

Revised 10/8/2010

ARTICLES OF AMENDMENT TO THE
ARTICLES OF INCORPORATION OF
SADDLEBROOKE VILLAS ASSOCIATION, NOS. 35, 35A, Inc.

Pursuant to the provisions of A.R.S. 10-11006, SaddleBrooke Villas Association Nos. 35, 35A, Inc., an Arizona nonprofit corporation, hereby adopts the following Articles of Amendment to its Articles of Incorporation:

FIRST: The name of the corporation is currently SaddleBrooke Villas Association Nos. 35, 35A, Inc. (as amended and filed on 11-18-2002)

SECOND: Article I of the Articles of Incorporation shall be deleted and the following inserted in place thereof:

ARTICLE I
Name

The name of the corporation is SaddleBrooke II Villas Association Units 35, 35A, Inc.

THIRD: ARTICLE II, Definitions, currently reads: "Except as otherwise provided below, capitalized terms used in these Articles of Incorporation without definition shall have the meanings specified for such terms in the Declaration of Annexation and of Covenants, Conditions, and Restrictions for SaddleBrooke Units 35 and 35A, recorded in the Official Records of Pinal County, (the "Villas Declaration"). As used in these Articles of Incorporation, the term "Additional Declaration" shall mean any declaration of annexation or of covenants, conditions and restrictions, as amended from time to time, executed by Declarant that makes reference to these Articles of Incorporation and makes membership in the Corporation and incident of ownership of any part of the real property described therein.

FOURTH: ARTICLE II of the Articles of Incorporation shall be deleted and the following inserted in place thereof:

ARTICLE II
Definitions

Except as otherwise provided below, capitalized terms used in these Articles of Incorporation without definition shall have the meanings specified for such terms in the Declaration of Annexation and Covenants, Conditions, and Restrictions for SaddleBrooke Units 34, 35, and 35A, recorded in the Official Records of Pinal County (the "Villas Declaration"). As used in these Articles of Incorporation, the following definitions shall apply:

- a. "Additional Declaration" shall mean any declaration of covenants, conditions, and restrictions, as amended from time to time, executed by the Villas Board that makes reference to these Articles of Incorporation and makes membership in the Corporation an incident of ownership of any real property described therein.
- b. "Villas Documents" shall mean collectively the Villas Articles of Incorporation, the Villas Bylaws, the Villas Rules, the Villas ALC Requirements and Guidelines, and the Villas Tract Declaration of Covenants, Conditions, and Restrictions. The Villas Bylaws, the Villas Rules, and the Villas ALC Requirements and Guidelines may be amended by the Board of Directors from time to time.

Amendments to the Villas Tract Declaration and these Articles of Incorporation require approval of the Homeowners as stated elsewhere.

- c. "Transition Date" shall mean July 1, 2005 the date on which full control of the Villas Board and all operations of the SaddleBrooke Villas Association Nos. 35, 35A transferred from SaddleBrooke Development Company, an Arizona corporation and Declarant, to the homeowners of SaddleBrooke Villas Association Nos. 35, 35A.
- d. "Villas Property" shall mean the real property described in Exhibit A attached to the Villas Tract Declaration.

FIFTH: ARTICLE IV, Purposes, of the current Articles of Incorporation reads: "The object and purposes for which the Corporation is organized is to provide for management, maintenance and care of the Villas Areas, of other property owned by the Corporation and of property placed under the jurisdiction of the Corporation, and to perform all duties and exercise all rights imposed upon, granted to or permitted to the Corporation by these Articles of Incorporation or by the Villas Declaration, or any Additional Declaration. Without limiting the generality of the foregoing, to the extent authorized by the Villas Board, but subject to any limitations set forth in the Villas Declaration, the Corporation shall be empowered:

- a. To accept such properties, improvements, rights and interests as may be conveyed, leased, assigned or transferred to the Corporation; to assume such obligations and duties as may be contained in any lease assigned or transferred to the Corporation; to maintain, operate and otherwise manage all buildings, structures, improvements, landscaping, parking areas, walks, driveways, common elements, Villas Area, recreational areas and facilities now or hereafter constructed on the Villas Areas; to pay all taxes and assessments that may be levied against the Villas Areas; to repair, rehabilitate and restore all buildings, structures and improvements on the Villas Areas; to insure the Villas Areas, SaddleBrooke Country Club No. 2, Inc., and buildings and structures thereon against such risks as the Board shall determine in accordance with the Villas Declaration, the Master Declaration, any Tract Declaration, any Additional Declaration, these Articles of Incorporation, and the Villas Bylaws, and to enforce the collection of such assessment; to impose liens against Villas Lots to secure the payment of obligations due from the Owners thereof, and to collect, sue, foreclose or otherwise enforce, compromise, release, satisfy and discharge such demands and liens in accordance with the Villas Declaration, any Additional Declaration, and Arizona law; to pay all maintenance, operating and other costs and to perform all acts which in the sole discretion of the Villas Board shall be deemed to be in the best interests of the members of the Corporation or for the peace, comfort, safety or general welfare of the members; to enter into used agreements and/or reciprocal use agreements with respect to all or any portion of the Villas Areas or any facilities thereon; to hire or retain person(s), firm(s) or corporations to manage all or any portion of the affairs of the Corporation; to make and amend rules and regulations respecting the Villas Areas and the Corporation; and to do all things necessary or appropriate to carry out and to enforce the terms and provisions of the Villas Declaration, and any Additional Declarations;
- b. To purchase, acquire, lease, own, improve, develop, maintain, operate and hold real and personal property of every kind and description, including but not limited to the Villas Areas, and to lease, mortgage, assign, pledge, sell, transfer, encumber, hypothecate or otherwise deal with such property;
- c. To borrow money and to issue notes, bonds and other evidences of indebtedness in furtherance of any or all of the objects and purposes of the Corporation, and to secure the

same by mortgage, trust deed, pledge or other lien on or security interest in property of the Corporation;

- d. To enter into, perform and carry out leases and contracts of any kind necessary or incidental to, or in connection with, the accomplishment of any one or more of the objects and purposes of the Corporation;
- e. To lend or invest the Corporation's capital and reserves with or without security;
- f. To act as surety or guarantor, agent, trustee, broker or in any other capacity when appropriate for the fulfillment or the furtherance of the Corporation's objects and purposes as reasonably determined by the Villas Board;
- g. To procure such types and kinds of insurance as shall be required by the Declaration or deemed by the Villas Board to be in the best interests of the Corporation;
- h. In general, to do and perform such acts and to transact such business in connection with the foregoing objects and purposes as may be necessary, required or appropriate; and
- i. To transact any and all lawful business for which nonprofit corporations may be incorporated under the laws of Arizona.

SIXTH: ARTICLE IV of the Articles of Incorporation shall be deleted and the following inserted in place thereof:

ARTICLE IV
Purposes

The objects and purposes for which the Corporation is organized is to provide for management, maintenance and care of the Villas Property and of property placed under the jurisdiction of the Corporation, and to perform all duties and exercise all rights imposed upon, granted to or permitted to the Corporation by these Articles of Incorporation or by the Villas Documents, or any Additional Declaration. Without limiting the generality of the foregoing, to the extent authorized by the Villas Board, but subject to any limitations set forth in the Villas Declaration, the Corporation shall be empowered:

- a. To accept such properties, improvements, rights and interests as may be conveyed, leased, assigned or transferred to the Corporation, and to assume such obligations and duties as may be contained in any lease assigned or transferred to the Corporation;
- b. To maintain and repair roofs and the exterior surfaces of all 213 residential units within the Villas Property, including but not limited to maintaining and repairing driveways, walkways, exterior glass,

exterior front door surface, and paint on the exterior surfaces of the residential unit and walkway walls;

- c. To maintain, repair, and replace the landscaping and the irrigation systems installed by the Villas Association or the Declarant on each Villas Lot as more specifically described in the Villas Tract Declaration;
- d. To levy assessments for maintenance, operating charges and other matters as the Villas Board shall determine in accordance with the Villas Documents and any Additional Declaration, and to enforce the collection of such assessments; to impose liens against Villas Lots to secure the payment of obligations due from the Owners thereof, and to collect, sue, foreclose or otherwise enforce, compromise, release, satisfy and discharge such demands and liens in accordance with the Villas Documents, any Additional Declarations, and Arizona law;
- e. To pay all taxes and assessments that may be levied against or owed by the Corporation; to pay all maintenance, operating, and other costs and to perform all acts which in the sole discretion of the Villas Board shall be deemed to be in the best interests of the members of the Corporation or for the peace, comfort, safety or general welfare of the members of the Corporation;
- f. To hire or retain person(s), firm(s) or corporations to manage all or any portion of the affairs of the Corporation;
- g. To make and amend rules and regulations respecting the Villas Property and the Corporation; and to do all things necessary or appropriate to carry out and enforce the terms and provisions of the Villas Documents and any Additional Declaration;
- h. To borrow money and to issue notes, bonds and other evidences of indebtedness in furtherance of any or all of the objects and purposes of the Corporation, and to secure the same by mortgage, trust deed, pledge or other lien on or security interest in property of the Corporation;
- i. To enter into, perform and carry out leases and contracts of any kind necessary or incidental to, or in connection with, the accomplishment of any one or more of the objects and purposes of the Corporation;
- j. To lend or invest the Corporation's capital and reserves with or without security;
- k. To act as surety or guarantor, agent, trustee, broker or in any other capacity when appropriate for the fulfillment or the furtherance of the Corporation's objects and purposes as reasonably determined by the Villas Board;

- l. To procure such types and kinds of insurance as shall be required by the Villas Documents or deemed by the Villas Board to be in the best interests of the Corporation;
- m. In general, to do and perform such acts and to transact such business in connection with the foregoing objects and purposes as may be necessary, required or appropriate; and
- n. To transact any and all lawful business for which nonprofit corporations may be incorporated under the laws of the State of Arizona.

SEVENTH: ARTICLE VI, Membership; Voting Rights; Declarant Control currently reads:

As provided in the Villas Declaration, each Owner including Declarant, shall be a member of the Corporation. Each Owner shall have one membership for each Lot owned by the Owner. A membership in the Corporation shall not be transferred, pledged or alienated in any way, except upon transfer of the Villas Lot to which it appertains, to a new Owner. A membership shall automatically be transferred to the new Owner upon the transfer of the Villas Lot to which the membership appertains (and then only to such transferee), whether the Villas Lot is transferred by sale, intestate succession, testamentary disposition, foreclosure of a lien or other legal process.

Except to the extent expressly provided otherwise herein or in the Villas Declaration, no members other than Declarant shall have any voting rights until the Villas Transition Date. Subject to Declarant's right to control the Corporation and to Declarant's right to ten votes for each membership held by Declarant from and after the Villas Transition Date or such other date as Declarant ceases to control the Corporation, or in any vote permitted by Declarant prior to the Villas Transition Date, and as provided in the Villas Declaration, the voting rights of the Owners shall be as follows: Each membership shall be entitled to one vote. In the event that more than one person or entity constitutes the Owner of a Lot, all such persons and/or entities shall be deemed to be members of the Corporation, but they collectively shall hold only a single membership. The voting for such Villas Lot shall be as they determine among themselves, but in no event shall the vote be split or more than one vote cast with respect to any such membership. If such persons and/or entities are unable to agree on how their single vote is to be cast, their vote shall not be counted.

The Corporation is not organized for the purpose of gaining pecuniary profit and shall not have or issue shares of stock. No dividend may be paid and no part of the income or profit of the Corporation may be distributed to its members, directors or officers in violation of Arizona nonprofit corporation law. No part of the net earnings of the Corporation shall inure to the benefit of any member or individual, other than by the Corporation acquiring, constructing or providing management, maintenance and care of Corporation property and other than by any rebate of excess membership dues, fees and assessments.

Notwithstanding anything in these Articles of Incorporation to the contrary, until the Villas Transition Date (as defined in the Master Declaration), Declarant shall have the right and power to maintain absolute control over the Corporation, including without limitation the right and power to amend these Articles of Incorporation (through control of the Villas Board), appoint the officers of the Corporation, appoint all(or, at Declarant's option, a majority) of the members of the Villas Board, and appoint members of the committees of the Corporation. Until the Villas Transition Date, Declarant shall appoint three directors, and, at such time as is deemed appropriate by Declarant in its sole discretion, the members of the Corporation other than Declarant shall elect two persons to serve on the Villas Board for two-year terms

(in addition to the three directors appointed by Declarant). In addition, unless otherwise approved by Declarant in its sole discretion or otherwise required by the Villas Declaration, until the Villas Transition Date only Declarant shall be entitled to cast any vote with respect to any matter requiring approval of the members. Declarant voluntarily may (but shall not be required to) relinquish control of the Corporation and thereby require the members to assume control of the Corporation at any time. From and after the Transition Date, the date Declarant relinquishes to the members control of the Corporation or the date Declarant ceases to control the Corporation, whichever first occurs, or in any other vote that Declarant permits to take place, Declarant shall have ten (10) votes for each membership held by Declarant.

EIGHTH: ARTICLE VI of the Articles of Incorporation shall be deleted and the following inserted in place thereof:

ARTICLE VI
Membership; Voting Rights

As provided in the Villas Declaration, each Owner shall be a member of the Corporation; by virtue of his owning Villas Lots, Declarant is a member of the Corporation. Each Owner shall have one membership for each Lot owned by the Owner as more fully described in the Villas Declaration. A membership in the Corporation shall not be transferred, pledged or alienated in any way, except upon transfer of the Villas Lot to which it appertains, to a new Owner. A membership shall automatically be transferred to the new Owner upon the transfer of the Villas Lot to which the membership appertains (and then only to such transferee), whether the Villas Lot is transferred by sale, intestate succession, testamentary disposition, foreclosure or a lien or other legal process.

The voting rights of the Owners shall be as follows: Each membership shall be entitled to one vote, with the exception of Declarant who shall have ten (10) votes for each membership held by the Declarant. In the event that more than one person or entity constitutes the Owner of a Lot, all such persons and/or entities shall be deemed to be members of the Corporation, but they collectively shall hold only a single membership. The voting for such Villas Lot shall be as they determine among themselves, but in no event shall the vote be split or more than one vote cast with respect to any such membership. If such persons and/or entities are unable to agree on how their single vote is to be cast, their vote shall not be counted.

The Corporation is an Arizona nonprofit organization and shall not have or issue shares of stock. No dividend may be paid and no part of the income or profit of the Corporation may be distributed to its members, directors or officers in violation Arizona nonprofit corporation law. No part of the net earnings of the Corporation shall inure to the benefit of any member or individual, other than by the Corporation acquiring, constructing or providing management, maintenance and care of the Corporation property and other than by any rebate of excess membership dues, fees and assessments.

NINTH: The Statutory Agent for the Corporation is currently identified as FC Services Corporation, an Arizona corporation.

TENTH: ARTICLE VII of the Articles of Incorporation shall be deleted and the following inserted in place thereof:

ARTICLE VII
Statutory Agent

David A. McEvoy, attorney, whose address is Camp Lowell Corporate Center, 4560 East Camp Lowell Drive, Tucson, Arizona 85712, is hereby appointed statutory agent for the Corporation.

ELEVENTH: Article VIII, Board of Directors and Officers of the Articles of Incorporation currently reads:

The business, property and affairs of the Corporation shall be managed, controlled and conducted by the Villas Board. Until the Villas Transition Date, the number of directors, who shall serve without compensation, shall not exceed five (5). After the Villas Transition Date the number of directors who shall serve without compensation shall not be less than three (3) nor more than nine (9), as shall be specified in the Bylaws. The initial Board shall consist of three directors, all of whom shall be appointed by the Declarant. Except for directors nominated by Declarant, each director shall be a member or spouse of a member of the Corporation. If a director shall cease to meet such qualifications during his term, he will thereupon cease to be a director and his place on the board shall be deemed vacant. A director shall serve his term until he resigns or is removed and his successor is elected and qualified, except that Declarant shall have the absolute power and rights to appoint and remove directors appointed by Declarant until the Villas Transition Date. All directors shall serve two-year terms, except that prior to the Villas Transition Date, Declarant need not periodically re-elect or re-appoint directors appointed by Declarant. The following individuals shall serve as directors until their successors are elected and qualified:

Paul A. Dupler
9532 East Riggs Rd.
Sun Lakes, Arizona 85248-7411

Ray Leppien
(same address)

Mike Osborn
(same address)

The Villas Board shall have the power to adopt and amend Villas Bylaws. The Villas Bylaws shall prescribe, among other things, the date of the annual meeting of the members of the Corporation.

Unless otherwise required by these Articles, the Villas Declaration, or by applicable law, the acts of a majority of the directors present at a meeting at which a quorum is present shall constitute an act of the Villas Board.

The principal officers of the Corporation shall be a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as the Villas Board may desire. All officers of the Corporation shall be elected by the Villas Board. The officers of the Corporation shall have those powers, duties and responsibilities provided in the Villas Bylaws.

TWELFTH: ARTICLE VIII of the Articles of Incorporation shall be deleted and the following inserted in place thereof:

ARTICLE VIII
Board of Directors and Officers

The business, property and affairs of the Corporation shall be managed, controlled and conducted by the Villas Board. The number of directors who shall serve without compensation shall not be less than three (3) nor more than nine (9), as shall be specified in the Bylaws. Each director shall be a member or spouse of a member of the Corporation. If a director shall cease to meet such membership qualifications

during the term, the said director will thereupon cease to be a director and that place on the board shall be deemed vacant. A director shall serve the term until the director resigns or is removed and a successor is elected and qualified as more fully described in the Villas Bylaws. All directors shall serve two-year terms.

The Villas Board shall have the power to adopt and amend the Villas Bylaws. The Villas Bylaws shall prescribe, among other things, the date of the annual meeting of the members of the Corporation.

Unless otherwise required by these Articles, the Villas Tract Declaration, or by applicable law, the acts of a majority of the directors present at a meeting at which a quorum of directors is present shall constitute an act of the Board.

The principal officers of the Corporation shall be a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as the Villas Board may desire. All officers of the Corporation shall be elected by the Villas Board. The officers of the Corporation shall have those powers, duties and responsibilities provided in the Villas Bylaws.

THIRTEENTH: The currently identified place of business for the Corporation is 9532 East Riggs Rd., Sun Lakes, Arizona, 85248-7411. The Corporation may establish such other offices, both within and outside the State of Arizona, as the Villas Board may from time to time designate.

FOURTEENTH: Article XIII of the Articles of Incorporation shall be deleted and the following inserted in place thereof:

ARTICLE XIII
Known Place of Business

The known place of business of the Corporation shall be located at the offices of Cadden Community Management, 1870 W. Prince Rd., Suite # 47, Tucson, Arizona, 85705. The Corporation may establish such other offices, both within and outside the State of Arizona, as the Villas Board may from time to time designate.

FIFTEENTH: ARTICLE XIV, Amendments, of the current Articles of Incorporation opens with a reference to the Villas Transition Date.

SIXTEENTH: Article XIV of the Articles of Incorporation shall be deleted and the following inserted in place thereof:

ARTICLE XIV
Amendments

These Articles of Incorporation may be amended at a lawfully held meeting of the members of the Corporation by the affirmative vote of a majority of the votes held by those members present, whether in person or by valid proxy, after the Villas Board has first adopted a resolution setting forth the proposed amendment and directed that it be submitted to vote by the members; provided, however, that these Articles of Incorporation shall not be amended to contain any provision which would be contrary to or inconsistent with the Villas Declaration, the Master Declaration, or any Tract or Additional Declaration, and any provision or purported amendment to these Articles of Incorporation which is contrary to or inconsistent with the Villas Declaration, the Master Declaration, or any Tract or Additional Declaration shall be void to the extent of such inconsistency.