

Woodsboro Home
2550 S 52nd Street
Suite 115
Tempe, AZ 85284



OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2004-0791982 07/09/04 16.06
2 OF 4

ARTICLES OF INCORPORATION
OF

TRAILS NORTH AT HORSEMANS PARK HOMEOWNERS ASSOCIATION

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned incorporator, whose mailing address appears beneath his respective name, has this day associated himself for the purpose of forming a nonprofit corporation under the laws of the State of Arizona and does hereby adopt the following Articles of Incorporation. Unless otherwise defined herein, capitalized words herein shall have the meaning attributed to them in that certain Declaration of Covenants, Conditions, Restrictions and Easements for Trails North at Horsemans Park (the "Declaration").

ARTICLE I. The name of this nonprofit corporation is and shall be Trails North at Horsemans Park Homeowners Association.

ARTICLE II. The known place of business of this corporation shall initially be One Agave Center, 8950 South 52nd Street, Suite 115, Tempe, AZ 85284, but it may establish other principal places of business and other offices at such other places, either within or without the State of Arizona, as the Board of Directors may from time to time determine.

ARTICLE III. This corporation is organized for the exclusive purpose of transacting any or all lawful business for which nonprofit corporations may be incorporated under Title 10, Chapter 24 et seq., Arizona Revised Statutes, as amended from time to time. Notwithstanding any other provisions of these Articles, if the corporation elects to qualify under Section 501(c)(4) of the Internal Revenue Code of 1986, as amended (the "Code"), the Corporation shall not conduct or engage in any activity which would or could result in the revocation of its status as a corporation qualified under Section 501(c)(4) of the Code. The corporation initially intends:

(a) Association (as set forth in the Declaration), to exercise all rights and powers of the Association, as specified therein, in the Bylaws of Trails North at Horsemans Park Homeowners Association ("Bylaws") and as provided by law; and

(b) to provide an entity for the furtherance of the interests of the Owners of Lots subject to the Declaration.

In furtherance of its purposes the Association shall have the following powers, which, unless indicated otherwise by the Declaration or Bylaws, may be exercised by the Board of Directors:

(y) all of the powers conferred upon nonprofit corporations by common law and the statutes of the State of Arizona in effect from time to time;

(2) all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles, the Bylaws, or the Declaration, including, without limitation, the following:

(1) to fix and collect assessments or other charges to be levied on the Property to the extent the Association may be authorized to do so under the Declaration;

(2) to manage, control, operate, maintain, repair, and improve the Common Areas (as defined in the Declaration) and any other property for which the Association by rule, regulation, declaration, delegation or contract has a right or duty to provide such services;

(3) to enforce covenants, conditions, or restrictions affecting any property to the extent the Association may be authorized to do so under the Declaration or Bylaws;

(4) to engage in activities which will actively foster, promote, and advance the common interests of all owners of property subject to the Declaration;

(5) to borrow money for any purpose, subject to such limitations as may be set forth in the Bylaws;

(6) to act as agent, trustee, or other representative of other corporations, firms, or individuals, and as such to advance the business or ownership interests in such corporations, firms, or individuals; and

(7) to adopt, alter, and amend or repeal such Bylaws as may be necessary or desirable for the proper management of the affairs of the Association; provided, however, such Bylaws may not be inconsistent with or contrary to any provisions of the Declaration.

ARTICLE IV. The time for the commencement of this corporation shall be the date of the filing of these Articles of Incorporation as required by law, and the term of its corporate existence shall be perpetual.

ARTICLE V. This corporation shall be a nonprofit corporation and shall have no stock, and no dividends or pecuniary profits shall be declared or paid to its directors, officers, or to any other private individual. All the earnings and property of the corporation shall be used to further the purposes and objects of the corporation as set forth in Article III. Nothing contained herein, however, shall prohibit payments by the corporation to directors or members as reasonable compensation for services rendered to the corporation. Upon dissolution of the corporation, or the winding up of its affairs, the assets of the corporation shall be distributed exclusively to one

or more other corporations or organizations having purposes substantially similar to those of the corporation and, if the corporation shall have elected to qualify under the provisions of Section 501(c)(6) of the Code, as the Board shall then elect. Subject to and in accordance with the restrictions imposed by the Declaration and by the VA or the FHA (to the extent such organizations are insuring loans secured by the portions of the Property), the corporation may be dissolved with the written consent of not less than two thirds of each class of Members then entitled to vote.

ARTICLE VI. The corporation shall indemnify every present and former director or officer, his heirs, executors and administrators ("Indemnified Parties"), against costs and expenses incurred by him in connection with any actual or threatened action, suit, or proceeding, whether civil, criminal, administrative or investigative, to which he may be made a party by reason of his being or having been a director or officer of the corporation, or on account of any action taken by him within the scope of his employment as a director or officer of the corporation, regardless of whether such action, suit or proceeding is brought by or in the name of the corporation or by any other party, and against said costs and expenses incurred by him in connection with the settlement of any said action, suit or proceeding, and indemnification shall be mandatory and shall be made by the corporation upon written notice given to the President of the corporation that he has incurred or may incur said expenses, unless the majority of the whole Board of Directors (in which majority there shall not be included any director who shall have or shall at any time have had any financial interest adverse to the corporation in said action, suit or proceeding or the subject matter or outcome thereof) adopts a resolution to the effect that the director or officer acted, failed to act, or refused to act willfully or with gross negligence or with fraudulent or criminal intent or the director's or officer's actions are determined by the Board to have been ultra virus as defined in the Declaration. This right of indemnification shall not be exclusive of other rights to which he may be entitled. As used herein, expenses shall include amounts of judgments, penalties, or fines rendered or levied against such officer or director, attorneys' fees, and amounts paid in settlement by him; if such settlement shall have been approved by the Board of Directors of the corporation. Notwithstanding the foregoing, all Indemnified Parties shall be indemnified to the full extent permitted by Arizona Revised Statutes Title 10, Chapter 31, Article 5 or the indemnification provisions of any successor or amended statute or as provided in the Bylaws of the corporation or by agreement. For the purposes of this Article and Article VII, the term "director" shall include a trustee and any person who serves on the board or council of the corporation in an advisory capacity.

ARTICLE VII. Any person who serves as a director shall be immune from civil liability and shall not be subject to suit directly or by way of contribution for any act or omission resulting in damage or injury if such person was acting in good faith and within the scope of his official capacity, unless such damage or injury was caused by willful and wanton or grossly negligent conduct of such person. "Official capacity" as used in this Article is any decision, act or event undertaken by the nonprofit corporation in furtherance of the purpose or purposes for which such organization is organized. If the Arizona corporation law is amended to authorize further elimination or limitation of the liability of a director, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Arizona

corporation law as so amended. Any repeal or modification of this article shall not increase the liability of a director of the corporation arising out of the acts or omissions occurring before the repeal or modification becomes effective.

ARTICLE VIII. The control and management of the affairs of the corporation shall be vested in a Board of Directors of not less than three (3), nor more than nine (9) persons. The initial Board of Directors shall consist of three (3) directors. The names and mailing addresses of those selected to serve as directors, beginning with the incorporation of this corporation and until the next annual meeting of the corporation or until their successors shall be elected and qualify, are:

Jeff Barnes, President
One Agave Center
8950 South 52nd Street, Suite 115
Tempe, AZ 85284

Norm Schrook, Vice President
One Agave Center
8950 South 52nd Street, Suite 115
Tempe, AZ 85284

Jamison Hendricks, Secretary/Treasurer
One Agave Center
8950 South 52nd Street, Suite 115
Tempe, AZ 85284

The Bylaws of the corporation shall prescribe the terms of office and manner of election of directors.

ARTICLE IX. The Association shall be a membership corporation without certificates or shares of stock. Each Person who is the record owner of a Lot (as such capitalized terms are defined in the Declaration) subject to the Declaration is a member and shall be entitled to vote as set forth herein and in the Declaration and Bylaws. Membership shall be appurtenant to, and inseparable from, ownership of a Lot.

The Association shall have two classes of membership, Class "A" and Class "B." All Members shall be Owners, except the Class "B" Members, if any. The Class "B" Members' rights are specified elsewhere in the Declaration. The manner of exercising voting rights shall be as set forth in the Declaration of the Association.

ARTICLE X. As long as Class "B" Members of the Association exist, the following actions shall require the prior approval of the U.S. Department of Veterans Affairs ("VA"), so long as the development is approved by the VA for the guaranteeing of mortgages in the development, and the U.S. Department of Housing and Urban Development ("HUD"), so long as the development is approved by HUD for the insuring of mortgages in the development:

annexation of additional property to the development; mergers and consolidations; mortgaging of Common Areas (as such term is defined in the Declaration); dedication of Common Areas to any public entity; dissolution; and amendment of these Articles of Incorporation.

ARTICLE XI. The corporation shall have the fiscal year ending on December 31.

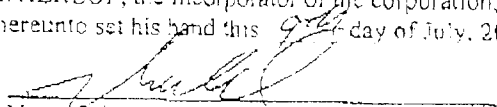
ARTICLE XII. The highest amount of indebtedness or liability, direct or contingent, to which this corporation may be subject at any one time shall be Twenty Thousand and NO/100 Dollars (\$20,000.00) or such additional amount or amounts as may be authorized by three-fourths (3/4) of the votes cast with respect thereto at a lawfully held meeting of the Board of Directors of the corporation; provided that, in no event, shall that amount exceed any limit provided by law.

ARTICLE XIII. This corporation hereby appoints Norm Schrock as its initial statutory agent. All notices and processes, including service of summons, may be served upon said statutory agent and, when so served, shall be lawful, personal service upon this corporation. The Board of Directors may, at any time, appoint another agent for such purpose, and filing of such other appointment shall revoke this or any other previous appointment of such agent.

ARTICLE XIV. These Articles may only be amended by an affirmative vote of two-thirds (2/3) of the Members then entitled to vote.

ARTICLE XV. The name and address of the incorporator is Norm Schrock, One Agave Center, 8950 South 52nd Street, Suite 115, Tempe, AZ 85284.

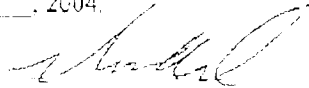
IN WITNESS WHEREOF, the Incorporator of the corporation, acting for and on behalf of the corporation, has hereunto set his hand this 9th day of July, 2004.


Norm Schrock
Incorporator

Acceptance of Appointment
by Statutory Agent

The undersigned hereby acknowledges and accepts the appointment as statutory agent of
Trails North at Horseman's Park Homeowners Association effective this 7th day of
July, 2004.

Signed



Name Norm Schrock _____