

ARTICLES OF INCORPORATION
OF

SAGUARO TRAILS ESTATES HOMEOWNERS ASSOCIATION

SEP 27 12 02 PM '95

Paula Lewinsky
DATE 9-30-95

0788278-1

1. The name of the corporation is Saguario Trails Estates Homeowners Association.

2. The corporation is being formed as a non-profit corporation under and pursuant to Title 10, Chapter 5 of the Arizona Revised Statutes, as they may be amended from time to time.

3. The corporation is being formed for the purpose of creating a homeowners association eligible to elect an exemption from Federal Income tax under Section 528 of the Internal Revenue Code of 1954, as may be amended from time to time.

4. The corporation intends to conduct the business of providing for the maintenance, preservation and architectural control of certain residence lots, and the ownership, maintenance, preservation and architectural control of certain common areas in the Property described in the Declaration of Covenants, Conditions and Restrictions for Saguario Trails, Lot Nos. 1-26, Pima County, Arizona, recorded in the office of the Pima County Recorder in Docket 10317 at Page 2059 in accordance with the provisions of the Declaration which are incorporated herein by reference.

5. The name of the initial statutory agent of the corporation is William A. Martin, whose address is 2344 East Speedway Boulevard, Tucson, Arizona 85719.

6. The initial Board of Directors shall consist of three directors. The persons who are to serve as directors until the first annual election of directors or until their successors are elected and qualified and their respective addresses are as follows:

William A. Martin
2344 E. Speedway Blvd
Tucson, Arizona 85719

Monica L. Frias
2344 E. Speedway Blvd
Tucson, Arizona 85719

Sharon Braden
2344 E. Speedway Blvd
Tucson, Arizona 85719


7. The number of persons to serve on the Board of Directors shall thereafter be fixed by the by-laws.

8. The incorporators of the corporation are:


Douglas M. Martin
2344 E. Speedway Blvd
Tucson, Arizona 85719

William A. Martin
2344 E. Speedway Blvd
Tucson, Arizona 85719

DATED September 6, 1996



DOUGLAS M. MARTIN, Incorporator



WILLIAM A. MARTIN, Incorporator

I, William A. Martin, having been designated to act as Statutory Agent, hereby consent to act in that capacity until removed, or resignation is submitted in accordance with the Arizona Revised Statutes.

September 6, 1996



Statutory Agent

REQUIRED RECEIPT FOR PUBLIC REPORT

Real Estate statutes and rules require that the owner, agent or subdivider of this development furnish you, as a prospective customer, with a copy of the Public Report. It is recommended that you read the report before you make any written offer to purchase or lease an interest in the development, and before you pay any money or other consideration toward the purchase or lease of an interest in the development.

NOTE that information in the Public Report has been both provided by the subdivider and/or the subdivider's agents and obtained by the Department of Real Estate. Not all the information has been verified by the Department; certain information has been accepted by the Department as true and accurate based on attestation of the subdivider and/or the subdivider's agents.

FOR YOUR PROTECTION, PLEASE DO NOT SIGN THIS RECEIPT UNTIL YOU HAVE RECEIVED A COPY OF THE REPORT AND HAVE HAD THE OPPORTUNITY TO READ IT.

96-05308
(File No.)

SAGUARO TRAILS
(Tract No. or Name)

I understand that the report is not a recommendation or endorsement of the development, but is for information only.

(Name)

(Address)

(Date)

ARIZONA
SUBDIVISION PUBLIC REPORT
FOR
SAGUARO TRAILS

REFERENCE NO. 96-05308

SUBDIVIDER
SAGUARO TRAILS, L.L.C.
2344 EAST SPEEDWAY
TUCSON, ARIZONA 85719

DECEMBER 23, 1996
Effective Date

STATE PROPERTY REPORT DISCLAIMER

This report is NOT A RECOMMENDATION NOR AN ENDORSEMENT by the State of Arizona of this land but is provided for informational purposes ONLY.

This report reflects information provided by the subdivider and obtained by the Department in its review process in accordance with the provisions of Title 32, Chapter 20, Article 4, of the Arizona Revised Statutes, as amended. NOTE that not all of the information in this document has been verified by the Department; certain information has been accepted by the Department as true and accurate based on attestation of the subdivider and/or the subdivider's agents. The purchaser should independently verify all facts before signing any documents. The Department has not passed upon the quality or quantity of any improvement or structure and does not assume responsibility in either event.

Arizona Department of Real Estate
Subdivisions Division
2910 N. 44th Street
Phoenix, Arizona 85018
(602) 468-1414, Ext. 400

OR

Arizona Department of Real Estate
Subdivisions Division (Tucson)
400 W. Congress, Ste. 523
Tucson, Arizona 85701
(520) 628-6940

THE COMMISSIONER
OF THE ARIZONA DEPARTMENT OF REAL ESTATE
REQUIRES THAT:

1. The purchaser or lessee BE GIVEN this public report;
2. YOU SIGN A RECEIPT indicating that you received this report;

RECOMMENDS:

1. You DO NOT SIGN ANY AGREEMENT before you have read this report;
2. You see the EXACT PROPERTY you are interested in BEFORE SIGNING any document for lease or purchase.

ARIZONA LAW STATES:

1. THE SALE OR LEASE OF SUBDIVIDED LANDS PRIOR TO ISSUANCE OF THIS REPORT OR FAILURE TO DELIVER THIS REPORT TO PURCHASERS OR LESSEES SHALL RENDER THE SALE OR LEASE RESCINDABLE BY THE PURCHASER OR LESSEE. ACTION TO RESCIND MUST BE BROUGHT WITHIN 3 YEARS FROM DATE OF EXECUTION OF PURCHASE AGREEMENT.
2. CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY THE PURCHASER WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.
3. IF YOU HAVE SIGNED A PURCHASE AGREEMENT FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* PRIOR TO INSPECTING THE LOT, YOU HAVE SIX MONTHS TO INSPECT AND UPON INSPECTION MAY RESCIND THE PURCHASE AGREEMENT.

* A contract or agreement for purchase of a lot which includes a building or obligates the seller to complete construction of a building within two years from the contract date does not constitute the purchase of an unimproved lot. Therefore, if your purchase includes a lot and a building or a building to be built, you are not entitled to the rescission rights described in paragraphs 2 and 3.

SAGUARO TRAILS
LOTS 1 THRU 26,
AND COMMON "A" - PRIVATE STREETS
A SUBDIVISION OF A PORTION OF SECTIONS 5 & 6,
T15S, R16E, G.&S.R.B.M., PIMA COUNTY, ARIZONA

GENERAL

This report includes: Lots 1 thru 26.

The map of this subdivision is recorded in Book 48 of Maps, at Page 54, records of Pima County, State of Arizona.

This subdivision is approximately 91.91 acres in size. It has been divided into 26 lots and Common Area A. Lot boundaries will be staked upon completion of construction.

YOU ARE ADVISED TO OBTAIN A COPY OF THE RECORDED MAP AND CORRECTION DOCUMENTS, IF ANY, AND NOTE ALL EASEMENTS, RESTRICTIONS AND STATEMENTS CONTAINED THEREON.

PRE-ANNEXATION AND DEVELOPMENT AGREEMENT

This pre-annexation and development agreement (the "Agreement") is made by and between the City of Tucson, an Arizona municipal corporation (the "City"), and Saguaro Trails, L.L.C. ("Owner"), pursuant to the authority of A.R.S. Sec. 9-500.05.

RECITALS

A. A.R.S. Sec. 9-500.05 authorizes the City to enter into an agreement with any person or entity having an interest in real property providing for the annexation and development of such property and establishing certain development rights therein.

B. Owner is the owner of real property located in Pima County, Arizona, identified by Pima County Assessor records as Saguaro Trails, Lots 001-026 and Common Area A, recorded in Book 48 Page 054 as shown on Attachment A.

C. The Property is located within the Saguaro Trails Annexation District, which is outside, but contiguous to, the existing corporate limits of the City.

D. The City desires to extend and increase its corporate limits by annexation of the Property and other adjoining properties. Owner wishes to be annexed into City.

NOW, THEREFORE, the parties agree as follows:

AGREEMENT

1. Recitals Incorporated. The Recitals set forth above are acknowledged by the parties to be true and correct and are incorporated by this reference.

2. Annexation. The City shall undertake to perform all necessary acts and procedures set forth in A.R.S. Sec. 9-471 et seq. so that the Property shall be annexed by the City and included within the corporate limits of the City.

Upon approval of this Agreement by the City of Tucson and the Owner, the Owner shall sign a petition in favor of annexation for the Saguaro Trails Annexation District. The Owner shall also assist the City in obtaining the signatures necessary for the successful completion of the annexation.

3. Fire Hydrants. The City shall compensate the Owner for the cost of installing the required number of fire hydrants related to development on the Property. Payment will be made to the owner upon submission of a contractor's bill, in a timely manner not to exceed 60 days.

4. Construction Contracting Sales Tax. As directed by current City policy for newly annexed areas, the City shall not impose the two percent (2%) sales tax on gross income derived from construction contracting on real property for a period of three years from the effective date of annexation.

5. Development Impact Fees. Any development impact fees adopted by the City of Tucson will be waived for development on the Property for a period of three years from the effective date of annexation.

6. Development Approvals. At the time of effective date of annexation, all development plans and plats for the Property previously approved by Pima County will be accepted by the City of Tucson and processed by the City at the same point in the process at which the plans and plats were in the County.

7. Sufficient Water. Tucson Water will provide a minimum of 500 gpm at 20 psi residual. The Developer will provide a note on the water plan stating that "all residences shall be provided with residential fire sprinkler systems. The provisions for residential fire sprinklers can be removed at the time that the required 1000 gpm becomes available".

8. Water Main. The City shall reimburse the Owner at the normal rate (\$6.50 per linear foot) for a 12" water main, as depicted in the attached exhibit (see Exhibit "B"). Payment will be made to the Owner upon submission of a contractor's bill, in a timely manner not to exceed 60 days.

9. Original Zoning. As an integral part of the annexation, the City is required to impose original City zoning upon the Property in accordance with A.R.S. Sec. 9-471(L). Such original City zoning shall become final and effective within six months of the effective date of annexation.

10. Covenants Running with the Land. Within ten (10) days after the approval of this Agreement by the City, the City shall cause this Agreement to be recorded in the Official Records of Pima County, Arizona. The provisions of this Agreement shall constitute covenants and servitudes which shall run with the Property and shall bind and inure to the benefit of all estates and interest in the Property and all successors in interest and assigns, including future purchasers.

SUBDIVISION LOCATION

Location: South on Old Spanish Trail to Saguaro Crest Place (approximately 5 miles from intersection of Old Spanish Trail and Houghton to property).

SUBDIVISION CHARACTERISTICS

Topography: Hilly, rolling terrain.

Flooding and Drainage: A letter dated September 26, 1996 from OPW & Associates, Inc. states:

"A hydrology report for the above-referenced subdivision was reviewed and approved by Pima County Department of Transportation and Flood Control District. This report determined the floodprone limits of the 100-year storm. Lots 4-5, 9-10, 12-13 and 22-26 are subject to 100-year floodprone limits which are shown on the final plat. All lots within this subdivision have building sites provided for which are outside of and above the 100-year floodprone area limit.

As a result of design, each lot provides a building site in which there are no drainage hazards from the 100-year storm. In addition, this subdivision lies within Zone "C", areas of minimal flooding, as indicated by FEMA Map 040073 2290 C, revised September 6, 1989."

Adjacent Lands and Vicinity: South and north houses are on SR lots; west is undeveloped vacant land; east is Saguaro National Monument; and Webb's Steak House is adjacent to northeast corner of property.

UTILITIES

Electricity: Supplier is Tucson Electric Power Company, and facilities will be complete to lot lines by May 30, 1997. Purchaser's cost: trenching is approximately \$5.00 per linear foot, gas and telephone are in same trench.

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Telephone: Supplier is U.S. West Communications, and facilities will be complete to lot lines by May 30, 1997.

NOTE: IT IS POSSIBLE THAT YOU MAY NOT HAVE PHONE SERVICE AT THE TIME OF CLOSING. PURCHASER IS ADVISED TO CONTACT THEIR SERVICE PROVIDER TO DETERMINE THE STATUS OF PHONE SERVICE. YOU MAY ALSO WANT TO CONSIDER TEMPORARY ALTERNATIVES, I.E., A CELLULAR PHONE.

Gas: Supplier is Southwest Gas Corporation, and facilities will be complete to lot lines by May 30, 1997.

Water: Supplier is City of Tucson, and facilities will be complete to lot lines by May 30, 1997.

Sewage Disposal: Individual sewage disposal systems may require additional perc tests per lot; plan review fees: Disposal system construction costs are approximately \$2,000 - \$5,000 per lot.

The Certificate of Approval of Sanitary Facilities for Subdivisions states:

"Each lot owner shall provide additional soil testing in the proposed leachfield areas prior to application to PDEQ for approval to construct."

THE ABOVE COSTS ARE SUBJECT TO CHANGE BY SERVICE PROVIDERS. YOU SHOULD CONTACT THE ABOVE PROVIDERS REGARDING EXTENSION RULES AND REGULATIONS, SERVICE CONNECTIONS AND COSTS INVOLVED.

STREETS, ROADS AND DRAINAGE

Access to the Subdivision: OPW & Associates, Inc. states permanent legal access to the subdivision is via Old Spanish Trail recorded in Book 5 of Road Maps at Page 69.

Access within the Subdivision: Private streets will be surfaced with asphalt and will be completed by May 30, 1997. They will be maintained by the Homeowners' Association.

Flood and Drainage: Flood and drainage will be by the roadways and will be maintained by the Homeowners' Association.

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: An assurance agreement with the City of Tucson is recorded in Docket 10317 at Page 2053 and amended in Docket 10317 at Page 2057 expires May 21, 2000.

Assurances for Maintenance of Subdivision Facilities: Homeowners' Association.

LOCAL SERVICES AND FACILITIES

Schools: The elementary school is approximately 11 miles, the junior high school is 11 1/2 miles, and a choice of high schools which distance varies from 8 - 31 miles from the subdivision.

SCHOOL FACILITIES AND BUS SERVICE MAY CHANGE. YOU SHOULD CONTACT THE LOCAL SCHOOL BOARD REGARDING SCHOOLS AND BUS SERVICE.

Shopping Facilities: Corner of 22nd Street and Harrison Road, approximately 7 miles from the subdivision.

Public Transportation: Sun Tran Bus at Camino Seco and Escalante, approximately 6 miles from the subdivision.

Medical Facilities: St. Joseph's Hospital is approximately 14 miles from the subdivision.

Fire Protection: Rincon Valley Fire Department. Cost is based on full cash value of home. Individual sprinkler systems will be required for fire suppression. This requirement will remain in effect until the City of Tucson increases water pressure. The average cost of a sprinkler system is \$2,500 and may vary depending upon plumbing contractor and type of system chosen.

Ambulance Service: Is available by calling 911.

Police Protection: Pima County Sheriff's Department.

Garbage Service: Waste Management of Tucson.

LOCATIONS AND COSTS OF THE ABOVE SERVICES AND FACILITIES MAY CHANGE. YOU SHOULD VERIFY THEIR CURRENT LOCATIONS AND COSTS PRIOR TO PURCHASE.

SUBDIVISION USE AND RESTRICTIONS

Use: Vacant lots for single family residential use.

Restrictions and Other Matters of Record: Conditions, reservations and restrictions that may run with the land including City or County zoning restrictions should be investigated by you. Copies of those items which are recorded may be inspected at the office of the Pima County Recorder. Information about zoning may be obtained at the office of the Pima County Planning and Zoning Department. Restrictions are recorded as listed in the title section of this report and per the subdivision plat.

METHOD OF SALE OR LEASE

Sales: Deed and note and Deed of Trust with earnest money held in a neutral escrow account at title company.

Use and Occupancy: Upon close of escrow.

THE PURCHASE CONTRACT IS A BINDING AGREEMENT. CONTRARY TO THE TERMS AND PROVISIONS OF THE CONTRACT, YOU MAY HAVE ADDITIONAL RIGHTS, REMEDIES AND WARRANTIES PROVIDED BY LAW. READ THOROUGHLY BEFORE SIGNING. IF NOT UNDERSTOOD, SEEK COMPETENT ADVICE PRIOR TO COMMITMENT TO PURCHASE.

TITLE

Title to this subdivision is vested in Fidelity National Title Agency, Inc., an Arizona corporation, as Trustee under Trust No. 10,720.

Subdivider's interest in the subdivision is evidenced by a beneficial interest in Trust No. 10,720.

Title is subject, among other things, to all taxes, assessments, covenants, conditions, restrictions, limitations, reservations, rights, obligations, powers, easements, rights-of-way, liens and charges of record. YOU SHOULD INVESTIGATE THE TITLE AND SATISFY YOURSELF AS TO WHAT EFFECT, IF ANY, THESE MATTERS MAY HAVE ON THE USE OF THE LAND. Title Exceptions affecting the condition of title are listed in Preliminary Title Report dated December 13, 1996 issued by Fidelity National Title Agency, Inc. As a prospective purchaser, you should obtain a title report and examine the effect of the listed exceptions.

- A. Regulations, conditions and restrictions governing use of ground water pursuant to Arizona Revised Statute 45-101 et. seq.
1. 1996 taxes, are paid in full.
 2. Reservations contained in Patent from the United States of America, recorded in Book 180 of Deeds, Page 240.
 3. An Easement for electric transmission or distribution line or system and rights incident thereto as set forth in instrument recorded in Docket 796, Page 389.
 4. An Easement for telephone and telegraph lines and facilities and rights incident thereto as set forth in instrument recorded in Docket 927, Page 198.
 5. Easements, covenants, conditions and restrictions as set forth on recorded plat of said subdivision.

6. Assurance Agreement for Construction of Subdivision Improvements recorded in Docket 10317, Page 2053; and Amendment to Trust recorded in Docket 10317, Page 2057.
7. Covenants, conditions, restrictions, easements and assessments (deleting therefrom, if any, restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin) in instrument recorded in Docket 10427, Page 72, as amended by instrument recorded in Docket 10443, Page 2017.
8. Pre-Annexation and Development Agreement between the City of Tucson, a municipal corporation; and SAGUARO TRAILS, L.L.C., recorded in Docket 10435, Page 1451.
9. Deed of Trust executed by SAGUARO TRAILS, LLC., an Arizona limited liability company, Trustor, to NATIONAL BANK OF ARIZONA, a national banking association, Trustee and to NATIONAL BANK OF ARIZONA, a national banking association, Beneficiary, in the amount of \$565,000.00 dated November 12, 1996, recorded November 19, 1996, in Docket 10424, Page 1482.

NOTE: DEVELOPER IS REQUIRED TO NOTIFY THE DEPARTMENT OF REAL ESTATE OF ANY FUTURE PLACEMENTS OF LIENS OR ENCUMBRANCES TO ENSURE COMPLIANCE WITH A.R.S. 32-2181, ET SEQ.

TAXES AND ASSESSMENTS

Real Property Taxes: \$16.23870 per \$100.00 of assessed valuation based on 1996 tax rate. The average tax is \$2,780.06 on a vacant lot.

AMOUNT OF TAXES AND ASSESSMENTS SET FORTH ABOVE ARE APPROXIMATE ONLY AND SUBJECT TO CHANGE.

PROPERTY OWNERS ASSOCIATION

Name and Assessment: Saguaro Trails Estates Homeowners' Association fees are \$200.00 per year.

PAYMENTS TO PROPERTY OWNERS ASSOCIATIONS ARE SUBJECT TO CHANGE IN ACCORDANCE WITH RECORDED RESTRICTIONS. SAID ASSOCIATION MAY ALSO IMPOSE SPECIAL ASSESSMENTS.

Control of Association: When 100% of all lots are sold or earlier, at discretion of developer.

PROSPECTIVE PURCHASERS ARE ADVISED TO READ THE RECORDED DECLARATION OF RESTRICTIONS, ASSOCIATION ARTICLES OF INCORPORATION AND ASSOCIATION BYLAWS FOR THIS SUBDIVISION TO DETERMINE THE RIGHTS OF LOT OWNERS TO

REFERENCE NO. 96-05308 SAGUARO TRAILS

PARTICIPATE IN THE CONTROL OF THE PROPERTY OWNERS' ASSOCIATION AND TO DETERMINE THE RIGHTS, DUTIES AND LIMITATIONS OF OWNERS IN AND TO THE USE OF THEIR LOT. FURTHER, YOU SHOULD DETERMINE FOR YOURSELF IF SUBDIVIDER'S ARRANGEMENTS AND PLANS FOR THE PAYMENT OF ASSESSMENTS ON UNSOLD LOTS WILL BE SUFFICIENT TO FULFILL THE NEEDS, DEMANDS AND FINANCIAL OBLIGATIONS OF THE ASSOCIATION, AS SET FORTH IN THE DECLARATION AND BYLAWS.

Title to Common Areas: When 100% of lots are sold or earlier, at discretion of developer.

Membership: All lot owners.

PURCHASERS ARE ADVISED THAT THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THIS SUBDIVISION PROVIDE FOR AN ARCHITECTURAL CONTROL COMMITTEE.

MJY:nc
REFERENCE NO. 96-05308
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