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COMMISSION
STATE OF AZ.

AZ. COMMISSION
FOR THE STATE OF AZ.
FILED

ARTICLES OF INCORPORATION

Nov 25 4 21 PM '91

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FESTIVAL HOMEOWNERS ASSOCIATION,
an Arizona nonprofit corporation

237595 -5

ARTICLE I

NAME

The name of the corporation is **FESTIVAL HOMEOWNERS ASSOCIATION** (the "Association"). OKMF

ARTICLE II

DURATION

The Association shall exist perpetually.

ARTICLE III

PURPOSE OF THE ASSOCIATION

The object and purpose for which this Association is organized is to provide for the management, maintenance, operation, replacement and repair of the Common Area and to perform all duties and exercise all rights imposed on or granted to the Association by the Project Documents. In furtherance of, and in order to accomplish the foregoing object and purpose, the Association may transact any or all lawful business for which nonprofit corporations may be incorporated under Chapter 5 of Title 10, Arizona Revised Statutes, as it may be amended from time to time (the "General Nonprofit Corporation Law").

ARTICLE IV

CHARACTER OF BUSINESS

The character of the business which the Association intends to conduct in Arizona is to provide for the management, maintenance, operation, replacement and repair of the Common Area and to exercise and perform such other powers and duties as are imposed on or granted to the Association by the Project Documents.

ARTICLE V**STATUTORY AGENT**

Janet Jeter Gould, whose address is Two North Central Avenue, Suite 1200, Phoenix, Arizona 85004, and who has been a bona fide resident of the State of Arizona for more than three (3) years last past, is hereby appointed and designated as the initial statutory agent for the Association.

ARTICLE VI**BOARD OF DIRECTORS**

The number of directors constituting the initial Board of Directors shall be three (3). The names and addresses of the initial directors of the Association who shall serve until the first annual meeting of the members or until their successors are elected and qualified are as follows:

<u>Name</u>	<u>Mailing Address</u>
Fred C. Hermann	4040 East Camelback P.O. Box 15627 Phoenix, Arizona 85060
Joyce M. Manigold	4040 East Camelback P.O. Box 15627 Phoenix, Arizona 85060
Lewis F. ("Buddy") Satterfield	4040 East Camelback P.O. Box 15627 Phoenix, Arizona 85060

ARTICLE VII**INCORPORATOR**

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

<u>Name</u>	<u>Address</u>
Fred C. Hermann	4040 East Camelback P.O. Box 15627 Phoenix, Arizona 85060

ARTICLE VIII

LIMITATION ON LIABILITY OF DIRECTORS

To the fullest extent allowable under the General Nonprofit Corporation Law, including without limitation Arizona Revised Statutes Sections 10-1005.A.18 and 10-1029.A.8, no director of the Association shall be personally liable to the Association or its members for monetary damages for breach of fiduciary duties as director, except for liability for any of the following:

- (i) Any breach of the director's duty of loyalty to the Association or its members;
- (ii) Acts or omissions which are not in good faith and which involve intentional misconduct or a knowing violation of law;
- (iii) A violation of Arizona Revised Statutes Section 10-026;
- (iv) Any transaction from which the director derived an improper personal benefit;
- (v) A violation of Arizona Revised Statutes Section 10-1097.

ARTICLE IX

PRINCIPAL OFFICE

The principal office of the Association shall be located at 4040 E. Camelback, P.O. Box 15627, Phoenix, Arizona 85060.

ARTICLE X

MEMBERSHIP AND VOTING RIGHTS

Membership in the Association shall be limited to Owners of Lots. Each Owner shall have such rights, privileges and votes in the Association as are set forth in the Project Documents.

ARTICLE XI

BYLAWS

The Board of Directors shall adopt the initial Bylaws of the Association. The power to alter, amend or repeal the Bylaws is reserved to the Members except that the Board, without a vote of the Members, may amend the Bylaws in order to conform the Bylaws to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan

Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project, the Plat or the Project Documents is required by law or requested by the Declarant. So long as there is a Class B membership in the Association, any amendment of the Bylaws must be approved by the Veterans Administration or the Federal Housing Administration.

ARTICLE XII

OFFICERS

The following persons shall be the initial officers of the Association and shall hold the positions opposite their names until the first annual meeting of the Association or until their successors have been elected and qualified:

Fred C. Hermann	- President
Joyce M. Manigold	- Vice-President
Lewis F. ("Buddy") Satterfield	- Secretary/Treasurer

ARTICLE XIII

DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by Owners representing not less than two-thirds (2/3) of the authorized votes of each class of the Association membership. Upon dissolution of the Association, other than incident 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 as the Board of Directors shall determine. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed, or assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purpose as the Board of Directors shall determine.

ARTICLE XIV

AMENDMENTS

These Articles may be amended by Members representing at least seventy-five percent (75%) of the total authorized votes entitled to be cast by Members of the Association; provided, however, that the Board, without a vote of the Members, may amend these Articles in order to conform these Articles to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project, the Plat or the Project Documents is required by law or requested by the Declarant.

ARTICLE XV

DEFINED TERMS

Capitalized terms used in these Articles without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions and Restrictions for Festival by Shea Homes recorded on October 21, 1991, with the County Recorder of Maricopa County, Arizona as Instrument No. 91-490874.

ARTICLE XVI

FHA/VA APPROVAL

So long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dedication of Common Area, dissolution and amendment of these Articles.

Dated this 9th day of December, 1991.



Fred C. Hermann

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STATUTORY AGENT CONSENT

The undersigned, having been designated to act as statutory agent, hereby consents to act in that capacity until removed or resignation is submitted in accordance with the General Nonprofit Corporation Law.



Janet Jeter Gould

ARIZONA CORPORATION COMMISSION
INCORPORATING DIVISION

Phoenix Address: 1200 West Washington
Phoenix, Arizona 85007

Tucson Address: 402 West Congress
Tucson, Arizona 85701

CERTIFICATE OF DISCLOSURE
A.R.S. Sections 10-128 & 10-1084

PLEASE SEE REVERSE SIDE

FESTIVAL HOMEOWNERS ASSOCIATION
EXACT CORPORATE NAME

CHECK APPROPRIATE BOX(ES) A or B
ANSWER "C"

THE UNDERSIGNED CERTIFY THAT:

- A No persons serving either by election or appointment as officers, directors, incorporators and persons controlling, or holding more than 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation:
1. Have been convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate.
 2. Have been convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or restraining the trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate.
 3. Have been or are subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the execution of this Certificate where such injunction, judgment, decree or permanent order:
 - (a) Involved the violation of fraud or registration provisions of the securities laws of that jurisdiction, or
 - (b) Involved the violation of the consumer fraud laws of that jurisdiction, or
 - (c) Involved the violation of the antitrust or restraint of trade laws of that jurisdiction.

B For any person or persons who have been or are subject to one or more of the statements in items A.1 through A.3 above, the following information MUST be attached:

1. Full name and prior name(s) used.
2. Full birth name.
3. Present home address.
4. Prior addresses (for immediate preceding 7-year period).
5. Date and location of birth.
6. Social Security number.
7. The nature and description of each conviction or judicial action, date and location, the court and public agency involved and file or cause number of case.

STATEMENT OF BANKRUPTCY RECEIVERSHIP OR REVOCATION
A.R.S. Sections 10-123 or 10-1083

C Has any person serving (a) either by election or appointment as an officer, director, trustee or incorporator of the corporation or, (b) major stockholder possessing or controlling any proprietary, beneficial or membership interest in the corporation, served in any such capacity or held such interest in any corporation which has been placed in bankruptcy or receivership or has its charter revoked? YES NO

IF YOUR ANSWER TO THE ABOVE QUESTION IS "YES", YOU MUST ATTACH THE FOLLOWING INFORMATION FOR EACH CORPORATION:

1. Name and address of the corporation.
2. Full name, including title and address of each person involved.
3. State(s) in which the corporation:
 - (a) Was incorporated.
 - (b) Has transacted business.
4. Date of corporate operation.
5. A description of the bankruptcy, receivership or charter revocation, including the date, court or agency involved and the file or cause number of the case.

LBC DEC 12 1991

Under penalty of law, the undersigned incorporator/officer declares that we have examined this Certificate including any attachments, and to the best of our knowledge and belief it is true, correct and complete.

At ARIZONA
State of MAHARAJA
County of _____

Subscribed, sworn to and acknowledged before me this
10 DAY of October, 1991

BY Fred C. Hermann DATE 12/9/91
TITLE Incorporator
BY Fred C. DATE _____
TITLE _____
FISCAL DATE 1/1 to 12/31

NOTARY PUBLIC
JOYCE M. LUDWIG
My Commission expires _____
ARIZONA CORPORATION COMMISSION