

JIM IRVIN
COMMISSIONER-CHAIRMAN

RENZ D. JENNINGS
COMMISSIONER

CARL J. KUNASEK
COMMISSIONER



ARIZONA CORPORATION COMMISSION

JACK ROSE
EXECUTIVE SECRETARY

JOANNE C. MACDONNELL
DIRECTOR, CORPORATIONS DIVISION

JAMES I. SORENSEN
9261 NORTH 29TH STREET
PHOENIX, AZ 85028

RE: PONDEROSA TRAILS HOMEOWNERS ASSOCIATION, INC.
File Number: -0843598-0

We are pleased to notify you that your Articles of Incorporation were filed on June 16, 1998.

You must publish a copy of your Articles of Incorporation. The publication must be in a newspaper of general circulation in the county of the known place of business, for three (3) consecutive publications. An affidavit from the newspaper, evidencing such publication, must be delivered to the Commission for filing WITHIN NINETY (90) DAYS from the File Date.

All corporations transacting business in Arizona are required to file an Annual Report with the Commission, during the fourth (4th) month following the close of each fiscal year. Each year, a preprinted Annual Report Form will be mailed to you prior to the due date of the report.

If you have any questions or need further information, please contact us at (602) 542-3135 in Phoenix, (520) 628-6560 in Tucson, or Toll Free (Arizona residents only) at 1-800-345-5819.

Very truly yours,

LOTTIE HAWKINS
Examiner
Corporations Division
Arizona Corporation Commission

CF:04

Rev: 4/97

ARTICLES OF INCORPORATION
OF
PONDEROSA TRAILS HOMEOWNERS ASSOCIATION, INC.,
An Arizona non-profit corporation

JUN 16 2 35 PM '93
APPROVED: *Letitia Hawk*
DATE: 6-16-93
TERM: _____
DATE: _____
0843598-C

In compliance with the requirements of §10-2301, et seq., Arizona Revised Statutes, as may from time to time be amended, the undersigned, all of who are of full legal age, have voluntarily associated themselves on the date set forth below for the purpose of forming an Arizona non-profit corporation. All of the undersigned incorporators certify and adopt the following Articles of Incorporation ("Articles"):

ARTICLE I

NAME AND TERM

The name of the corporation is Ponderosa Trails Homeowners Association, Inc. ("Association"). The Association shall exist perpetually.

ARTICLE II

DEFINED TERMS

Terms in all capital letters used in these Articles without definition shall have the meanings specified for those terms in the Declaration of Homeowner Benefits and Covenants, Conditions, and Restrictions for Ponderosa Trails recorded in Docket 2093, Page 308, Official Records of Coconino County, Arizona ("Declaration"). In the case of any conflict between the Articles and the Declaration, the Declaration shall control. As used in these Articles of Incorporation, the term "Association Property" shall mean the COMMON AREAS, all other real and personal property, if any, owned by the Association or placed under its jurisdiction, all property and improvements within the PROPERTY used in common by and for the benefit of the OWNERS of LOTS, and any additions to any of the foregoing as may be brought within the jurisdiction of the Association pursuant to the Declaration.

ARTICLE III

PRINCIPAL OFFICE

The principal office of the Association shall be located at ~~241 West Second Street, Suite #1, San Bernardino, California 92401.~~ 9261 North 29th

Street, Phoenix, Arizona 85028. J

ARTICLE IV

STATUTORY AGENT

James I. Sorensen, 9261 North 29th Street, Phoenix, Arizona 85028, who has been a bona fide resident of the State of Arizona for more than three (3) years last past, is appointed and designated as the Statutory Agent for the corporation for the State of Arizona, upon whom service of process may be made. This appointment may be revoked at any time by the Board of Directors of the Association by the filing of the appointment of another Statutory Agent.

ARTICLE V

PURPOSE OF THE ASSOCIATION

The object and purpose for which this Association is organized is to provide for the ownership, management, maintenance, and care of the Association Property and for the administration of the affairs of the Association. In furtherance of, and in order to accomplish these objectives and purposes, the Association may transact any or all lawful business for which non-profit corporations may be incorporated under the laws of the State of Arizona, as such laws may be amended from time to time, including the power to indemnify the Directors, Officers, MEMBERS, employees, or agents of the Association in the manner specified in the Bylaws. All business transacted by the Association shall be transacted in such a way so as to further its tax-exempt status as an association under the Internal Revenue Code, if the Association so elects to be treated as a tax-exempt organization. The Association shall come into existence on the date of the filing of these Articles with the Arizona Corporation Commission.

ARTICLE VI

MEMBERSHIP

1. Identity of Members. The Association shall be a non-stock corporation. No dividends or pecuniary profits shall be paid at any time to its MEMBERS. Membership in the Association shall be limited to OWNERS of LOTS. An OWNER of a LOT shall automatically, upon becoming the OWNER of such LOT, become a MEMBER of the Association and shall remain a MEMBER of the Association until the ownership ceases, for any reason, at which time the OWNER'S membership in the Association shall automatically cease.

2. Transfer of Membership. Membership in the Association shall be appurtenant to each LOT and a membership in the Association shall not be transferred, pledged, or alienated in any way, except: (i) upon the sale of a LOT, and then only to the purchasers; (ii) by intestate succession or testamentary disposition; (iii) foreclosure of mortgage (or similar security instrument) of record; or (iv) other legal process. Any attempt to make a prohibited transfer shall be void and shall not be reflected upon the books and records of the Association.

3. First Annual Meeting. The first annual meeting of the MEMBERS of the Association shall be held on September 30, 1998, or at such other date designated by the Board of Directors; however, the first annual meeting of the MEMBERS of the Association shall in no event be held later than one (1) year after the date of the close of escrow on the first LOT sold by the DECLARANT to an OWNER.

ATTEN 5/10/99

ARTICLE VII

VOTING RIGHTS

1. Classes of Members. The Association shall have two classes of voting membership, Class A and Class B.

2. Class A. Class A members shall be all OWNERS of LOTS with the exception of the DECLARANT. Each Class A member shall be entitled to one (1) vote for each LOT owned.

3. Class B. The Class B member shall be the DECLARANT. 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 upon the expiration of the period of DECLARANT CONTROL.

4. Cumulative Voting. There shall be no cumulative voting on any matter related to the administration or organization of the Association or its matters.

ARTICLE VIII

BOARD OF DIRECTORS

1. Number and Affairs. The affairs of the Association shall be conducted by a Board of Directors of the Association (sometimes individually or collectively called "Board," "Directors," "Director," or "Board of Directors") and such officers and committees as the Board may elect and appoint. The MEMBERS shall elect the Board of Directors, and Board of Directors elections may be conducted by mail. So long as there is a Class B membership in the Association, the Directors need not be MEMBERS of the Association. After the termination of the Class B membership, all Directors must be MEMBERS of the Association. The Board may increase the number of Directors on the Board; however, the number of Directors must always be an odd number and may not exceed seven (7) Directors. The number of Directors constituting the initial Board shall be three (3)[, one of which shall serve a three (3) year term, one of which shall serve a two (2) year term, and one of which shall serve a one (1) year term. All additional Directors that may be added from time to time to the Board (i.e., in addition to the initial three (3) and up to seven (7) members) will serve three (3) year terms]. The names and addresses of the initial Board of Directors of the Association are as follows:

<u>Name</u>	<u>Mailing Address</u>
James I. Sorensen (3 year term)	9261 North 29 th Street Phoenix, AZ 85028
Nicholas J. Coussoulis (2 year term)	341 West Second Street Suite #1 San Bernardino, California, 92401
John Ferronato (1 year term)	341 West Second Street Suite #1 San Bernardino, California 92401

The initial Directors shall serve [for the terms specified below their names . . . or . . . until the first annual meeting of the MEMBERS] and until their successors have been elected and qualified. [Successor Directors to the initial Directors also will serve the one, two, or three year terms specified above.]

2. Bylaws. The Board is expressly authorized to adopt bylaws for the Association ("Bylaws"), by a majority vote of the Board, at a regular or special meeting of the Board.

ARTICLE IX

DISSOLUTION

The Association may be dissolved with the affirmative written approval of two-thirds (2/3) or more of the total number of eligible votes of each class of MEMBERS in the Association. Upon dissolution of the Association, other than incidental 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 this Association was created. In the event that such dedication is refused, the assets shall be granted, conveyed, or assigned to any non-profit corporation, association, trust, or other organization to be devoted to a similar purpose or purposes.

ARTICLE X

AMENDMENTS

Amendment of these Articles shall require the affirmative approval of seventy-five percent (75%) or more of the total number of eligible voters of each class of MEMBERS in the Association.

ARTICLE XI

INCORPORATORS

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

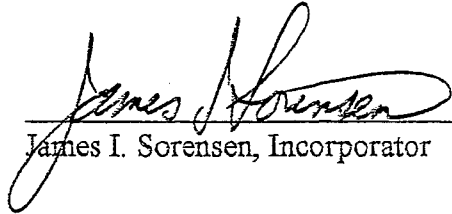
<u>Name</u>	<u>Mailing Address</u>
James I. Sorensen	9261 North 29 th Street Phoenix, AZ 85028

ARTICLE XII

FHA/VA APPROVAL

As long as there is a Class B membership in the Association and if either FHA or VA financing is applicable to all or any portion of the PROPERTY, the following will require the prior approval of the Federal Housing Administration or the Veterans Administration, if applicable: (i) annexation of additional properties; (ii) mergers and consolidations; (iii) mortgaging of COMMON AREAS; (iv) dedication of COMMON AREAS; and (v) dissolution and amendment of these Articles of Incorporation.


For the purpose of forming this non-profit corporation under the laws of the State of Arizona, the undersigned, constituting all of the incorporators of the Association, has executed these Articles of Incorporation as of June 15, 1998.


James I. Sorensen, Incorporator

STATE OF ARIZONA)
)ss.
County of Maricopa)

On this, the 16 day of June, 1998, before me, the undersigned Notary Public, personally appeared James I. Sorensen, known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

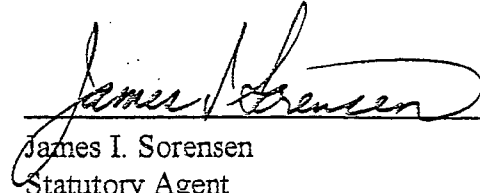

Notary Public

My Commission Expires: _____



CONSENT TO APPOINTMENT AND DESIGNATION
AS THE STATUTORY AGENT FOR
PONDEROSA TRAILS HOMEOWNER'S ASSOCIATION, INC.

James I. Sorensen, 9261 North 29th Street, Phoenix, Arizona 85028, who has been a bona fide resident of the State of Arizona for more than three (3) years last past, hereby accepts the appointment and designation as the Statutory Agent for the Ponderosa Trails Homeowner's Association, Inc. for the State of Arizona, upon whom service of process may be made. It is further acknowledged that this appointment may be revoked at any time by the Board of Directors of the Association by the filing of a notice of appointment of another Statutory Agent with the State of Arizona.



James I. Sorensen
Statutory Agent
Ponderosa Trails Homeowner's Association

Attention Corporate Officers

If you have the responsibility of collecting, accounting for, and paying over payroll taxes withheld from the wages and salaries of corporate employees, read on.

A principal benefit of incorporation is limiting an owner's liability to the amount of his/her capital investment. This limited liability may not apply in all circumstances.

Section 6672 of the Internal Revenue Code States that the liability for taxes withheld from the wages and salaries of corporate employees may be assessed against the corporate officer(s) or employee(s) found to be responsible for their collection and payment. The personal liability of the responsible officer or employee is not limited to the amount of capital investment.

There are other civil and criminal penalties in the law regarding filing, paying, depositing of employment taxes.

If you would like more information regarding this or any other federal tax issue, contact your local Internal Revenue Service office or call toll-free,

1-800-829-1040.