AZ Corp. Commission
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THE RECORD REPORTER

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MAY 12 2004

ARIZONA CORP COMMISSION
CORPORATIONS DIVISION

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2 N. CENTRAL AVE. #2200
PHOENIX, AZ 85004-4406

# AFFIDAVIT OF PUBLICATION

Reference #: 0139844

Notice Type: All Articles of Incorporation

Ad Description: 1137388-8 CARTER RANCH HOMEOWNERS ASSOCIATION

I, DIANE HEULE, am authorized as the publisher or agent to make this affidavit. Under oath, I state that the following is true and correct.

THE RECORD REPORTER is a newspaper of general circulation published Monday, Wednesday and Friday except legal holidays, in the County of Maricopa, State of Arizona. The copy hereto attached is a true copy of the advertisement as published on the following dates:

05/07/04, 05/10/04, 05/12/04

Diane Heule

Subscribed and sworn to before me on the 12th day of May, 2004

Velvet C. Washington

OFFICIAL SEAL
VELVET C. WASHINGTON
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires July 26, 2005

RRW 573822

ARTICLES OF INCORPORATION
OF
CARTER RANCH HOMEOWNERS' ASSOCIATION

In compliance with the requirements of Arizona Revised Statutes, as amended, the undersigned, who is a person capable of contracting, adopts as follows:

Article 1
NAME

The name of the corporation is Carter Ranch Homeowners Association.

Article 2
DEFINED TERMS

Capitalized terms used in these Articles without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions and Restrictions for Carter Ranch recorded in the Official Records of Pima County, Recording, Pima County, Arizona, as same may be amended from time to time (the "Declaration").

Article 3
KNOWN PLACE OF BUSINESS

The known place of business of the Association shall be located at 10836 N. Pima Road, Suite 200, Scottsdale, Arizona 85258.

Article 4
STATUTORY AGENT

Steven L. Lubow, whose address is 7501 East Central Avenue, Suite 2000, Phoenix, Arizona, 85004, and who has been a bona fide resident of the State of Arizona for more than three (3) years last past, is hereby appointed and designated as the said statutory agent for the Association.

Article 5
PURPOSE OF THE ASSOCIATION

The object and purpose for which the Association is organized is to provide for the management, maintenance, and care of the Areas of Association Responsibility and other property owned by the Association or formerly owned by the Association and to perform all duties imposed on or granted to the Association by the Project Documents in furtherance of, and in order to accomplish the foregoing objects and purposes, the Association may acquire by gift or by lawful purchase the rights and obligations under any lease, contract or other agreement which the owner of the Areas of Association may be a party and may be otherwise necessary or proper in the exercise of the rights and powers granted to the Association by the Project Documents.

Article 6
CHARACTER OF SUBSCRIBERS

The character of the Subscribers is to conduct in Arizona all of the lawful acts which the Association is authorized to perform pursuant to the Project Documents.

Article 7
MEMBERSHIP AND VOTING RIGHTS

The members of the Association shall be the Owners of Lots. All Owners of Lots shall be mandatory Members of the Association, and no Member shall have the right to resign as a Member of the Association. In addition, the Owner of a Lot is a Person ceases to become a Member of the Association, the person in the Declaration, does actually own the two classes of Membership in the Association, each Owner shall have such rights, privileges and votes in the Association as are set forth in the Project Documents. The provisions of the Declaration pertaining to classes of Membership and the rights and obligations of Members are incorporated herein by this reference as if fully set forth herein.

Article 8
BOARD OF DIRECTORS

The number of duly qualified directors constituting the initial Board of Directors shall be three (3). The names and addresses of the persons who are elected and qualify are as follows:

Name
Mailing Address
Timothy Lukas
10836 N. Pima Road, Suite 200
Scottsdale, Arizona 85258
Carleen Middleton
10836 N. Pima Road, Suite 200
Scottsdale, Arizona 85258
Mark McFarlane
10836 N. Pima Road, Suite 200
Scottsdale, Arizona 85258

The Board shall adopt the initial Bylaws of the Association. The power to alter, amend or repeal the Bylaws or to adopt new Bylaws shall be reserved to the Members except as set forth in the Declaration, so long as the Declarant owns any Lot, said corporation, the Board, without a vote of the members may adopt the current of any First Mortgagee, any election of the Bylaws in order to conform the Bylaws to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project, the Plat or the Project Documents is required by law or requested by Declarant or the Association.

Article 9
DIVIDENDS

The Association property shall be for the benefit of the Association and any dividend, interest or profit whatsoever shall inure to the benefit of the Members, and no dividend, interest or profit shall be paid to any Member, director or officer of the Association.

Article 10
LIMITATION ON LIABILITY OF DIRECTORS

The personal liability of a director of the Association to the Association or its Members for monetary damages for breach of fiduciary duty as a director is hereby eliminated to the fullest extent permitted by the Arizona Nonprofit Corporation Act, as it may be amended from time to time. Any repeal or modification of this Article 10 shall be prospective only and shall not adversely affect the personal liability of a director or group thereof for any act or omission occurring prior to the effective date of such repeal or modification.

Article 11
INDEMNIFICATION

The Association shall indemnify any Person made a party to any civil suit or criminal indictment or administrative action, other than an action by or in the right of the

Association, by reason of the fact that he is or was a Member, director, officer, employee or agent of the Association (hereinafter referred to as a "Proceeding"), or any appeal in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding, by reason of any action taken by him or any inaction on his part while acting as an officer, director or agent of the Association, or by reason of the fact that he is or was serving at the request of the Association as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, whether or not for profit, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in the best interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in the best interests of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

To the extent that a Director, officer, employee or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses actually and reasonably incurred by him in connection therewith.

Any indemnification under this Article 11 (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the Director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth above. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to the Proceeding; or (b) if such a quorum is not obtainable or even if obtainable a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion; or (c) by the Members.

Expenses incurred in defending a Proceeding may be paid by the Association in advance of the final disposition of such Proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the Director, officer, employee or agent to repay such amount unless it shall be determined ultimately that he is entitled to be indemnified by the Association as authorized in this Article 11.

No Director, officer, employee or agent may contract with the Association to receive greater indemnification rights than are provided in this Article 11.

The indemnification provided by this Article 11 shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of Members or disinterested Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise 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 Association would have the power to indemnify him against such liability under the provisions of this Article 11.

For the purposes of this Article 11, references to "the Association" include all constituent corporations absorbed in a consolidation or merger and the new or surviving corporation, so that any person who is or was a director, officer, employee or agent of such a constituent corporation or is or was serving at the request of such constituent corporation as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise shall stand in the same position under the provisions of this Article 11 with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

For purposes of this Article 11, the term "expenses" includes all direct and indirect costs (including without limitation attorneys' fees and costs, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the type customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, or being or preparing to be a witness in a Proceeding), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding and any appeal therein.

The term "Proceeding" also includes all actions, suits and proceedings instituted by the Association and any actions, suits or proceedings brought by derivative action on behalf of the Association or brought by or on behalf of Members or other persons pursuant to the rights granted hereunder, whether or not named herein.

The term "Proceeding" shall not include any action, suit or proceeding prior to the effective date of such repeal or modification.

Article 12.

AMENDMENTS

These Articles may be amended by Members who own not less than seventy-five percent (75%) of the Lots, provided, however, that so long as the Declarant owns any Lot, the Declarant, and the latter, the Board, without the consent of any First Mortgagee, may amend these Articles in order to conform these Articles to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project, the Plat or the Project Documents is required by law or requested by Decision of the Association, so long as Declarant owns any Lot, any amendment to these Articles must be approved in writing by Declarant.

Article 13

DISSOLUTION

The Association may be dissolved with the consent given in writing and signed by Members representing not less than two-thirds (2/3) of the Association votes in each class of membership. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed or assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes. So long as Declarant owns any property within the Project, any dissolution of the Association must be approved in writing by Declarant.

Article 14

DURATION

The corporation shall exist perpetually.

Article 15

ASSESSMENTS AND LIENS

Each Member shall be obligated to pay Assessments and other fees and charges to the Association in accordance with the Project Documents.

Article 16

VA/FHA APPROVAL

As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, mergers and consolidations, mortgaging of Common Area and dissolution and amendment of these Articles of Incorporation.

Article 17

INCORPORATOR

The name and address of the Incorporator of the Association is:

[illegible]
Tempe, Arizona 85283 N [illegible]
Road, Suite 200

SCOTTSDALE, ARIZONA 85250
DATED this 7th day of April, 2004.

[illegible]
Timothy Mitchell

[illegible]