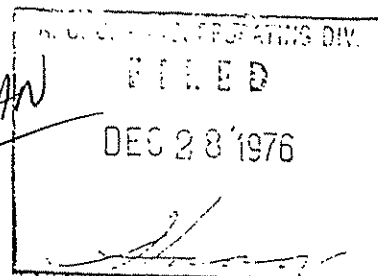


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1-5567

ARTICLES OF INCORPORATION
OF

THE BRIARWOOD III HOMEOWNERS ASSOCIATION, INC.



HERB
FRIED
CHAIRMAN

The undersigned, acting as incorporators of a nonprofit property owners' association under Chapter 1 of Title 10, Arizona Revised Statutes, adopt the following Articles of Incorporation for such corporation:

FIRST: The name of the corporation is The Briarwood III Homeowners Association, Inc.

SECOND: The objects and purposes of this corporation and the general nature of the business it proposes to transact are:

(a) To exercise its powers and functions on the real property described as follows:

Being a portion of the West half of the Southwest quarter of Section 11, Township 2 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the Southeast corner of the said West half of the Southwest quarter of Section 11; thence North 0 degrees 33 minutes 33 seconds West, an assumed bearing along the East line of the said West half of the Southwest quarter of Section 11 for a distance of 1300.09 feet to the true point of beginning; thence South 89 degrees 30 minutes 36 seconds West, along the North line of BRIARWOOD II SUBDIVISION, according to Book 172 of Maps, page 17, records of Maricopa County, Arizona, for a distance of 770.00 feet; thence North 0 degrees 33 minutes 33 seconds West for a distance of 675.98 feet; thence North 89 degrees 30 minutes 36 seconds East, along the South line of the HILTON CASITAS SUBDIVISION, according to Book 149 of Maps, page 49, records of Maricopa County, Arizona, for a distance of 770.00 feet; thence South 0 degrees 33 minutes 33 seconds East, along the said East line of the West half of the Southwest quarter of Section 11, for a distance of 675.98 feet to the true point of beginning.

together with all interests and easements applicable thereto, and together with any additional premises duly annexed pursuant to the Declaration of Covenants, Conditions and Restrictions described hereinbelow and covering the property described in this paragraph (a);

(b) To carry out all of those obligations as set forth in the Declaration of Covenants, Conditions and Restrictions recorded on December 24, 1976, in Docket 12003 , commencing at page 47, records of Maricopa County, Arizona, as amended from time to time as therein provided, and covering the property described in paragraph (a) hereinabove (herein called the "Declaration"), and the corporation is hereby given all authority necessary to carry out such obligations;

(c) To collect dues and assessments, accept and hold contributions of all sorts and to expend the assets of the corporation as its Board of Directors may from time to time deem advisable;

(d) To borrow money for the purposes hereinbefore enumerated;

(e) To buy, contract for, lease, and in any other lawful ways acquire, take, hold and own real, personal and mixed property of all kinds and descriptions, and to sell, mortgage, lease and otherwise dispose of the same for the objects hereinabove enumerated;

(f) To do all and everything necessary, suitable or proper for the accomplishment of any of the purposes or attainment of any of the objects hereinbefore enumerated, either alone or in association with other corporations, firms, or individuals, and to own and hold such property as may be necessary or proper in the accomplishment of any of the objects hereinbefore enumerated;

(g) To transact any or all lawful business for which corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time.

THIRD: This corporation shall be a nonprofit corporation and no dividends or pecuniary profits shall be declared or paid

to the shareholders or members thereof or to any other private individual, and all of its earnings shall be used to further the purposes of this corporation as hereinabove set forth.

FOURTH: The name and address of the initial statutory agent of the corporation is Don Corbitt, 3100 Valley Bank Center, Phoenix, Arizona 85073. The address of the initial known place of business of the corporation is 4841 North Scottsdale Road, Scottsdale, Arizona 85251.

FIFTH: The control and management of the affairs of this corporation shall be vested in a board of three (3) directors. The names and addresses of the persons who were selected at a meeting held in Scottsdale, Arizona, on December 24, 1976, to serve as directors, for the terms expiring at the annual meeting of the members to be held in the year set forth opposite their names and addresses hereinbelow, are:

| | | |
|----------------|---|------|
| Robert Malouf | 4841 N. Scottsdale Road Scottsdale, AZ 85251 | 1979 |
| Richard Malouf | 4841 N. Scottsdale Road Scottsdale, AZ 85251 | 1978 |
| Mary Malouf | 4841 N. Scottsdale Road Scottsdale, AZ 85251 | 1977 |

Hereafter, one-third (1/3) of the board of directors shall be elected at a regular annual meeting of the members which shall be held at Scottsdale, Arizona, or at such other place within the State of Arizona as shall be determined by the board

of directors, on the second Monday in October of each year, commencing with the year 1977, unless such day shall be a legal holiday, in which event such meeting shall be held on the next succeeding business day, and each director shall hold office for a term of three (3) years or until his successor shall have been elected and qualified.

Any vacancy in the board of directors of a director elected by the members of this corporation shall be filled by a vote of the majority of the directors present at a properly called meeting of the board of directors, and the director elected to fill such vacancy shall complete the term of the director so replaced.

The board of directors shall have full power to adopt, alter and amend bylaws for the corporation, to make proper rules and regulations for the safe, efficient and convenient transaction of the affairs of this corporation, and to elect officers and to appoint or employ a managing director and such other agents and employees as the board of directors may deem necessary. Such officers, managing director, agents and employees need not be members of the board of directors.

SIXTH: In addition to the Declarant designated in the Declaration, which shall be a member, each and every owner (as "owner" is defined in the Declaration) of a residence constructed

or planned to be constructed on a lot situated within the property described by article SECOND, paragraph (a), hereinabove shall be a member of this corporation.

An owner of a residence shall automatically, upon becoming the owner of a residence, become a member of this corporation, and shall remain a member of this corporation until such time as his ownership ceases for any reason, at which time his membership in this corporation shall automatically cease. Ownership of a residence shall be the sole qualification and criteria for membership. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

A membership in this corporation shall not be transferred, pledged or alienated in any way, except upon the sale of a residence and then only to such purchaser, or by intestate succession, testamentary disposition, foreclosure of mortgage of record, or other legal process. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of this corporation. In the event the owner of any residence should fail or refuse to transfer the membership registered in his name to the purchaser of such residence, this corporation shall have the right to record the transfer upon the books of this corporation and issue a new

membership to the purchaser, and thereupon the old membership outstanding in the name of the seller shall be null and void as though the same had been surrendered.

The record owner of each residence shall be entitled to one membership in this corporation, for himself and his family residing in the residence, which membership shall be subject to all of the provisions of these Articles of Incorporation, the bylaws, the Declaration and any Management Agreement, as now in effect or as duly adopted and amended.

No certificates of membership need be issued, and membership shall be evidenced by an official list of members kept by the secretary of this corporation.

SIXTH: This corporation shall have two classes of voting membership:

Class A. Class A members shall be all those owners as defined in Section 6 of Article I of the Declaration. A Class A member shall be entitled to one vote for each lot owned by such member. If the owner consists of more than one person or entity, the membership as to each such lot shall be deemed a single membership, and such persons or entities who comprise the owner shall designate in writing to this corporation the name of the person (from among themselves) who shall cast the vote for and on behalf of the owner. If the owner of a lot is a corporation or other entity, an officer or other duly authorized representative of the corporation or other entity may cast the vote for and on behalf of the owner.

Class B. The Class B member shall be the Declarant designated in the Declaration. The Class B member shall be entitled to four (4) votes for each lot in which the Declarant holds the interest required for membership by Article III of the Declaration.

In the event any owner shall be in arrears in the payment of any amounts due under any of the provisions of the Declaration for a period of fifteen (15) days, or shall be in default in the performance of any of the terms of the Declaration for a period of fifteen (15) days, such owner's right to vote as a member of this corporation shall be suspended and shall remain suspended until all payments are brought current and all defaults remedied.

SEVENTH: The members, officers, directors and incorporators shall not be individually liable for the corporation's debts or other liabilities and the private property of such individuals shall be exempt from any corporate debts or liabilities; provided, however, that nothing herein contained shall limit or restrict any liability, obligation or responsibility of the members hereof to each other or to this corporation as are set forth in the deed restrictions applicable to the property owned by the members hereof.

EIGHTH: These Articles of Incorporation may be amended by the affirmative vote of a majority of the members at a meeting of the members duly called for that purpose.


NINTH: The corporation may indemnify any and all of its directors and officers, or former directors and officers, against expenses incurred by them, including legal fees, or judgments or penalties rendered or levied against any such person in a legal action brought against any such person for actions or omissions alleged to have been committed by any such person while acting within the scope of his employment as a director or officer of the corporation, provided that the board of directors shall determine in good faith that such person did not act, fail to act or refuse to act willfully or with gross negligence or with fraudulent or criminal intent in regard to the matter involved in the action or omission.

TENTH: The name and address of each incorporator is:

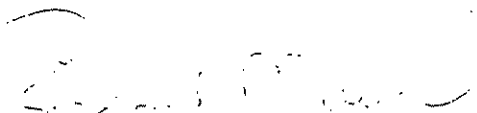
Robert Malouf
4841 N. Scottsdale Rd.
Scottsdale, AZ 85251

Richard Malouf
4841 N. Scottsdale Rd.
Scottsdale, AZ 85251

Dated this 27th day of December, 1976.



Robert Malouf




Richard Malouf

STATE OF ARIZONA)
) SS.
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 27th day of December, 1976, by ROBERT MALOUF and RICHARD MALOUF.

My commission expires:

October 23, 1978


Notary Public