

MAY 05 1989

ARTICLES OF INCORPORATION '89 MAY 11 P3:50

FRANCIS SUE DEL PAPA SECRETARY OF STATE

Judi Barley
No. 382789

OF

JUDI BARLEY, CLERK
Judi Barley
DEPUTY

SADDLEHORN HOMEOWNERS' ASSOCIATION

FIRST: NAME. The name of this corporation shall be SADDLEHORN HOMEOWNERS' ASSOCIATION (sometimes hereinafter referred, to as the "Association").

SECOND: PRINCIPAL OFFICE. The principal office of this Association shall be 201 West Liberty Street, Reno, Nevada. The Board of Directors of the Association may designate other offices from time to time and may change the location of the office.

THIRD: PURPOSES AND POWERS.

1. PURPOSES. The purposes of the Association shall be to further and promote the common interest and welfare of its members within the Saddlehorn development, (the "development"), a planned unit development within Washoe County, Nevada, wherein various entities may from time to time be the Developers ("Developers").

2. POWERS. The Association shall do whatever is necessary or advisable to accomplish and promote its purposes and in connection therewith shall have, but not by way of limitation, the following powers:

- (a) To acquire real or personal property by gift, purchase, or other means;

(b) To own, hold, enjoy, lease, operate, maintain, convey, sell, assign, transfer, mortgage or otherwise encumber or dedicate for public use any real or personal property owned by it;

(c) To exercise the powers and functions and to undertake and carry out the duties granted to it in the recorded Saddlehorn Declaration of Protective Covenants affecting the real property within the Development;

(d) To own, construct, acquire, maintain and operate common areas and recreational facilities of all kinds within the Development and contract for the maintenance, operation and management thereof; to prescribe the use thereof and to formulate and adopt rules and regulations governing the use thereof and prescribe methods of enforcement of such rules, including the imposition of fines and penalties for failure to observe such rules and regulations;

(e) To care for vacant, unimproved or unkept lots within the development;

(f) To maintain, rebuild, repair, beautify and otherwise care for all common areas within the development, not subject to maintenance by the governmental authorities nor the Saddlehorn Homeowner's Association.

(g) To pay taxes and assessments, if any, levied by any governmental authority on the property owned by the Association;

(h) To enforce charges, assessments, restrictions, covenants, conditions and agreements existing upon or created for the benefit of the real property located within the Development;

(i) To appoint such committees as may be necessary to or convenient in the discharge of any of its obligations or powers;

(j) To levy annual and special assessments upon its members and to declare the same a lien against the property subject thereto in accordance with the recorded Declaration of Protective Covenants relating to the Development;

(k) To prescribe and enforce motor vehicle rules and regulations governing the use of all motor and other vehicles utilizing private roads within the Development;

(l) To enforce collection of all delinquent assessment liens by whatever means possible including, but not limited to, exercising the power of sale as set forth in said Declaration of Protective Covenants;

(m) To borrow money, contract debts and issue bonds, notes and debentures and to secure the payment or performance of its obligations;

(n) To expend its monies for the payment and discharge of all proper costs, expenses and obligations incurred in carrying out all, or any of these powers or in carrying out the duties set forth in the Declaration of Protective Covenants covering the Development and such as may be incurred in the furtherance of this Association's purposes;

(o) To contract and pay premiums for fire, casualty, liability and any other insurance, including indemnity and other bonds;

(p) To contract and pay for maintenance, gardening, utilities, materials, supplies and services relating to property or facilities owned or operated by the Association and to employ personnel reasonably necessary for the administration of its affairs, including legal counsel and accountants;

(q) To do all other acts and engage in any lawful activity whatsoever in the State of Nevada or elsewhere, and to have, enjoy and exercise all the rights, powers and privileges which are now or which may hereafter be conferred upon nonprofit corporations by the State of Nevada, including the right to do any and all of the things hereinabove set forth as principal and agent to the same extent as natural persons might or could do.

FOURTH: ENABLING LAW. This corporation is organized pursuant to Nevada Revised Statutes 81.410 to 81.540 inclusive.

FIFTH: PLACE OF BUSINESS. The place where the principal business will be transacted will be Washoe County, Nevada.

SIXTH: MEMBERSHIPS.

1. CREATION OF MEMBERSHIPS. There shall be one class of membership in the Association. Memberships shall come into being as maps are recorded showing single family lots. On such recordation there shall become outstanding one membership for each single family lot. Memberships shall be appurtenant to each single family lot as the case may be. Prior to the recordation of any such maps, Sam S. Jaksick and Mark Combs and Fianna Combs, or the survivor of them, are hereby authorized to execute any and all documents requiring execution by "members" of the Association.

2. NUMBER. There shall be one membership for each living unit lot within the Development shown on a recorded map. It is anticipated that there eventually will be approximately 432 memberships outstanding when the proposed Development is completed. Such total number shall be increased or decreased in accordance with the actual number of living unit lots within the Development shown on recorded maps. No membership shall be held by persons who are not

owners of one or more single family lots within the Development.

3. VOTING RIGHTS. Subject to (a.) the rights of Sam S. Jaksick or Mark and Fianna Combs, or the survivor of them and their successors as set forth in paragraph V.B. of the Declaration of Protective Covenants, with respect to voting of memberships, and (b.) limitations on voting rights, all as set forth in the Declaration of Protective Covenants, each membership shall be entitled to one vote on all matters properly coming before the membership of the Association.

4. PRIVILEGES. Memberships shall be entitled to use and enjoy all facilities owned and operated by or for the benefit of the Association. Corporate, partnership or Association members shall designate the name of the person who, together with his family, shall have the right to use the recreational facilities of the Association.

5. ASSESSMENTS. Memberships shall be subject to annual and special assessments in accordance with the provisions of the Declaration of Protective Covenants, these Articles and the By-Laws of the Association.

6. MULTIPLE MEMBERSHIPS. Ownership of more than one lot shall entitle the owner thereof to all of the rights and privileges of the membership appurtenant to each lot owned by such person and shall subject such owner to all of the liabilities and duties thereof that are attendant to the

ownership of each such lot separately, provided, however, that such multiple ownership shall be treated as a single ownership for purposes of use of the recreational facilities.

SEVENTH: ASSESSMENTS. Subject to the Declaration of Protective Covenants, memberships shall be subject to such annual assessments as may be levied from time to time by the Board of Directors of this Association and to such special assessments for capital improvements, acquisitions or for purposes related to health, safety and/or general welfare or for the benefit of the Association members as may be levied from time to time by the Board of Directors of this Association with the affirmative vote of the memberships affected thereby entitled to exercise at least a majority of the voting power of such memberships. Such assessments shall be in such amounts as may be reasonably necessary and in furtherance of the objects of this corporation with the manner of levying and enforcing such assessments to be in accordance with the provisions of the Declaration of Protective Covenants covering the development and the By-Laws.

EIGHTH: CORPORATION NOT FORMED FOR PROFIT. This corporation shall have no capital stock and is not formed for profit. It is a corporation which does not contemplate the distribution of accumulations, gains, profits or dividends to the members thereof, and as a corporation, no part of any

accumulations, gains or profits shall be paid or inure to the benefit of any private person, member or individual, and no part of the activities of this corporation shall consist of the carrying on of propaganda or otherwise to influence legislation.

All of the assets and property of this corporation are irrevocably dedicated to the community and civic welfare and interest of its members and in the event of the dissolution, liquidation or abandonment of this corporation, none of its assets or property shall inure to the benefit of any private person, but shall be distributed to a fund or funds, foundation or foundations, or corporation or " " corporations organized and operated for the purpose of aiding and developing civic welfare; provided, however, that in the absence of a specific designation or designations by the person or persons or board having the authority to so do, then the same shall be distributed to the County of Washoe, State of Nevada, for park and recreational purposes; provided, however, the property may be conveyed to a nonprofit corporation with similar purposes and membership to this corporation.

NINTH: INCORPORATORS. The original incorporators, all of whom are residents of the State of Nevada, and their addresses are as follows:

<u>INCORPORATORS</u>	<u>POST OFFICE ADDRESS</u>
Sam S. Jaksick	2500 Spinnaker Drive Reno, Nevada 89509
Mark Combs	2240 Lindley Way Reno, Nevada 89509
Fianna Combs	2240 Lindley Way Reno, Nevada 89509

TENTH: DIRECTORS. The number of Directors of this corporation shall not be less than three with the first Board consisting of three which shall constitute the authorized number of Directors until changed by an amendment to these Articles of Incorporation or by a By-Law duly adopted by the members of this corporation in accordance with the provisions of Nevada Revised Statutes 81.470 and who shall serve until the first annual meeting of the membership and until their successors are elected and assume office. Directors need not be members of the Association. Directors shall be elected at a meeting at which a quorum is present. The names and post office addresses of the persons first appointed to act as Directors are:

<u>NAME</u>	<u>POST OFFICE ADDRESS</u>
Sam S. Jaksick	2500 Spinnaker Drive Reno, Nevada 89509
Mark Combs	2240 Lindley Way Reno, Nevada 89509
Fianna Combs	2240 Lindley Way Reno, Nevada 89509

ELEVENTH: TERM OF CORPORATE EXISTENCE. The term of the corporate existence of this corporation is fifty years.

TWELFTH: ADOPTION AND AMENDMENT OF BY-LAWS. Subsequent to adoption of the initial code of By-Laws for this corporation as required by Nevada Revised Statutes 81.470(1), the Board of Directors of this corporation may adopt additional By-Laws or alter the By-Laws previously adopted as required by Section 81.470(1). The authority conferred on the Directors herein shall not diminish the authority in the membership to alter, amend or adopt additional By-Laws by the affirmative vote of a majority of the membership. The By-Laws shall not be amended in any respect inconsistent with the provisions of the Declaration of Protective Covenants covering the development.

THIRTEENTH: INDEMNIFICATION.

(1) Action Not By or on Behalf of Corporation.

The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent

of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), fees, judgments, fines, and amounts paid in settlement, actually and reasonably incurred by him in connection with the action, suit or proceeding if he acted in, good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, does not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(2) Action By or on Behalf of Corporation. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent.

of another corporation, partnership, joint venture, trust or other enterprise against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, except that indemnification may not be made for any claim, issue or matter as to which such a person shall have been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable to the corporation or for amounts paid in settlement to the corporation unless "and" only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that, in view of all of the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

(3) Successful Defense. To the extent that a director, officer, employee or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 or 2 of this Article THIRTEENTH, or in defense of any claim, issue or matter therein, he must be indemnified by the corporation against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense.

(4) Determination of Right to Indemnification in Certain Circumstances. Any indemnification under Section 1 or 2 of this Article THIRTEENTH, unless ordered by a court or advanced pursuant to this Article THIRTEENTH, must be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances. The determination must be made by the stockholders, the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to the act, suit or proceeding, or if a majority vote of a quorum of directors who were not parties to the act, suit or proceeding so orders, by independent legal counsel in a written opinion, or if a quorum consisting of directors who were not parties to the act, suit or proceeding cannot be obtained, by independent legal counsel in a written opinion.

(5) Advance Payment of Expenses. Expenses of officers and directors incurred in defending a civil or criminal action, suit or proceeding must be paid by the corporation as they are incurred and in advance of the final disposition of the action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he is not entitled to be indemnified by the corporation as authorized in this Article.

The provisions of this subsection (5) of this Article THIRTEENTH shall not affect any rights to advancement of expenses to which corporate personnel other than directors or officers may be entitled under any contract or otherwise by law.

(6) Not Exclusive.

(a) The indemnification and advancement of expenses authorized in or ordered by a court pursuant to any other section of this Article THIRTEENTH or any provision of law:

(i) does not exclude any other rights to which a person seeking indemnification or advancement of expenses may be entitled under the Articles of Incorporation or any statute, by-law, agreement, vote of stockholders or disinterested directors or otherwise, for either an action in his official capacity or an action in another capacity while holding his office, except that indemnification, unless ordered by a court pursuant to subsection 2 of this Article THIRTEENTH or for the advancement of expenses made pursuant to this Article THIRTEENTH may not be made to or on behalf of any director or officer if a final adjudication establishes that his acts or omission involved intentional misconduct, fraud or a knowing violation of the law and was material to the cause of action.

(ii) continues for a person who has ceased to be a director, officer, employee or agent and inures to the benefit of the heirs, executors and administrators of such a person.

(b) Without limiting the foregoing, the corporation is authorized to enter in an agreement with any director, officer, employee or agent of the corporation providing indemnification for such person against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement that result from any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including any action by or in the right of the corporation, that arises by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, to the full extent allowed by law, except that no such agreement shall provide for indemnification for any actions that constitute fraud, actual dishonesty or willful misconduct.

(7) Insurance. The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a

director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise for any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article THIRTEENTH.

(8) Certain Definitions. For the purposes of this Article THIRTEENTH, (a) any director, officer, employee or agent of the corporation who shall serve as a director, officer, employee or agent of any other corporation, joint venture, trust or other enterprise of which the corporation, directly or indirectly, is or was a stockholder or creditor, or in which the corporation is or was in any way interested, or (b) any director, officer, employee or agent of any subsidiary corporation, joint venture, trust or other enterprise wholly owned by the corporation, shall be deemed to be serving as such director, officer, employee or agent at the request of the corporation, unless the Board of Directors of the corporation shall determine otherwise. In all other instances where any person shall serve as a director, officer, employee or agent of another corporation, joint venture, trust or other enterprise of which the corporation is or was a stockholder or creditor, or in which it is or was otherwise interested, if it is not otherwise established that

such person is or was serving as such director, officer, employee or agent at the request of the corporation, the Board of Directors of the corporation may determine whether such service is or was at the request of the corporation, and it shall not be necessary to show any actual or prior request for such service. For purposes of this Article THIRTEENTH, references to a corporation include all constituent corporations absorbed in a consolidation or merger as well as the resulting or surviving corporation so that any person who is or was a director, officer, employee or agent of such a constituent corporation or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, joint venture, trust or other enterprise shall stand in the same position under the provisions of this Article THIRTEENTH with respect to the resulting or surviving corporation as he would if he had served the resulting or surviving corporation in the same capacity. For purposes of this Article THIRTEENTH, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer,

employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this Article THIRTEENTH.

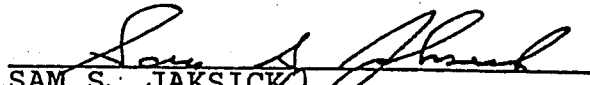
Without limiting the application of the foregoing, the Board of Directors may adopt by-laws from time to time with respect to indemnification, to provide at all times the fullest indemnification permitted by the laws of the State of Nevada, and may cause the corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the corporation would have the power to indemnify such person.

FOURTEENTH: A director or officer of the corporation shall be personally liable to the corporation or its stockholders for (i) acts or omissions which involve intentional misconduct, fraud or a knowing violation of law.

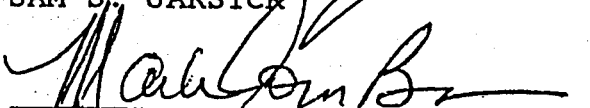
Except as set forth in the preceding sentence, no director or officer of the corporation shall be personally liable to the corporation or any of its stockholders for damages for breach of fiduciary duty as a director or officer. Any repeal or modification of this article by the stockholders of the corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director or officer of the corporation for acts or omissions prior to such repeal or modification.

FIFTEENTH: There shall be no preemptive rights with respect to any membership issued from time to time by this corporation.

IN WITNESS WHEREOF, we have hereunto set our hands this 12th day of April, 1989, hereby declaring and certifying that the facts stated hereinabove are true.



SAM S. JAKSICK



MARK COMBS



FIANNA COMBS

STATE OF NEVADA,)
 : SS.
COUNTY OF WASHOE.)

On this 12th day of April, 1989,
personally appeared before me, a Notary Public, SAM S.
JAKSICK, MARK COMBS, and FIANNA COMBS who acknowledged to me
that they executed the foregoing instrument.

Robert W. Marshall
Notary Public

