

**ARTICLES OF INCORPORATION**  
**OF**  
**NORTHERN TERRACE HOMEOWNERS ASSOCIATION**

The undersigned natural person acting as incorporator of this non-profit corporation under the provisions of Chapter 82 of Nevada Revised Statutes, adopts the following Articles of Incorporation:

**ARTICLE 1**

The name of the corporation (hereinafter called the "Association") is:

**NORTHERN TERRACE HOMEOWNERS ASSOCIATION**

**ARTICLE 2**

The Association does not contemplate monetary gain or profit to the Members hereof, and the specific primary purposes for which it is formed are to serve as a homeowners association under Chapter 116 of Nevada Revised Statutes, and to administer and enforce the conditions, covenants and restrictions, and collect and disburse the assessments and charges, provided for in that Supplemental Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for NORTHERN TERRACE (hereinafter called the "Declaration") as recorded in the Official Records, Clark County, Nevada, as may be amended from time to time. In furtherance of and incidental and ancillary to said purposes, this Association shall have power to do the following:

- (a) perform the duties and obligations and exercise the rights of the Association as set forth in the Declaration, including, without limitation, the promulgation and enforcement of rules and regulations relating to the general appearance of the area, and the levy, collection and enforcement of assessments pursuant to the Declaration;
- (b) carry on any other lawful activity or do anything whatsoever which the Association may deem proper or convenient or capable of being carried on, or which may be calculated directly

or indirectly to promote the interests of the Association or of the property over which it has jurisdiction, so long as said activity is incidental to and in furtherance of said stated purposes; provided that the commencement and/or prosecution and/or maintenance of, and/or intervention in, any Proceeding in connection with any Non-Operational Controversy (as said terms are defined in the Declaration), without having fully and completely followed, or in violation of, the mandatory requirements and procedures set forth in the Declaration, shall be ultra vires; and

(c) to have, enjoy and exercise in furtherance of said stated purposes, all of the rights, powers and privileges which are now or which may hereafter be conferred upon non-profit corporations by the laws of Nevada, including the right to any and all of the things hereinbefore set forth, as principal and as agent, to the same extent as natural persons might or could do.

### **ARTICLE 3**

The principal office for the transaction of the business of the Association is initially to be located at 5555 West Badura Avenue, Suite 120, Las Vegas, Nevada 89118. The name and business address of the Association's initial resident agent are: K.G.D.O. Holding Company, Inc., dba Terra West, 2655 South Rainbow Boulevard, Suite 200, Las Vegas, Nevada 89146.

### **ARTICLE 4**

MERITAGE HOMES OF NEVADA, INC., an Arizona corporation, doing business as MERITAGE HOMES, and its successors and assigns ("Declarant"), and every person or entity who is a record owner ("Owner") of a fee interest in a residential unit ("Unit") which is located within that real property subject to the Declaration ("Properties"), including installment land sale contract vendees, shall be a member of the Association. There shall be one (1) vote per Unit owned, and, based on the foregoing, the voting power and Association property rights and interests of each Member shall be equal. 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 Unit within the Properties, nor may membership be resigned by any individual who continues as record owner of a fee interest in all or any portion of a Unit within the Properties.

#### **ARTICLE 5**

The term for which this corporation is to exist shall be perpetual.

#### **ARTICLE 6**

The affairs of this Association shall initially be managed by a Board of three (3) Directors, all of whom (other than Directors appointed by Declarant) must be members ("Members") of the Association (including an officer, employee, agent or director of a corporate Member; a partner of a Member which is a partnership; a trustee or designated beneficiary of a Member which is a trust; or a fiduciary of a Member which is an estate). The number of Directors may be increased to five (5) or seven (7), at any time by Declarant during the Declarant Control Period, as set forth in detail in the Declaration and/or Bylaws, and otherwise may be changed by amendment of the Bylaws, provided that there shall be neither more than any maximum nor less than any minimum number of Directors from time to time required by applicable Nevada law. The names and addresses of the persons who are to act in the capacity of Directors until the election of their successors are as follows:

Ruth Ochoa	5555 West Badura Avenue, Suite 120 Las Vegas, Nevada 89118
Bart Monroe	5555 West Badura Avenue, Suite 120 Las Vegas, Nevada 89118
Craig Hardy	5555 West Badura Avenue, Suite 120 Las Vegas, Nevada 89118

#### **ARTICLE 7**

Upon dissolution of the Association, the assets of the Association shall be distributed in compliance with applicable Nevada law. The assets of the Association shall be dedicated to a public body, or conveyed to a nonprofit organization with similar purposes, if at such time this is still a requirement of HUD/VA; provided that, if not so required by HUD/VA at such time, then the assets of the Association shall be distributed in compliance with applicable Nevada law. Annexation of additional properties, mergers and consolidations, mortgaging of Common Elements, dissolution and amendment of the Articles, requires prior approval of HUD/VA, if so required by HUD/VA at such time, as long as there is a Class B Membership. The Association shall not have a Class B Membership.

#### **ARTICLE 8**

Amendment of these Articles shall require both: (a) the assent (by vote or by written consent) of Members representing seventy-five percent (75%) or more of the total voting power of the Association; and (b) the written consent of a majority of the total voting power of the Board; and (c) if such amendment will adversely affect the rights of any such first mortgagees, shall further require the written consent of at least sixty-seven percent (67%) of the holders of mortgages with first priority over other mortgages or deeds of trust on Units within the Properties. The Bylaws may be amended, as more fully set forth in the Bylaws.

#### **ARTICLE 9**

Notwithstanding the foregoing, amendment of these Articles shall further require the prior written consent of LM CLIFF'S EDGE, LLC, a Delaware limited liability company ("LMC"), as the fee title owner of the LMC Option Property portion of the Annexable Area, for so long as any Lots are owned by LMC and are subject to the LMC Option Agreement in which Declarant is the

optionee; provided that such LMC consent shall not be required with regard to any amendments required by the FHA, VA, or other governmental agency whose approval of the Association documents is required, or otherwise required by applicable law. The foregoing capitalized terms not separately defined shall reasonably have their respective meanings as set forth in the Declaration.

#### ARTICLE 10

The name and address of the incorporator of the Association are as follows:

<u>Name</u>	<u>Address</u>
RUTH OCHOA	5555 West Badura Avenue, Suite 120 Las Vegas, Nevada 89118

DATED as of the 27<sup>th</sup> day of ~~September~~<sup>October</sup>, 2006.

  
RUTH OCHOA

STATE OF NEVADA )  
                                  ) ss.  
COUNTY OF CLARK )

This instrument was acknowledged before me on this 27<sup>th</sup> day of ~~September~~<sup>October</sup>, 2006, by Ruth Ochoa as incorporator and an initial director of NORTHERN TERRACE HOMEOWNERS ASSOCIATION.

  
NOTARY PUBLIC  
(seal)

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