



State  
of  
California

OFFICE OF THE SECRETARY OF STATE

CORPORATION DIVISION

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the corporate record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute  
this certificate and affix the Great  
Seal of the State of California this

SEP 15 1988



*March Fong Eu*

Secretary of State

ARTICLES OF INCORPORATION

1445388

OF

ENDORSED  
FILED

RANCHO CIELO HOMEOWNERS' ASSOCIATION in the office of the Secretary of State  
of the State of California

SEP 14 1988

**ARTICLE I**

**NAME**

MARCH FONG EU, Secretary of State

The name of this corporation is RANCHO CIELO HOMEOWNERS' ASSOCIATION (hereinafter the "Corporation").

**ARTICLE II**

**NONPROFIT MUTUAL BENEFIT CORPORATION**

This Corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this Corporation is to engage in any lawful act or activity for which a corporation may be organized under such law.

**ARTICLE III**

**SPECIFIC PURPOSES OF THE CORPORATION**

The specific purpose for which this Corporation is formed is to provide for the administration, maintenance, preservation and architectural control of the residential lots and Common Area within that certain real property situated in the unincorporated portion of Orange County, California (hereinafter the "Project") and more particularly described in the Declaration of Establishment of Conditions, Covenants and Restrictions for Rancho Cielo (hereinafter the "Declaration") that has been, or will be, recorded in the Orange County Recorder's office.

Upon the annexation of additional real property and all improvements thereon into the Project, pursuant to the procedures for annexation set forth in the Declaration, the Corporation shall be obligated to provide for the administration, maintenance, preservation, and architectural control of all annexed property.

Notwithstanding any of the above statements of purposes and powers, this Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purpose of this Corporation.

**ARTICLE IV  
SERVICE OF PROCESS**

The name and address, in the State of California, of this Corporation's initial agent for service of process is: Brent H. Hall, Brighton Homes, 505 North Tustin Avenue, Suite 214, Santa Ana, California 92705.

**ARTICLE V  
PRINCIPAL OFFICE**

The principal office for the transaction of business of the Corporation is located in the County of Orange, State of California.

**ARTICLE VI  
DIRECTORS**

The number of directors of the Corporation shall be five (5).

**ARTICLE VII  
MEMBERS**

Every person or entity who is a record owner of a Lot which is subject by covenants of record to assessment by the Corporation shall be a Member of the Corporation. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Corporation.

**ARTICLE VIII  
DECLARATION OF ESTABLISHMENT OF CONDITIONS,  
COVENANTS AND RESTRICTIONS**

The Corporation shall be bound by the terms and conditions of the Declaration of

Brighton #1/Rancho Cielo Articles, 000700/20  
Establishment of Conditions, Covenants and Restrictions for Rancho Cielo to be recorded  
in the Office of the County Recorder of Orange County.

**ARTICLE IX  
LIABILITY**

Neither directors nor the officers or Members of the Corporation shall be personally liable for the debts, liabilities or obligations of the Corporation.

**ARTICLE X  
CLASSES OF MEMBERSHIP**

The Corporation shall have two classes of voting membership:

Class A. Class A members shall be all Owners of Lots within the Project with the exception of Declarant (as defined in the Declaration) and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B member shall be the Declarant and shall be entitled to three (3) votes for each Lot owned within the Project. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

- (a) Two years from the date of the original issuance of the most recent Final Public Report for a phase of the overall Project; or
- (b) Four (4) years from the date of the original issuance of the Final Public Report for the first phase of the overall Project.

**ARTICLE XI  
AMENDMENT**

So long as the two-class voting structure provided for in the Bylaws shall remain in effect, these Articles may be amended only by the vote or written assent of seventy-

five percent (75%) of the voting power of each class of Members. At such time as the Class B membership shall cease and be converted to Class A membership as set forth in the Bylaws, amendments to these Articles shall be enacted by requiring the vote or written assent of:

- (1) At least seventy-five percent (75%) of the Members of the Corporation;  
and
- (2) At least seventy-five percent (75%) of the votes of Members other than Declarant.

In either event, any and all amendments to the Articles of Incorporation shall require the approval of a majority of the Board of Directors.

Notwithstanding the foregoing, the percentage of a quorum of the Members or the Members other than the Declarant necessary to amend a specific provision in these Articles shall not be less than the prescribed percentage of affirmative votes required for action to be taken under said provision.

## **ARTICLE XII MISCELLANEOUS**

The authorized number, if any, and qualifications of Members of the Corporation, the different classes of membership, if any, the property, voting and other rights and privileges of membership and their liability for dues and assessments and the method of collection thereof, shall be set forth in the the Bylaws of the Corporation which incorporate by reference thereto said Declaration of Establishment of Conditions, Covenants and Restrictions for Rancho Cielo.

## **ARTICLE XIII CORPORATION QUALIFICATION**

This Corporation is intended to qualify as a homeowners' association under the applicable provisions of the Internal Revenue Code, and of the Revenue and Taxation Code of California. This Corporation is one which does not contemplate pecuniary gain or profit to the Members thereof, and is organized solely for nonprofit purposes. In no event shall the net earnings, income or assets of this Corporation be distributed to, or inure to

the benefit of, any Member, director or officer of this Corporation or other private individual either directly, or indirectly, except upon winding up and dissolution. Upon winding up and dissolution of this Corporation, after paying or adequately providing for the debts and obligations of the Corporation, the remaining assets may be distributed to the Members as provided in the Bylaws. Notwithstanding the foregoing, without the approval of one hundred percent (100%) of the Members, so long as there is any Common Area for which this Corporation is obligated to provide management, maintenance, preservation or control:

- (a) The Corporation or any person or entity acting on its behalf shall not:
  - (1) Transfer all or substantially all of its assets; and
  - (2) File a Certificate of Dissolution; and
- (b) No court shall enter an order declaring the corporation duly wound up and dissolved.

IN WITNESS WHEREOF, for the purposes of forming the Corporation under the laws of the State of California, the undersigned, constituting the sole incorporator of this Corporation, has executed these Articles of Incorporation this 8 day of SEPTEMBER, 1988.

Brent H. Hall

, Incorporator

I hereby declare that I am the person who executed the foregoing Articles of Incorporation, which execution is my act and deed.

Brent H. Hall

BRENT H. HALL