

1 ARTICLES OF INCORPORATION

JUL 23 1933

2 OF
3 L'ERMITAGE ASSOCIATION, INC.

4 NO. 4161-80

5 In compliance with the requirements of Sections 81.010 to 81.169,
6 inclusive, Nevada Revised Statutes, the undersigned, all of whom are
7 residents of the State of Nevada and all of whom are of full age, have
8 executed these Articles of Incorporation of L'ERMITAGE ASSOCIATION, INC.
9 for the purpose of forming a non-profit corporation.

10 ARTICLE I

11 The name of the corporation is L'ERMITAGE ASSOCIATION, INC.,
12 hereinafter called the "Association".

13 ARTICLE II

14 The principal office of the Association is located at 30 Court
15 Street, Reno, Nevada 89501.

16 ARTICLE III

17 JACK I. MCAULIFFE, whose address is 30 Court Street, Reno, Nevada
18 89501, is hereby appointed the initial Resident Agent of this Association.

19 ARTICLE IV

20 PURPOSE AND POWERS OF THE ASSOCIATION

21 This Association does not contemplate pecuniary gain or profit to
22 the members thereof, and the specific purposes for which it is formed
23 are to provide for maintenance, preservation and architectural control
24 of the residence Lots and Common Area within that certain tract of
25 property described in the attached Exhibit "A" which is incorporated
26 herein, and to promote the health, safety and welfare of the residents
27 within the above-described property and any additions thereto as may
28 hereafter be brought within the jurisdiction of this Association for
29 this purpose to.

30 (a) Exercise all of the powers and privileges and to perform all
31 of the duties and obligations of the Association as set forth in that
32 certain Declaration of Covenants, Conditions and Restrictions hereinafter

ARTICLE V
MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including contract sellers, shall be a member of the Association. 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 separate from ownership of any Lot which is subject to assessment by the Association.

ARTICLE VI
VOTING RIGHTS

1. Voting Classes: The Association shall have two classes of voting membership:

Class A. Class A members shall be all owners, with the exception of Declarant, and shall be entitled to one vote for each Unit owned.

Class B. The Class B member shall be the Declarant and shall be entitled to one vote for each Unit owned.

2. Class Rights: Class A members shall be entitled to elect two (2) members of the Board and the Class B member shall be entitled to elect three (3) members of the Board. The Board shall consist of five (5) members so long as Class B membership exists.

3. Conversion of Class B Membership: Class B membership may be converted to Class A membership at any time at the option of the Class B member evidenced in writing to the secretary of the Association. In addition, the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever shall first occur:

- (a) when the total votes outstanding in Class A membership reaches thirty-six (36), or
- (b) on the 30th day of June, 1982, or
- (c) by written notice to the Secretary of the corporation by Declarant.

1 called the "Declaration", recorded July 23, 1980, in the
2 office of the County Recorder, Washoe County, State of Nevada as Document
3 Number 684065, Book 1525, Page 588, and as the same may be
4 amended from time to time as therein provided, said Declaration being
5 incorporated herein as if set forth at length;

6 (b) Fix, levy, collect and enforce payment by any lawful means,
7 all charges or assessments pursuant to the terms of the said Declaration;
8 to pay all expenses in connection therewith and all office and other
9 expenses incident to the conduct of the business of the Association,
10 including all licenses, taxes or governmental charges levied or imposed
11 against the property of the Association;

12 (c) Acquire (by gift, purchase or otherwise) own, hold, improve,
13 build upon, operate, maintain, convey, sell, lease, transfer, dedicate
14 for public use or otherwise dispose of real or personal property in
15 connection with the affairs of the Association;

16 (d) Borrow money, and with the assent of 60% of the members
17 mortgage, pledge, deed in trust, or hypothecate any or all of its real
18 or personal property as security for money borrowed or debts incurred;

19 (e) Dedicate, sell or transfer all or any part of the Common Area
20 to any public agency, authority, or utility for such purposes and subject
21 to such conditions as may be agreed to by the members. No such dedication
22 or transfer shall be effective unless an instrument has been signed by
23 60% of the members, agreeing to such dedication, sale or transfer;

24 (f) Participate in mergers and consolidations with other non-
25 profit corporations organized for the same purposes or annex additional
26 residential property and Common Area, provided that any such merger,
27 consolidation or annexation shall have the assent of 60% of the members;

28 (g) Have and to exercise any and all powers, rights and privileges
29 which a corporation organized under the Non-Profit Corporation Law of
30 the State of Nevada by law may now or hereafter have or exercise.
31
32

1 4. Upon the elimination of Class B membership, property rights
2 and voting rights shall be equal.

3 ARTICLE VII

4 BOARD OF DIRECTORS

5 The affairs of this Association shall be managed by a Board of
6 three Directors, who need not be members of the Association, until one
7 year after the filing of these Articles, when the number shall become
8 five. The number of Directors, never less than three (3), may be changed
9 by amendment under the By-Laws of the Association. The names and addresses
10 of the persons who are to act in the capacity of directors until the
11 selection of their successors are:

12	<u>NAME</u>	<u>ADDRESSES</u>
13	HERBERT SCHAFFER	8500 Wilshire Blvd., Suite 700 Beverly Hills, Calif. 90211
14	A. S. TOBEROFF	P. O. Box 10289 Zephyr Cove, Nevada 89448
15	LEWIS HASSON	4233 Noleine Ave. Encino, California 91436

17 At the first annual meeting the members shall elect one director
18 for a term of one year, and two directors for a term of two years. At
19 the next annual meeting Declarant shall elect one member and the Class A
20 members shall elect two members, all of whom shall hold office for two
21 years.

22 ARTICLE VIII

23 DISSOLUTION

24 The Association may be dissolved with the assent given in writing
25 and signed by not less than 75% of the members. Upon dissolution of the
26 Association, other than incident to a merger or consolidation, the assets
27 of the Association shall be dedicated to an appropriate public agency to
28 be used for purposes similar to those for which this Association was
29 created. In the event that such dedication is refused acceptance, such
30 assets shall be granted, conveyed and assigned to any non-profit corporation,
31 association, trust or other organization to be devoted to such similar
32 purposes.

ARTICLE IX

DURATION

The term for which this corporation is to exist will not exceed fifty (50) years.

ARTICLE X

AMENDMENTS

Amendments of these Articles shall require the assent of 60% of the entire membership.

ARTICLE XI

APPROVAL

The following actions will require the prior approval of first mortgagees secured by residence Lots or Common Area herein described: annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dedication of Common Area, dissolution and amendment of these Articles.

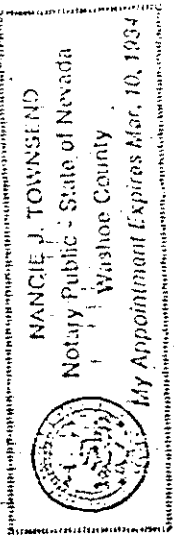
IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Nevada, we, the undersigned, constituting the Incorporators of this Association, have executed these Articles of

Incorporation this 27th day of July 1980.

Handwritten signatures of Jack I. McAuliffe, Laura Jewett, and Joanne M. Oexle.

STATE OF NEVADA)
COUNTY OF WASHOE)
SS:

On this 27th day of July 1980, personally appeared before me, the undersigned, a Notary Public, JACK I. MCAULIFFE, LAURA JEWETT and JOANNE M. OEXLE, who acknowledged to me that they executed the foregoing instrument.



Handwritten signature of NANCIE J. TOWNSEND, NOTARY PUBLIC.