

ARTICLES OF INCORPORATION FOR
SOMERSETT OWNERS ASSOCIATION

FILED # 029550-02

DEC 05 2002

IN THE OFFICE OF
Don Hill
DON HILL, SECRETARY OF WREBE

I

The name of the corporation is SOMERSETT OWNERS ASSOCIATION. The corporation is organized under Chapter 82 of the Nevada Revised Statutes.

II

The resident agent of corporation shall be Michelle M. Erlach. The address of the resident agent is 3500 Lakeside Court, Suite 200, Reno, Nevada 89509, or such other address as the Board of Directors shall subsequently designate.

III

This corporation shall be a nonprofit corporation and shall have no capital stock. The corporation is not organized and shall not be conducted for profit, and no part of its revenues or earnings, if any, shall inure to the direct financial benefit of any individual, subscriber, contributor, or member. Upon corporate dissolution or as otherwise provided by the Board of Directors (subject to any restrictions in the Bylaws and the Declaration of Covenants, Conditions and Restrictions of Somersett ("Declaration"), or applicable law) the assets of the corporation shall be dedicated to a public body, or conveyed to a nonprofit organization with similar purposes.

IV

The objects and purposes of this corporation are to:

- a. Own and maintain all easements and deeded real property for Common Area within Somersett (sometimes referred to as the "Subdivision"); including without limitation the funding, operation and maintenance of the following common elements: recreational and community facilities; lakes; parks; paths; sidewalks; trails; open space; fences; Par-3 Course; landscaping; gates; gatehouses; signs; entry ways; drainage ways and drainage facilities; private streets and curbs; private security; recreational vehicle storage; snow removal (private streets only) and storage areas; landscaping; fire modification and fuelbreaks; residential parking areas; lighting; surface water detention areas; wildlife habitat and buffer mitigation areas; and access roads.
- b. Perform wildlife management, regulation and enforcement pursuant to provisions of the Somersett PUD and agreements with the Nevada Division of Wildlife.

- c. Create and enforce a landscape maintenance program to enhance rangeland fire protection by fuel modification and defensible space.
- d. Enforce and administer any provisions of this Declaration pertaining to Association's rights, obligations, powers and duties.
- e. Sponsor, organize and encourage community events, special events, or activities, either within the Subdivision or for members of the Association, which enhance the concept and feeling of community for Somersett or promote Somersett as an attractive living environment.
- f. Own, operate and contract for voice, video and data communications lines and facilities, and provide voice and video service to Owners, subject to Declarant approval.

The Association shall have no other purpose than those specified herein, and shall expressly be prohibited from representing the Owners and occupants of Units within the Subdivision on issues of land use, planning, municipal annexation, master plan amendments, growth, area development or similar matters.

V

The members of the governing board shall be styled directors. The Board of Directors shall have such qualifications, powers and duties as shall be provided from time to time in the Bylaws of the corporation, provided that all directors must be at least 18 years of age, and be members of the corporation (except during the period of Declarant Control, or as provided in the Declaration and in these Articles). The Bylaws may also provide for such officers, agents, and employees as may be desired.

The Board of Directors shall consist of at least three (3) members and not more than five (5) members, as the Board shall designate, and shall hold office until their successors are elected, or otherwise, as shall be provided in the Bylaws. The Board of Directors shall be elected in such manner as shall be set forth in the Bylaws. Initially there shall be three directors. The names and addresses of the first board are as follows:

NAMES

ADDRESSES

Gene Cooke

100 West Liberty Street, Suite 990
Reno, Nevada 89501

Blake Smith

100 West Liberty Street, Suite 990
Reno, Nevada 89501

Michele Attaway

100 West Liberty Street, Suite 990
Reno, Nevada 89501

In furtherance and not in limitation of the powers granted by statute, the Board of Directors is expressly authorized by resolution or resolutions, passed by a majority of the Board of Directors, to designate one or more standing or special committees, each committee to consist of such membership and to have such powers and duties and have such name or names as may be provided in the Bylaws or the resolution or resolutions. The Bylaws may provide for an Aesthetic Guideline Committee and for such other committees as may be from time to time deemed advisable, and such committees shall be elected in such manner and shall have such membership, powers and duties as shall be from time to time provided by resolution of the Board of Directors, the Declaration or in the Bylaws of the corporation.

The corporation may, in its Bylaws, confer powers upon its Board of Directors in addition to the foregoing and in addition to the powers and authorities expressly conferred upon them by statute. During the period of "Declarant Control", as defined in the Declaration, the Declarant may appoint or discharge Directors to the extent authorized.

VI

The name and address of the incorporator is as follows:

Blake Smith
100 West Liberty Street, Suite 990
Reno, Nevada 89501

VII

The corporation shall have perpetual existence. Members of the corporation shall not be liable for the payment of any corporate debts of any nature whatsoever nor shall any of the property of the members be subject to the payment of corporate debts to any extent whatever, except to the extent valid and proper assessments for the corporate purposes provided herein create such liability or subject members' real property to assessment liens.

VIII

Somerset is a subdivision development in the City of Reno, Washoe County, Nevada. Every record owner of a parcel in Somerset ("Subdivision") is entitled to membership and voting rights in the corporation, as specified in the Declaration. Membership is appurtenant to, and inseparable from, ownership of the lot. The voting power of each regular member shall be equal, except for the period of Declarant Control, as specified in the Bylaws and the Declaration recorded in the office of the Washoe County Recorder. The conditions, method of admission, qualifications, and classifications of membership, the limitation, rights, powers and duties of members, the dues, assessments, and contributions of members, the method of expulsion from and termination of membership, and all other matters pertaining to the membership and the conduct, management and control of the business, property and affairs of the corporation shall be as provided from time to time in the Bylaws of the corporation or the Declaration. The Subdivision may be expanded by annexation as provided in the Declaration.

IX

This corporation reserves the right to amend, alter, change or repeal any provisions contained in these Articles of Incorporation in the manner now or hereafter provided by statute, upon the affirmative vote of more than fifty percent (50%) of the members with voting power of the corporation and all rights conferred upon officers, directors and members herein are granted subject to this reservation, provided that no such amendment shall permit this corporation to engage in business for profit or permit the net earnings of the corporation to inure the direct financial benefit of any officer, director or member of the corporation. During the period of Declarant Control, as specified in the Declaration, the following will require the prior approval of the Federal Housing Administration in order to be binding as to any lots on which the Federal Housing Administration has issued or guaranteed a loan: annexation of additional properties to the subdivision not expressly identified for annexation in the Declaration, mortgaging or otherwise encumbering the common area, transfer of the common area from the corporation to a third party (except to the City of Reno, Washoe County or another appropriate government entity for public purposes), dissolution or liquidation of the corporation, or amendment of these Articles pertaining to any of the matters specified in this sentence.

X

In circumstances of conflict of provisions, the provisions hereof shall govern over the provisions of the Bylaws and the Declaration.

XI

To the furthest extent allowed by law, the corporation shall afford all officers, directors and employees rights of indemnification for liability, damages and costs (whether mandatory or discretionary under Nevada law) asserted, alleged or adjudicated against said persons in their capacities as representatives of the corporation, including without limitation the following:

1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee or agent of the corporation, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding if he:
 - (a) Is not liable pursuant to NRS 78.138 ; or
 - (b) Acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, does not, of itself, create a presumption that the person is liable pursuant to NRS 78.138 or did not act in good faith and in a manner which he reasonably believed to be in or not opposed

to the best interests of the corporation, or that, with respect to any criminal action or proceeding, he had reasonable cause to believe that his conduct was unlawful.

2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he:

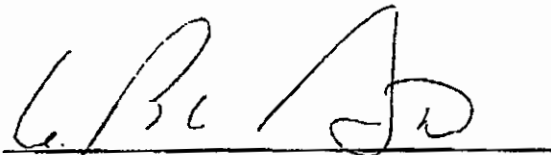
- (a) Is not liable pursuant to NRS 78.138 ; or
- (b) Acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation.

Indemnification may not be made for any claim, issue or matter as to which such a person has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable to the corporation or for amounts paid in settlement to the corporation, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

3. To the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections 1 and 2, or in defense of any claim, issue or matter therein, the corporation shall indemnify him against expenses, including attorneys' fees, actually and reasonably incurred by him in connection with the defense.
4. Any indemnification pursuant to Subsection 1 or 2 of this Article, unless ordered by a court or advanced pursuant to Subsection 2, may be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances. The determination must be made:
 - (a) By the members; or
 - (b) By the board of directors by majority vote of a quorum consisting of directors who were not parties to the action, suit or proceeding; or
 - (c) If a majority vote of a quorum consisting of directors who were not parties to the action, suit or proceeding so orders, by independent legal counsel in a written opinion; or
 - (d) If a quorum consisting of directors who were not parties to the action, suit or proceeding cannot be obtained, by independent legal counsel in a written opinion.

- 5. The expenses of officers and directors incurred in defending a civil or criminal action, suit or proceeding must be paid by the corporation as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he is not entitled to be indemnified by the corporation. The provisions of this subsection do not affect any rights to advancement of expenses to which corporate personnel other than directors or officers may be entitled under any contract or otherwise by law.
- 6. The indemnification pursuant to this Article and advancement of expenses authorized in or ordered by a court pursuant to this Article:
 - (a) Does not exclude any other rights to which a person seeking indemnification or advancement of expenses may be entitled under these Articles of Incorporation or any Bylaw, agreement, vote of members or disinterested directors or otherwise, for either an action in his official capacity or an action in another capacity while holding his office, except that indemnification, unless ordered by a court pursuant to this Article or for the advancement of expenses made pursuant to Subsection 2, may not be made to or on behalf of any director or officer if a final adjudication establishes that his acts or omissions involved intentional misconduct, fraud or a knowing violation of the law and was material to the cause of action.
 - (b) Continues for a person who has ceased to be a director, officer, employee or agent and inures to the benefit of the heirs, executors and administrators of such a person.

THE UNDERSIGNED, being the incorporator of Somerset Owners Association hereby executes these Articles on the date set forth below.



BLAKE SMITH
 100 West Liberty Street, Suite 990
 Reno, Nevada 89501

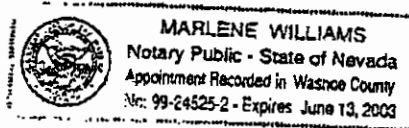
Date: 11/22/2002

STATE OF NEVADA)
) ss.
 COUNTY OF WASHOE)

This instrument was acknowledged before me on November 22, 2002 by BLAKE SMITH as incorporator of SOMERSETT OWNERS ASSOCIATION, a Nevada nonprofit corporation.

Marlene Williams

 NOTARY





DEAN HELLER
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684 5708



Office Use Only:

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DEC 05 2002

General instructions for this form:

1. Please print legibly or type; Black Ink Only.
2. Complete all fields.
3. Ensure that document is signed in signature field.

IN THE OFFICE OF
Dean Heller
DEAN HELLER, SECRETARY OF STATE

In the matter of SOMERSETT OWNERS ASSOCIATION
(Name of business entity)

I, MICHELLE M. ERLACH, hereby state that on 11/25/02
(Name of resident agent) (Date)

I accepted the appointment as resident agent for the above named business entity.

The street address of the resident agent in this state is as follows:

3500 Lakeside Court
Physical Street Address
Reno, NEVADA
City

#200
Suite number
89509
Zip Code

Optional:

Additional Mailing Address

City State

Suite number

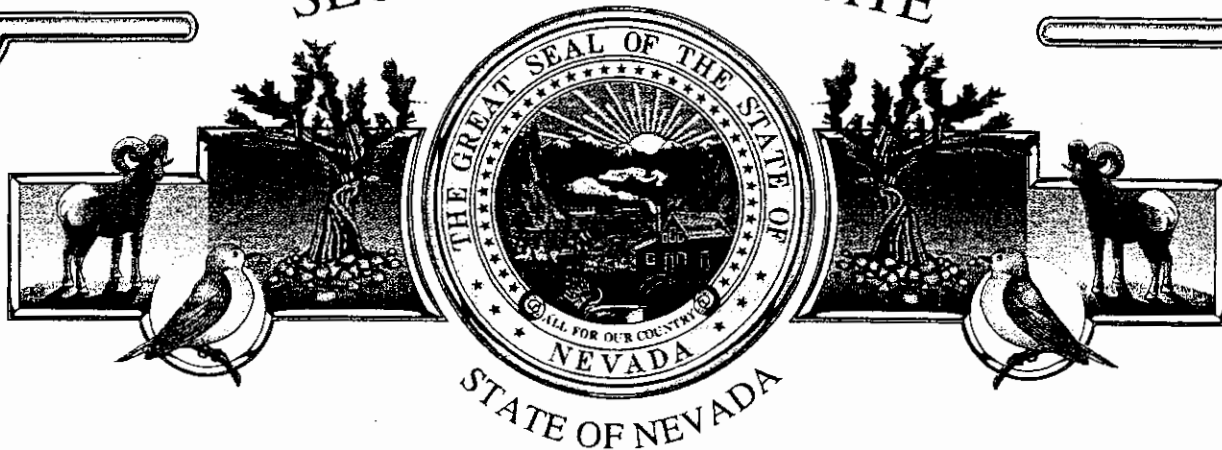
Zip Code

Signature:

Michelle M. Erlach
Authorized Signature of R.A. or On Behalf of R.A. Company

11/25/02
Date

SECRETARY OF STATE



CORPORATE CHARTER

I, DEAN HELLER, the duly elected and qualified Nevada Secretary of State, do hereby certify that **SOMERSETT OWNERS ASSOCIATION** did on **December 5, 2002** file in this office the original Articles of Incorporation; that said Articles are now on file and of record in the office of the Secretary of State of the State of Nevada, and further, that said Articles contain all the provisions required by the law of said State of Nevada.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of State, at my office, in Carson City, Nevada, on **December 5, 2002**.



Dean Heller

DEAN HELLER
Secretary of State

By *Laurie Freeman*

Certification Clerk