welfare of the residents within the property covered by the Declaration, and additions

purposes that such owner(s) was (were) acting with the authority and consent of any other owner(s) of the same lot or home.

Class B - The Class B Member will, at the inception of the Association, be Declarant, who will be entitled to three votes for each lot or home owned. Each Class B membership representing lots owned by Declarant will 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 or exceed the total votes outstanding in the Class B membership;

(b) On January 1, 2006; or

(c) Five years after Declarant has ceased offering Lots or Residences for sale in the ordinary course of business.

If any lender to whom Declarant has or may hereafter assign, as security, all or substantially all of its rights under the Declaration succeeds to the interests of such Declarant by virtue of said assignment, the Class B memberships will not be terminated thereby, and such lender will hold the Class B memberships on the same terms as they were held by Declarant.

The first annual meeting of the Members of the Association will be held within 30 days after the conversion of all the Class B memberships to Class A memberships, as above provided, or at such earlier time as the Board of Directors will designate. The dates of subsequent annual meetings will be as provided in the Bylaws of the Association. Until such time as the first annual meeting is required to be held, as herein provided, the provisions of Arizona Revised Statutes section 10-1013(B) are hereby waived.

ARTICLE IX - The affairs of the Association will be conducted by a Board of not less than three nor more than 25 directors and by a president, one or more vice presidents, a secretary, and a treasurer appointed by the Board of Directors, and such other officers as such Board may determine. The number of directors may be changed by amendment of the Bylaws of the Association. The initial Board of Directors of the Association will be:

David M. Brown, 2164 E. Broadway, Suite 300, Tempe, Arizona 85282

Walter M. Venberg, 2164 E. Broadway, Suite 300, Tempe, Arizona 85282

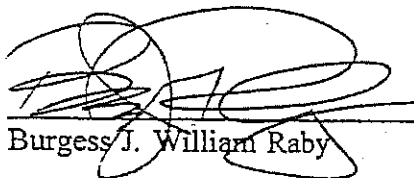
David J. Piccoli, 2164 E. Broadway, Suite 300, Tempe, Arizona 85282

ARTICLE X - The private property of the Members, directors, and officers of the Association will be forever exempt from the Association's debts and obligations.

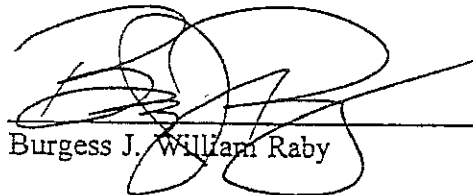
ARTICLE XV - As long as there is a Class B Member, each of the following actions will require the prior approval of HUD/VA, as applicable: annexation of additional properties, mergers and consolidations, mortgaging or encumbering of any common areas and or dedication of any common areas (if such common areas come within the control of the Association), dissolution of the Association, or amendment of these Articles of Incorporation.

ARTICLE XVI - The fiscal year of the Association will be the calendar year from January 1 through December 31 of each year.

IN WITNESS WHEREOF, the undersigned have executed these Article of Incorporation as of the 4th day of June, 1996.

  
Burgess J. William Raby

Burgess J. William Raby, having been designated to act as Statutory Agent for Crystal Terrace Homeowners' Association, hereby consents to act in that capacity until his removal or his resignation is submitted in accordance with the laws of the State of Arizona.

  
Burgess J. William Raby