

OCT 25 2002

APPR. M. Flores-Bastelo
TERM _____
DATE 10.25.02

ARTICLES OF INCORPORATION
OF
VINEYARD HILLS ESTATES HOMEOWNERS ASSOCIATION

-1050573-9

In compliance with the requirements of the laws of the State of Arizona, the undersigned have this day voluntarily associated themselves together for the purpose of forming a nonprofit corporation and do hereby adopt these Articles of Incorporation.

ARTICLE I

NAME

The name of the corporation is Vineyard Hills Estates Homeowners Association, hereafter called the "Association."

ARTICLE II

PRINCIPAL OFFICE

The principal office of the Association is located at 1630 South Stapley Drive, Suite 223, Mesa, Arizona 85204.

ARTICLE III

STATUTORY AGENT

The statutory agent of the Association is Vineyard Hills Holdings, LLC, whose address is 1630 South Stapley Drive, Suite 223, Mesa, Arizona 85204.

ARTICLE IV

PURPOSE AND POWERS OF THE ASSOCIATION

The Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of the residential lots and common area within the subdivision of real property located in Maricopa County, Arizona, and described as Vineyard Hills Estates (the "property"), and to promote the health, safety, and welfare of the residence within the above described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for this purpose to:

(a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions, Restrictions, Reservations, and Easements (the "Declaration"), applicable to the property and

recorded or to be recorded by the declarant thereof (the "Declarant") in the Office of the County Recorder of Maricopa County, Arizona, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

(b) fix, levy, collect and enforce payments by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(c) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain convey, sell, lease, transfer, dedicate for public use or otherwise dispose of its real or personal property in connection with the affairs of the Association;

(d) borrow money, and with the assent of two-thirds (2/3) of each class of members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) 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 two-thirds (2/3) of the members of each class who are eligible to vote;

(f) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and common area, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of the members of each class who are eligible to vote;

(g) have and to exercise any and all powers, rights privileges which a corporation organized under the Nonprofit Corporation Law of the State of Arizona by law may now or hereafter have or exercise.

ARTICLE V

MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any lot which is subject by covenants of record to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the Association. No stock shall be issued by the Association.

ARTICLE VI

VOTING RIGHTS

The Association shall have two classes of voting membership:

(1) Class A. Class A membership shall be all membership, except the Class B membership held by the Declarant, and each owner shall be entitled to one (1) vote for each Class A membership held by the owner, subject to the authority of the Board of Directors to suspend the voting rights of the owner for the violation of the Declaration in accordance with the provisions thereof;

(2) Class B. Until converted to Class A membership as provided below, each membership owned by Declarant shall be a Class B membership. At the time of any vote by the members of the Association, Declarant shall be entitled to three (3) votes for each Class B membership held by the Declarant. The Class B membership shall be terminated on the first to occur of the following:

(A) The date which is ninety (90) days after the date when the total votes outstanding in the Class A memberships entitled to vote equal the total votes outstanding in the Class B memberships;

(B) The 31st day of December, 2008; or

(C) The date Declarant notifies the Board of Directors in writing that the Declarant is terminating its Class B memberships and converting such memberships to Class A memberships.

ARTICLE VII

BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of Directors of not more than seven (7) nor less than three (3) directors, who need not be members of the Association. The number of directors serving from time to time shall be as determined by the Board of Directors or by the members from time to time. The names and addresses of three persons who are to act in the capacity of directors until the election of their successors are:

<u>Name</u>	<u>Addresses</u>
Todd D. Tucker	1630 South Stapley Drive, Suite 223 Mesa, Arizona 85204
Scott Hironaka	1630 South Stapley Drive, Suite 223 Mesa, Arizona 85204

David Johnson

1630 South Stapley Drive, Suite 223
Mesa, Arizona 85204

ARTICLE VIII

OFFICERS

The affairs of the Corporation shall be administered by officers elected by the Board of Directors at its first meeting, and each successive meeting of the Board of Directors following the annual meeting of the members of the Association, or at other meetings called for such purpose, which officers shall serve at the pleasure of the Board of Directors. The officers shall consist of a President, Vice President, both of whom shall be members of the Board of Directors, and a Secretary and Treasurer. The initial officers of the Corporation shall be:

Todd D. Tucker
Scott Hironaka

President/Treasurer
Vice President/Secretary

who shall serve until their successors are appointed and qualified.

ARTICLE IX

DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of the members of each class who are eligible to vote. Upon the dissolution of this Association, whether resulting from voluntary action on the part of the Board of Directors, court orders, lapse of time, or otherwise, no part of the remaining assets of the Association, after the discharge of all corporate liabilities, shall inure to private profit, benefit or advantage dedicated by the directors in cash or in kind absolutely and without possibility of reversion, as absolute gifts without return consideration, direct or indirect, in such amounts and proportions as the director shall determine, to a public agency or utility or to a non-profit organization to be devoted to purposes similar to those of the Association. The determination of the directors with respect to all such distribution shall be final.

ARTICLE X

DURATION

The corporation shall exist perpetually.

ARTICLE XI

AMENDMENTS

Amendments of the Articles shall require the assent of seventy-five percent (75%) of the members of the entire membership who are eligible to vote. Notwithstanding anything contained herein to the contrary, however, the Board of Directors shall have the right to amend all or any part of these Articles to correct minor errors or omissions or to such an extent and with such language as may be requested by any federal, state or local governmental agency which requests any federally or state chartered lending institution as a condition precedent to lending funds upon the security of any lot(s) or any portion thereof. Any such amendment shall be effected by the filing, by the Board of Directors, of Articles of Amendment duly signed by or on behalf of the Association with signatures acknowledged, specifying the errors or omissions in question and the federal, state or local governmental agency or the federally or state chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. The filing of such Articles of Amendment specifying such a request by an agency or institution shall be deemed conclusive proof of the agency's or institution's request for such property and all persons having an interest therein.

ARTICLE XII

BYLAWS

The original Bylaws of the Association may be adopted by the incorporator.

ARTICLE XIII

INDEMNIFICATION

The Association shall indemnify any persons against expenses, including without limitation, attorney's fees, judgements, fines and amounts paid in settlement, actually and reasonably incurred by reason of the fact that he or she is or was serving at the request of the Association as a director, officer or employee of the Association, in all circumstances in which, and to the extent that, such indemnification is specifically permitted and provided for by the laws of the State of Arizona as then in effect.

ARTICLE XIV

INCORPORATOR

The name and address of the incorporator is:

Phoenix Forty Property, LLC
c/o Vineyard Hills Holdings, LLC
1630 South Stapley Drive, Suite 223
Mesa, Arizona 85204

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Arizona, the undersigned, constituting the incorporator of this Association, has executed these Articles of Incorporation this 16th day of October, 2002.

PHOENIX FORTY PROPERTY, LLC, an Arizona limited liability company

By: Todd Tucker
Name: Todd Tucker
Title: Authorized Agent

CONSENT TO ACT AS STATUTORY AGENT

The undersigned, having been designated to act as Statutory Agent for VINEYARD HILLS ESTATATES HOMEOWNERS ASSOCIATION, hereby consents to act in that capacity until removal or resignation is submitted in accordance with applicable law.

VINEYARD HILLS HOLDINGS, LLC, an Arizona limited liability company

By: Cornerstone Homes and Development, Inc., its Manager

By: Todd Tucker
Todd Tucker, President