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STONE CANYON SAUSALITO HOMEOWNERS ASSOCIATION
A NEVADA NONPROFIT CORPORATION

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ARTICLES OF INCORPORATION

OF

STONE CANYON SAUSALITO HOMEOWNERS ASSOCIATION

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, being residents of the State of Nevada, do hereby associates ourselves together for the purpose of forming a non-profit corporation pursuant to the provisions of Sections 81.410 through 81.540, inclusive, of Nevada Revised Statutes, and we do hereby make, subscribe, acknowledge, certify and adopt the following Articles of Incorporation:

ARTICLE I

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

STONE CANYON SAUSALITO HOMEOWNERS ASSOCIATION, INC.

ARTICLE II

The Association does not contemplate pecuniary gain or profit to the Members hereof, and the specific primary purposes for which it is formed are to provide maintenance, preservation and architectural control of other residence Lots and Common Area within that tract of Stone Canyon Sausalito,

Clark County, Nevada, (hereinafter referred to as the "Property") and such additional properties as may hereafter be brought within the jurisdiction of this Association, and to promote the health, safety and welfare of the property owners and residents within such property . In furtherance of and incidental and supplemental to said purposes, the Association shall have power to do the following:

- (a) Perform all of the duties and obligations and exercise

all of the powers, privileges and rights of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions of Stone Canyon Sausalito--A Planned Unit Development (hereinafter called the "Declaration") as it may be amended from time to time as therein provided, applicable to the aforescribed property (or a portion or portions thereof) and recorded or to be recorded in the Office of the County Recorder of Clark County, Nevada. The Declaration is by this reference incorporated herein as if set forth in full.

(b) Fix, levy, collect and enforce payment by any lawful mean, all charges or assessments pursuant to the terms of the Declaration and pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of and furtherance of the purposes of the Association, including all licenses, taxes and governmental charges levied or imposed against any property of the Association;

(c) Acquire (by gift, purchase or otherwise) own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association but subject to the provisions of the Declaration and the other provisions of these Articles of Incorporation;

(d) Borrow money, and with, and only with, the assent of Members having two-thirds (2/3) of the voting power of each class of membership, mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the provisions of these Articles of Incorporation;

(e) Subject to the provisions of the Declaration and the other provisions of these Articles of Incorporation, dedicate, sell or transfer all or any part of the Common Area (as defined in the Declaration) to any public agency, authority or utility for such purposes and subject to such conditions as may be approved by the Members. No such dedication or transfer shall be effective unless an instrument has been signed by Members having two-thirds (2/3) of the voting power of each class of membership agreeing to such dedication, sale or transfer;

(f) Participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and Common Area other than portions of the Property; provided that any such merger, consolidation or annexation shall have the assent of Members having two-thirds (2/3) of the voting power of each class of membership and shall be subject to the provisions of the Declaration and the other provision of these Articles of Incorporation;

(g) Specifically incidental to and in furtherance of the specific and primary purposes for which the Association is

formed, and subject to the provisions of the Declaration and the other provisions of these Articles of Incorporation, carry on, or which may be calculated directly or indirectly to promote the interests of the Association or of the Property, so long as said activity is incidental to and 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 do 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 III

The principal office for the transaction of the business of the Association is to be located at 5195 Las Vegas Boulevard South, Las Vegas, Nevada 89119, and the principal business of the Association will be transacted in the City of Las Vegas, Clark County, Nevada.

ARTICLE IV

J.M. GAIR & ASSOCIATES, INC., a Nevada corporation (hereinafter and in the Declaration referred to as "Declarant") and every person or entity which holds title in fee simple to all or any portion of a "Lot" (as defined in the Declaration), including any contract seller, shall be a Member of the Association. The foregoing is not intended to include persons or entities which hold an interest merely as security for the performance of an obligation. Except for the membership of incorporators, membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the

Association, nor may membership be resigned by any individual or entity which continues as record owner of a fee title interest in all or any portion of a Lot.

ARTICLE V

The Association shall have two classes of voting membership. The characteristics of said voting membership are as follows:

(a) Class A Members. Class A Members shall be all Owners (as said term is defined in the Declaration) and as a result shall have one vote for each Lot (as said term is defined in the Declaration) he owns; provided, that in the event that title to a Lot is held by multiple Members, the multiple Members shall determine among themselves the manner in which the vote relative to their Lots shall be exercised, but in no event shall more than one vote be cast with respect to any Lot; further provided that Declarant shall not be a Class A Member until the date specified in the following Paragraph (b) below, at and after which time Declarant shall be a Class A Member.

(b) Class B Members. Declarant shall be a Class B Member and shall have three (3) votes for each Lot it owns until the date when the total Class A votes then existing equal the total Class B votes then existing. After such date, but in any event, no later than December 31, 1997, Declarant shall become and be a Class A, and only a Class A Member.

ARTICLES VI

The term for which this corporation is to exist shall be fifty (50) years.

ARTICLE VII

The affairs of the Association shall be managed by a Board of five (5) Directors, who need not be Members of the Association. The number of Directors may be changed by amendment of the By-laws of the Association, but shall in no event be fewer than three (3) Directors. The names and addresses of the persons who are to act in the capacity of Directors for the first year and until their successors have been elected and have accepted office are as follows (the first three of whom are also incorporators):

1. J.M. GAIR
5195 Las Vegas Boulevard South
Las Vegas, Nevada 89119
2. JOSEPH E. BENNETT
5195 Las Vegas Boulevard South
Las Vegas, Nevada 89119
3. JEANNIE BACA
5195 Las Vegas Boulevard South
Las Vegas, Nevada 89119
4. ROBERT LOERWALD
5195 Las Vegas Boulevard South
Las Vegas, Nevada 89119
5. JANINE CUTNOSE
5195 Las Vegas Boulevard South
Las Vegas, Nevada 89119

At the first annual meeting of Members, one Director shall be elected for a term of one year, two (2) Directors shall be elected for a term of two (2) years and two (2) Directors shall be elected for a term of three (3) years. At each annual meeting thereafter, Directors being elected shall be elected for terms of three (3) years.

ARTICLE VIII

The Association may be dissolved with the assent given in writing and signed by Members holding not less than two-thirds (2/3) of

the voting power of each class of Members. Upon dissolution of the Association other than incident to a merger or consolidation, the assets of the Association shall be distributed and/or dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such distribution and/or dedication is refused acceptance, such assets shall be granted, conveyed, assigned and transferred to any non-profit corporation, association, trust or other organization organized and operated for such similar purposes.

ARTICLE IX

Amendment of these Articles shall require the assent of Members holding seventy-five per cent (75%) or more of the voting power of the Association. As long as there is Class B membership, any amendment of these Articles shall require the approval of either the U.S. Department of Veterans Affairs or the Federal Housing Administration.

ARTICLE X

As long as there is Class B membership, the following actions will require prior approval of the Federal Housing Administration or the U.S. Department of Veterans Affairs:

- (a) Association mergers and consolidations;
- (b) Mortgaging of or dedication of Common Area;
- (c) Dissolution of the Association;
- (d) Amendment of these Articles.

In addition, the annexation of additional property to the Properties (as defined in the Declaration) shall require that the Federal Housing Administration and U.S. Department of Veterans Affairs first determine the annexation to be in accord with the general plans approved by them.

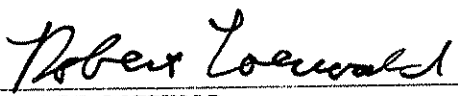
ARTICLE XI

The initial Resident Agent of this Association shall be the following individual:

J.M. Gair
5195 Las Vegas Boulevard South
Las Vegas, Nevada 89119

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Nevada, we, the undersigned, constituting the incorporators of this Association, have executed these Articles of Incorporation this 30th day of November, 1995.


JIM M. GAIR
Incorporator


ROBERT LOERWALD
Incorporator


JEANNIE BACA
Incorporator

STATE OF NEVADA

COUNTY OF CLARK

On November 30, 1995 personally appeared before me, a notary public, Jim. M Gair, Robert Loerwald and Jeannie Baca, personally known (or proved) to me to be the persons whose name is subscribed to the above instrument who acknowledged that they executed the instrument.





N. TAPP
Notary Public - Nevada
Clark County
My appt. exp. Oct. 11, 1997.