

*Shangri-La Estates
Homeowners Association
Articles of Incorporation*



*Shangri-La Estates
Homeowners Association
P.O. Box 5720
Mesa, AZ 85211*

PREFERRED COMMUNITIES
"LOVING WHERE YOU LIVE."



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67 CORP COMMISSION
FOR THE STATE OF AZ
FILED

ARTICLES OF INCORPORATION

OF

SHANGRI-LA ESTATES HOMEOWNERS ASSOCIATION

SEP 4 2 05 PM '87
APPROVED *E. J. Thomas*
DATE *9-24-87*
TERM _____
DATE _____ TIME _____

198563-3

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned persons, all of whom are residents of Arizona, have this day voluntarily associated themselves together for the purpose of forming a corporation under and pursuant to the laws of the State of Arizona, and for that purpose hereby adopt the following articles of Incorporation:

ARTICLE I

The name of the corporation shall be Shangri-La Estates Homeowners Association, ^{aka} hereafter referred to as "Association."

ARTICLE II

The corporation is organized pursuant to the general nonprofit corporation laws of the State of Arizona.

ARTICLE III

The names and post office addresses of the incorporators are as follows:

Sol Moretsky
Suite 204
5134 North Central Avenue
Phoenix, Arizona 85012

Rita Eisenfeld-Moretsky
Suite 204
5134 North Central Avenue
Phoenix, Arizona 85012

Scott Moretsky
Suite 204
5134 North Central Avenue
Phoenix, Arizona 85012

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ARTICLE IV

The number of directors of this corporation to act initially shall be three (3), but such number may be changed by the By-Laws duly adopted. The following persons shall serve as directors until the election of their successors:

Sol Moretsky
Suite 204
5134 North Central Avenue
Phoenix, Arizona 85012

Rita Eisenfeld-Moretsky
Suite 204
5134 North Central Avenue
Phoenix, Arizona 85012

Scott Moretsky
Suite 204
5134 North Central Avenue
Phoenix, Arizona 85012

ARTICLE V

The principal place of business of the corporation shall be at Suite 204, 5134 North Central Avenue, Phoenix, Arizona, but the corporation may establish other offices within Maricopa County, Arizona, and hold its meetings at such places within Maricopa County, Arizona, as the By-Laws may provide.

ARTICLE VI

The general nature of the business to be transacted and the objective and purposes of the corporation shall be as follows:

A. To own, operate and/or maintain certain property and improvements to be used in common by and for the benefit of the owners of residences constructed within the following described premises, all of which is subject to the Declaration of

Covenants, Conditions, Restrictions and Reservations of Shangri-La Estates, recorded at Book 313 of Maps, page 31, Records of Maricopa County, Arizona (the "Declaration"):

TRACT B, BEDFORD VILLAGE, according to Book 277 of Maps, page 32, Records of Maricopa County, Arizona (the "Property").

B. To accept such property and improvements as may be conveyed to the Association and to maintain and otherwise manage landscaping, common areas, recreational areas, facilities, and other improvements upon such property. To pay all taxes and assessments, if any, which may properly be levied against such property or other property acquired by or owned by the Association and any improvements located thereon; to impress liens against the individual residential lots and their fractional or percentage ownership interests in this Association, to secure the payment of obligations due from the owners thereof to the Association and to collect, foreclose or otherwise enforce, compromise, release, satisfy and discharge said demands, and to do all other acts necessary to the filing, maintenance, and discharge of said liens; to take any action necessary to enforce the terms of the Declaration, as they presently or in the future may affect the Property, either by recording amendments to the Declaration, by adopting By-Laws or rules and regulations of the Association, or in any other way permissible by law; and in addition thereto, to do any and all lawful things and acts which the Association, at any time, and from time to time, shall, in its discretion, deem to be to the best interests of the members of the Association, and to pay all costs and expenses in connection therewith and in

connection with any and all the purposes of the Association, and further, to do any and all lawful things which may be advisable, proper, authorized, or permitted to be done by the Association under and by virtue of any condition, covenant, restriction, reservation, charge, or assessment affecting the Property or any portion thereof, and to do and perform any and all acts which may be either necessary for or incidental to the exercise of any of the foregoing powers, or for the peace, health, comfort, safety, or general welfare of the members of the Association, and further, to do any and all things and exercise all rights and powers permitted to nonprofit corporations under the laws of the State of Arizona, including the power to mortgage or encumber any property owned by it.

C. To enter into, perform, and carry out contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of the purposes of the Association.

D. To borrow and loan money, and give, take and hold security and collateral; to execute, make, issue, take, and receive bonds, notes, debentures, mortgages, pledges and other evidences of indebtedness and security, of any and all kinds whatsoever, in furtherance of any or all of the objects of its business, only with the consent of two-thirds (2/3) of each class of the membership in the Association.

E. To make contracts of all kinds and descriptions with third parties, firms, and corporations.

F. To 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 each class of Members, agreeing to such dedication, sale or transfer;

G. To participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of two-thirds (2/3) of each class of Members;

H. To do and perform any and all acts and things and to transact any business, not inconsistent with law, which may be necessary, incidental to or convenient in carrying out any of the business or purposes of the Association.

I. To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration, as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length.

ARTICLE VII

The Association shall be a nonstock corporation and shall be owned by its members, who shall be collectively called the Members of the Association, and no dividends or pecuniary profits shall be paid to its members. Membership in the Association, except for membership of the incorporators and the first Board of Directors, shall be limited to record owners of equitable title (or legal title if the equitable title has merged) of the residential units constructed or planned to be constructed in

the subdivision of which the Property is a part. An Owner of a Lot, upon becoming the Owner of a Lot, shall automatically become a member of the Association, and shall remain a member of the Association until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Nothing herein is intended to include as members of the Association persons or entities who hold an interest in a Lot merely as security for the performance of an obligation, as is more fully set forth in the Declaration. No certificates of membership shall be issued and membership shall be evidenced by an official list of said Members, which list shall be kept by the Secretary of the Association. No new memberships shall be issued to any persons except as may be issued in substitution for outstanding memberships assigned to the new record Owners of equitable title (or legal title if equitable title has merged) in a Lot. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

In the event any Lot is owned by two or more persons, whether by joint tenancy, tenancy in common, community property or otherwise, the membership as to such Lot shall be joint and a single membership for such Lot shall be issued in the names of all Owners. The Owners of such Lot shall designate to the Association in writing at the time of issuance one of their number who shall hold the membership and have the power to vote said membership, and in the absence of such designation and until

such designation is made, the Board of Directors of the Association shall make such designation.

ARTICLE VIII

The Association shall have two classes of voting membership:

Class A. Class A members shall be all those Owners as defined in Article VII. A Class A member shall be entitled to one vote for each Lot owned by said Member, as provided above.

Class B. The Class B members shall be the Declarant (as defined in the Declaration). The Class B member shall be entitled to three (3) votes for each Lot owned. The Class B membership shall 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 the total votes outstanding in the Class B membership; or

(b) Three (3) years from the date of the Declaration.

ARTICLE IX

The existence of this Corporation shall be perpetual.

ARTICLE X

The affairs of the Association shall be conducted by a Board of Directors consisting of an odd number of not less than three (3) nor more than nine (9) members, and such officers as the Board of Directors may select from time to time, including a President, a Vice President, a Secretary and a Treasurer. The same person may hold any two offices, except that the President may not, at the same time, hold the office of Vice President or Secretary.

The Directors shall be elected by the Members of the Association at the first and each ensuing annual meeting thereof, as provided for in the By-Laws of this corporation. The Directors need not be members of the Association. The Board of Directors shall adopt By-Laws for the corporation and such By-Laws may be amended, supplemented, repealed, or suspended and new By-Laws may be adopted by the vote of a majority of the membership.

ARTICLE XI

Any indebtedness or liability, direct or contingent, of the Association, must be authorized by an affirmative vote of the Board of Directors at a lawfully held meeting. The highest amount of indebtedness or liability, direct or contingent, to which this corporation may be subject at any one time shall not exceed one hundred fifty percent (150%) of its income for the previous fiscal year, except that additional amounts may be authorized by an affirmative vote of two-thirds (2/3) of each class of the Members of the Association.

ARTICLE XII

Any mortgage by the Association of the Common Area, as defined in the Declaration, must be approved by two-thirds (2/3) of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any, as well as a majority of the holders of first mortgage liens on all Lots.

ARTICLE XIII

The private property of each and every officer, director, and member of the Association of this corporation shall at

all times be exempt from all debts and liabilities of the Association. The Association shall indemnify its Directors, officers and Members to the fullest extent permitted by law.

ARTICLE XIV

This Association hereby appoints Rita Eisenfeld Moretsky, who is now and for more than the past three (3) years has been a bona fide resident of the State of Arizona, and who's address is Suite 1700, 100 West Washington Street, Phoenix, Arizona 85004, as its lawful statutory agent, upon whom all notices and processes, including service of summons, may be served, and which, when so served, shall be lawful, personal service upon this corporation. The Directors may, at any time, appoint another agent for such purpose, and the filling of such other appointment shall revoke this or any other previous appointment of such agent.

ARTICLE XV

The first annual meeting of the Members of the Association shall be held not later than sixty (60) days after the Declarant has constructed and conveyed sixty-six percent (66%) of the total number of residential units to be constructed within the Property, or within one (1) year from the date of incorporation, whichever is sooner. Thereafter, the annual meetings of the Members of the Association shall be on the first Wednesday of April of each year, or if the day for the annual meeting of the Members is a legal holiday, the meeting will be held on the first day following which is not a legal holiday. Alternatively, the By-Laws of the Association may adopt a different date as the date

of the annual meeting, and any such provision of the By-laws, thus duly adopted, changing the date of the annual meetings shall be valid and effective without the necessity of amending the Articles of Incorporation of the Association. The annual meetings of the Board of Directors and the Members of the Association shall be held at the office of the Association or at such other places within the County of Maricopa, State of Arizona, as may be designated by the Board of Directors.

ARTICLE XVI

The Association shall not execute or file for record any documents which impose a restriction upon the sale, lease, or occupancy of property solely on the basis of race, color, creed, or national origin.

ARTICLE XVII

These Articles of Incorporation may, subject to the rights of First Mortgagees under the Declaration, be amended by an affirmative vote of seventy-five percent (75%) of the entire membership, provided, that so long as there is a Class B membership the Declarant may amend these Articles unilaterally solely for the purpose of causing them to comply with the rules and guidelines in effect from time to time of any governmental or quasi-governmental entity or federal corporation guaranteeing or insuring mortgage loans or governing transactions involving mortgage instruments.

ARTICLE XVIII

The Association shall have power, subject to the rights of First Mortgagees under the Declaration, to 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 Members entitled to cast two-thirds (2/3) of the votes of the Class A membership and two-thirds (2/3) of the votes of the Class B membership, if any, agreeing to such dedication, sale or transfer.

ARTICLE XIX

The Association may, subject to the rights of First Mortgagees under the Declaration, be dissolved with the assent given in writing and signed by Members entitled to cast not less than two-thirds (2/3) of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any. Upon dissolution of the Association, the assets, both real and personal, of the Association shall be dedicated to an appropriate public agency to be devoted to purposes, as nearly as practicable, the same as those to which they were required to be devoted by the Association. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed, and assigned to any nonprofit corporation, association, trust, or other organization to be devoted to purposes and uses that would most nearly reflect the purposes and uses to which they were required to be devoted by the Association.

ARTICLE XX

To the extent permitted by law, and, subject to the rights of First Mortgagees under the Declaration, the Association

may participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided, however, that any such merger or consolidation shall have the assent of two-thirds (2/3) of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any.

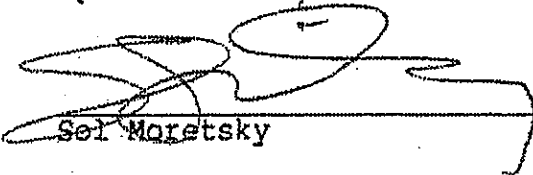
ARTICLE XXI

As long as there is a Class B membership, or providing FHA or the VA has approved a General Plan of Development, the following actions will require the prior approval of the FHA or VA: mergers and consolidations; mortgaging of Common Area; dedication of Common Area; dissolution and amendment of these Articles.

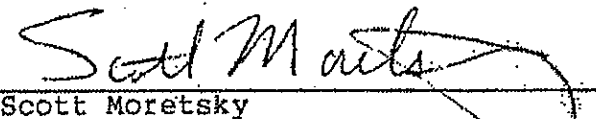
ARTICLE XXII

The fiscal year of the Association shall begin on the first day of January and end on the last day of December of every year, except the first fiscal year shall begin on the date of incorporation of this Association.

IN WITNESS WHEREOF, the undersigned persons have hereunto set their hands this 3rd day of September, 1987.


Sol Moretsky


Rita Eisenfeld-Moretsky


Scott Moretsky

"Incorporators"

STATE OF ARIZONA)
) ss.
County of Maricopa)

This instrument was acknowledged before me this 3RD
day of September, 1987, by SOL MORETSKY, RITA EISENFELD-
MORETSKY, and SCOTT MORETSKY.

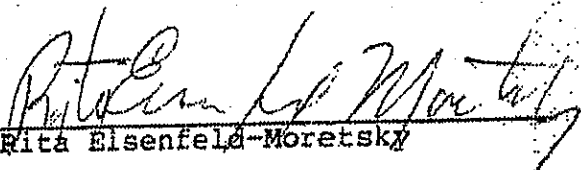
WITNESS by hand and official seal.

Ronald M. Boh
Notary Public

My Commission Expires:
4/3/90

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I, Rita Eisenfeld-Moretsky, having been a resident of the State of Arizona for more than three (3) years, and having been designated to act as Statutory Agent, hereby consent to act in that capacity until removal or resignation is submitted in accordance with the Arizona Revised Statutes.

By 
Rita Eisenfeld-Moretsky
"Statutory Agent"