

State of California

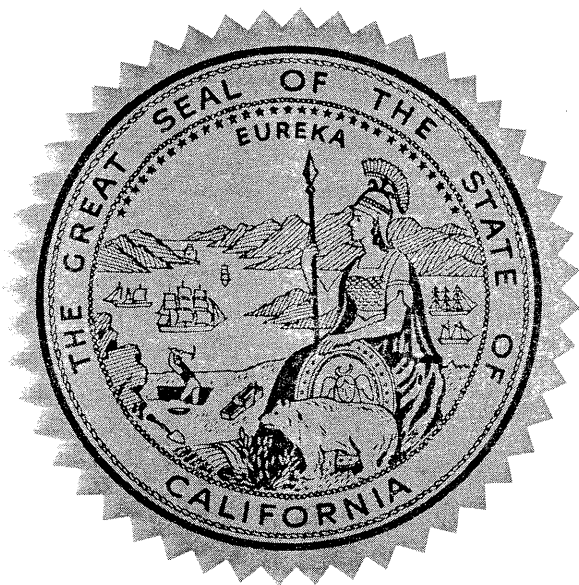
OFFICE OF THE SECRETARY OF STATE

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

That the annexed transcript was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

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

DEC 29 1988



March Fong Eu

Secretary of State

1558734

ENDORSED
FILED

In the office of the Secretary of State
of the State of California

ARTICLES OF INCORPORATION
OF
THE TRAILS HOMEOWNERS ASSOCIATION

DEC 29 1988

MARCH FONG EU, Secretary of State

ARTICLE I
NAME

The name of the corporation (hereafter called the "Association") is:

THE TRAILS HOMEOWNERS ASSOCIATION

ARTICLE II
AGENT FOR SERVICE OF PROCESS

The name of this corporation's initial agent for service of process in the State of California is Richards, Watson & Gershon, a professional corporation.

ARTICLE III
NONPROFIT STATUS AND PRINCIPAL PURPOSE

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 IV
ADDITIONAL PURPOSES AND POWERS

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific primary purposes for which it is formed are to provide for maintenance, preservation and architectural control of that certain residential project described as:

Parcel 1: Lots 1 through 57, inclusive, of Tract 36-161B in the City of Mammoth Village, County of Mono, State of California, as per map recorded on June 2, 1988, in Book 10, pages 12 through 12C, inclusive of Maps, in the office of the County Recorder of Mono County, California, referred to hereinafter as "Residential Lots" or "Lots."

Parcel 2: Lots B and C of Tract 36-161B, in the County of Mono, State of California, as per map recorded on June 2, 1988, in Book 10, pages 12 through 12C, inclusive of Maps, in the office of the County Recorder of Mono County, California, referred to hereinafter as "Common Area,"

and any additions thereto as may hereafter be brought within the jurisdiction of the Association by annexation as provided in Article XI hereof,

and to promote the health, safety and welfare of the residents within the above-described property.

In furtherance of said purposes, this Association shall have power to:

(a) Perform all of the duties and obligations, and exercise all of the powers, of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions, hereinafter called the "Declaration", applicable to the property and recorded or to be recorded in the office of the County Recorder of Mono County, California, and any amendments thereof;

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

(c) Borrow money, and only with the assent (by vote or written consent) of members holding two-thirds (2/3) of the voting power of the Association, excluding the votes of Declarant, as that term is defined in the Declaration, mortgage, pledge or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred if such a vote is required by the Declaration;

(d) Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and common area, provided that any merger, consolidation or such annexation shall have the assent by vote or written assent of members holding two-thirds (2/3) of the voting power of the Association.

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 V
MEMBERSHIP

Every person or entity who is a record owner of a residential 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 separated from ownership of any Lot which is subject to assessment by the Association.

ARTICLE VI
VOTING RIGHTS

The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the 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. 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's shall be the Declarant (as defined in the Declaration), and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of the earliest of the following events:

- (1) Two (2) years from the date of the issuance of the most recent Public Subdivision Report for a phase of the overall development; or
- (2) Four (4) years from the date of original issuance of a Final Subdivision Public Report covering the real property described in Article IV hereof.

ARTICLE VII
BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of five (5) directors, who need not be members of the Association. The names and addresses of the persons who are to act in the capacity of directors until the selection of their successors are:

President- Bob Tanner, P.O. Box 409, Mammoth Lakes, CA. 93546
V. Pres. - William Tuthill, 180 La Vereda, Santa Barbara, CA. 91308
Sec./Chief Fin.- Margaret Tuthill, 180 La Vereda, Santa Barbara 91308
Michelle Pavlovich - P.O. Box 835, Mammoth Lakes, CA. 93546
Chuck Tomajko, P.O. Box 599, Mammoth Lakes, CA. 93546

At the first annual meeting and at each annual meeting thereafter, the members shall elect five (5) directors, at least one of whom shall be elected solely by the Class A members. All directors shall be elected for a term of one year. At all times, at least 20% of the incumbents on the Board of Directors shall have been elected solely by the Class A members.

ARTICLE VIII
DISSOLUTION

Upon dissolution of the Association, the assets of the Association shall be distributed to the then Members of the Association and the mortgagees of their respective Residential Lots within Tract 36-161, and properties annexed thereto, as their interests may appear.

ARTICLE IX
DURATION

The corporation shall exist perpetually.

ARTICLE X
AMENDMENTS

Amendment of these Articles shall require the assent (by vote or written consent) of at least a bare majority of the Board of Directors, a bare majority of the voting power of each class of members, so long as there are two classes of members, and of a bare majority of the voting power of the Association, including at least a bare majority of the voting power of members other than the Declarant, as that term is defined in the Declaration, thereafter.

ARTICLE XI
ANNEXATIONS

The Association may, at any time and from time to time, annex additional residential lots and common areas to the property described in Article IV, and so add to its membership under the provisions of Article V, provided that such annexations are made only in accordance with the provisions of the recorded Declaration of Covenants, Conditions and Restrictions, and amendments thereto, if any, applicable to the property described in Article IV hereof. Such additions, when properly made under the applicable covenants, shall extend the jurisdiction, function, duties and membership of this Association to such property. Where the applicable covenants require that certain additions be approved, such approval must have the assent of two-thirds (2/3) of members other than Declarant.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of California, we, the undersigned, constituting the directors of this Association, have executed these Articles of Incorporation this 11th day of November, 1988.

William J. D'Amico
[Signature]
[Signature]
Michelle Paulovich
Margaret G. Justice

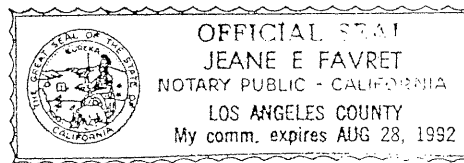
STATE OF CALIFORNIA)
COUNTY OF Los Angeles) ss.

On November 11, 1988 before me, the undersigned, a Notary Public in and for said County and State, personally appeared William E. Tuthill

_____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person _____ whose name is subscribed to the within instrument and acknowledged that -he- executed the same.

WITNESS my hand and official seal.

Jeane E Favret
Notary Public in and for said
County and State

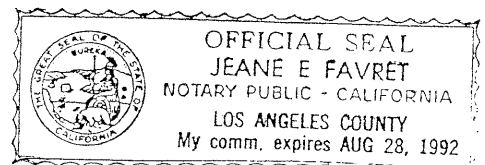


STATE OF CALIFORNIA)
COUNTRY OF Los Angeles) ss.

On December 22, 1988 before me, the undersigned, a Notary Public in and for said County and State, personally appeared Margaret j. Tuthill, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged that she executed the same.

WITNESS my hand and official seal.

Jeane E Favret
Notary Public in and for said
County and State



STATE OF CALIFORNIA)
) ss.
COUNTY OF MONO)

On 12/21/88 before me, the undersigned,
a Notary Public in and for said County and State, personally
appeared ROBERT C. TANNER + MICHELLA PAVLOVICH personally known
to me (or proved to me on the basis of satisfactory evidence) to
be the persons whose names ARE subscribed to the within instrument
and acknowledged that THEY executed the same.

WITNESS my hand and official seal.

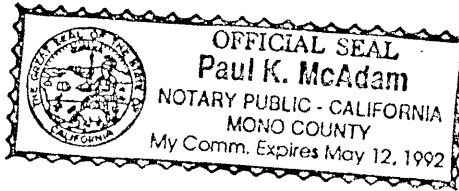
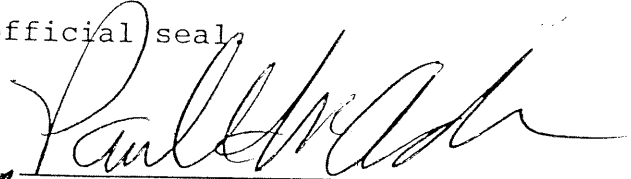


Paul K. McAdam
Notary Public in for said County
and State

STATE OF CALIFORNIA)
) ss.
COUNTY OF MONO)

On 12/21/88 before me, the undersigned,
a Notary Public in and for said County and State, personally
appeared CHARLES C.E. TOMASKO, personally known
to me (or proved to me on the basis of satisfactory evidence) to
be the person whose name IS subscribed to the within instrument
and acknowledged that HE executed the same.

WITNESS my hand and official seal



Notary Public in for said County
and State