

ATTACHMENT TO
ARTICLES OF INCORPORATION

OF

TRUCKEE RIVER HIGHLANDS HOMEOWNERS ASSOCIATION
a Nevada nonprofit corporation

ARTICLE 7
DEFINITIONS

7.1 "Declaration" means the Declaration of Covenants, Conditions and Restrictions for Truckee River Highlands recorded on September 3, 2003, as Document No. 2915340, Official Records, Washoe County, Nevada, as amended from time to time.

7.2 Other capitalized terms not defined herein shall have the same meanings as set forth in the Declaration when used in these Articles of Incorporation.

ARTICLE 8
PURPOSES

The purpose for which the Association is formed is to:

1. Exercise all of the powers and privileges and to perform all duties and obligations of the Association arising from the Declaration and any amendments thereto, and any other covenants, conditions and restrictions applicable to the Project.

2. Subject to such limitations as are set forth in these Articles, the Bylaws and the Declaration, to have and exercise all rights, powers and privileges which a nonprofit corporation organized under Chapter 82 of the Nevada Revised Statutes may now or hereafter have or exercise and all powers provided for in Section 116.3102 of the Nevada Revised Statutes.

ARTICLE 9
PRINCIPAL PLACE OF BUSINESS

The principal place where the business of the Association shall be transacted and carried on will be at 14107 Winchester Boulevard, Suite H, Los Gatos, California 95032.

ARTICLE 10
TERM

The term for which the Association shall exist shall be perpetual.

ARTICLE 11
MEMBERSHIP

The Association is not authorized to have and shall not issue any capital stock. The Members of the Association shall be the Owners of the Lots. All Owners shall be Members of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

ARTICLE 12
BOARD OF DIRECTORS

The affairs of the Association shall be managed by a Board of Directors, which shall have not less than three (3) nor more than seven (7) directors, all of whom must be at least eighteen (18) years of age. Except as otherwise provided in Article 3 hereof, the exact number of directors shall be set by the Members of the Association at any annual or special meeting. Except for the members of the Board appointed by Declarant in accordance with these Articles, the Declaration and the Bylaws, and the first Board named in these Articles of Incorporation, all members of the Board shall be Members of the Association. The following described persons may serve on the Board as representatives of Members which are not natural persons: one officer or director of a corporation which is a Member, one general partner of a partnership which is a Member, one member or manager of a limited liability company which is a Member, one trustee or beneficiary of a trust which is a Member and one personal representative of an estate which is a Member. In all events where the person serving or offering to serve as an officer of the Association or member of the Board is not the record Owner, such person shall file proof of his or her authority in the records of the Association.

ARTICLE 13
FIRST BOARD OF DIRECTORS

The members of the first Board of the Association named herein shall serve until the first annual meeting of the Members of the Association is called for the purpose of electing their successors, except as otherwise provided in Article Six of the Bylaws.

ARTICLE 14
VOTING RIGHTS OF MEMBERS
AND RIGHT OF DECLARANT TO APPOINT OFFICERS AND DIRECTORS

14.1 General. One (1) vote shall be allocated to each Lot. Except as otherwise provided in Sections 14.2 and 14.3, on any Association matter subject to Member voting, a Member (including Declarant), in accordance with the provisions of the Declaration, these Articles, and the Bylaws, may cast the vote(s) allocated to such Member's Lot(s); provided, however, that no vote allocated to a Lot owned by the Association may be cast. In the case of a Lot owned by two (2) or more persons or entities, the vote allocated to that Lot shall be cast by only one of them, in accordance with the Bylaws. Voting shall not be cumulative.

14.2 Appointment and Removal of Members of Board and Officers of Association. Subject to the provisions of Section 14.3, Declarant has reserved the right and shall have the right to appoint and remove all of the members of the Board and all of the officers of the Association until the earlier of the following events:

- (i) Sixty (60) days after conveyance of seventy-five percent (75%) of the Lots which may be created within the Project to Owners other than a declarant (herein "Purchasers"); or
- (ii) Five (5) years after Declarant has ceased to offer for sale in the ordinary course of business any Lots within the Project.

Declarant shall have the right to designate a person or persons who are entitled to exercise the rights reserved to Declarant under this Section 14.2. The date on which the rights reserved by Declarant under this Section 14.2 terminate is herein called "the Declarant's Control Termination Date." From and after the Declarant's Control Termination Date, the Board of Directors and the officers of the Association shall be elected and appointed as provided in these Articles and the Bylaws.

14.3 Composition of Board of Directors. Notwithstanding anything to the contrary set forth herein, not later than sixty (60) days after conveyance to Owners other than a declarant of twenty-five percent (25%) of the Lots that may be created within the Project, at least one member and not less than twenty-five percent (25%) of the members of the Board shall be elected by Owners other than the Declarant. Not later than sixty (60) days after conveyance to Owners other than a declarant of fifty percent (50%) of the Lots that may be created within the Project, not less than thirty-three and one-third percent (33-1/3%) of the members of the Board shall be elected by Owners other than the Declarant.

ARTICLE 15 RIGHTS AND OBLIGATIONS OF MEMBERS

Other property rights, voting rights, to include the manner in which votes shall be cast, and other rights and privileges of the Members and their liability for dues and assessments and the method of collection thereof shall be set forth in the Bylaws and the Declaration.

ARTICLE 16 AMENDMENT OF ARTICLES OF INCORPORATION

These Articles of Incorporation may be amended only by the vote of Members entitled to exercise at least two-thirds (2/3rds) of the voting power of the Association.

Notwithstanding the above or any other section of these Articles of Incorporation, the percentage of the voting power of the Association necessary to amend a specific clause or provision herein shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision.

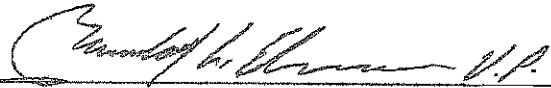
ARTICLE 17
DIRECTORS AND OFFICERS LIABILITY AND INDEMNIFICATION

No member of the Board, or of any committee of the Association, or any officer of the Association, or any Manager, or Declarant, or any agent of Declarant, shall be personally liable to any Member, or to any other party, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of any such person or entity if such person or entity has, on the basis of such information as may be possessed by him or it, acted in good faith without willful or intentional misconduct.

Each Director and officer of the Association shall be entitled to indemnification for losses or claims arising from service as a Director or officer, and the Association shall undertake all costs of defense of any action to the full extent permitted by law and unless it is proven that the Director's or officer's conduct involved willful or wanton misfeasance or gross negligence.

ARTICLE 18
DISTRIBUTION OF ASSETS UPON DISSOLUTION

Upon a dissolution of the corporation, the assets of the Association shall be distributed to a similar nonprofit corporation or to the Owners of the Lots in undivided interests proportionate to the number of Lots in the Project held by such Owners. The corporation shall have all the powers available to a non-stock, non-profit corporation, including, but not limited to, all those powers provided for in the Master Declaration, subject to any limitations set forth in the Master Declaration or the corporation's bylaws.



Hale Lane Peek Dennison and Howard Professional
Corporation, as Resident Agent