

AUG 2 1995

APPR. Nicola Stump  
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**ARTICLES OF INCORPORATION  
OF  
CAÑADA VISTAS COMMUNITY ASSOCIATION**

In compliance with the requirements of §10-1002 et seq., Arizona Revised Statutes, as amended, the undersigned, who are persons capable of contracting, state as follows:

**ARTICLE I  
NAME**

The name of the corporation is Cañada Vistas Community Association and shall hereafter be referred to herein as the "Association".

**ARTICLE II  
NONPROFIT ORGANIZATION**

The Association is organized as a nonprofit organization under the laws of the State of Arizona. If the Association elects to qualify under Section 501(c)(4) or Section 501(c)(7) of the Internal Revenue Code of 1986, as amended (the "Code"), the Association shall not conduct or engage in any activities which would or could result in the revocation of its status as a corporation qualified under such section of the Code. The Association does not contemplate securing any gain or profit to the Members of the Association; the Members shall have no individual interest in the profits of the Association, if any; and no part of the net earnings of the Association, if any, shall inure (other than by promoting social and recreational activities for Members, by a rebate of excess membership dues, fees or Assessments, or by acquiring, constructing or providing management, maintenance and care of the Association's property) to the benefit of any Member of the Association or other individual.

**ARTICLE III  
PURPOSES OF THE ASSOCIATION**

The primary purposes for which the Association is formed are:

- a. To act as the property owners' association for that certain subdivision known as Cañada Vistas, which is situated in Scottsdale, Maricopa County, Arizona (the "Project") in accordance with and subject to that certain Declaration of Covenants, Conditions, Restrictions and Easements for the Project recorded on July 25, 1995, as Document No. 95-0433818 in the Official Records of Maricopa County, Arizona, as the same may be amended from time to time (the "Declaration");

- b. To manage, maintain, preserve and care for the Common Areas within the Project;
- c. To perform all of the duties and obligations and to exercise all of the powers and privileges of the Association as set forth in the Declaration;
- d. To provide for the orderly development, maintenance, preservation and architectural control of the Project, as provided in the Declaration; and
- e. To do all things and exercise all powers and rights of a corporation which are lawful and consistent with the foregoing purposes and the nonprofit character of the Association.

Unless otherwise expressly provided herein, all capitalized terms used in these Articles shall have the meanings set forth in the Declaration.

#### **ARTICLE IV INITIAL ACTIVITY**

The character of the business which the Association intends to conduct initially shall be to act as the property owners' association for the Project to perform the duties and to exercise the rights of the Association set forth in the Declaration and other Project Documents.

#### **ARTICLE V MEMBERSHIP AND VOTING RIGHTS**

Membership in the Association shall be limited to Owners. Each Owner shall have such rights, privileges and votes in the Association as are set forth in the Bylaws and the Declaration.

#### **ARTICLE VI BOARD OF DIRECTORS**

The affairs of the Association shall be conducted by the Board. The initial Board and each Board thereafter for so long as there is a Class B Member shall consist of three (3) Members or other Persons. Commencing with the first annual meeting of the Members when there is no longer a Class B Member, the Board shall consist of, and the voting Members shall elect, five (5) directors, all of whom must be Members (or individuals designated by corporate, partnership or other non-individual Members). The number of directors shall be subject to increase as provided in the Bylaws. The term of each director shall be for one (1) year until there is no longer a Class B Member. Upon the initial

election of directors following the termination of the Class B Members, the terms of the directors shall be one (1) year for three (3) directors and two (2) years for two (2) directors, thus establishing a staggered Board. In succeeding years, each director shall be elected for a two (2) year term. Until the first meeting of the Members when there is no longer a Class B Member, and until their successors are designated or elected and qualified, Declarant shall have the right to appoint all directors. The names and addresses of the initial directors of the Association who shall serve until the first annual meeting of the Members or until their successors are elected and qualified are as follows:

<u>Name</u>	<u>Address</u>
William Cleverly	6613 N. Scottsdale Road, Suite 200 Scottsdale, Arizona 85250
Steven J. Hilton	6613 N. Scottsdale Road, Suite 200 Scottsdale, Arizona 85250
Roger Zetah	6613 N. Scottsdale Road, Suite 200  Scottsdale, Arizona 85250

**ARTICLE VII**  
**OFFICERS**

The following persons shall be the initial officers of the Association and shall hold the positions opposite their names until the first annual meeting of the Association and until their successors have been elected and qualified:

William W. Cleverly	President
Roger Zetah	Vice President
Steven J. Hilton	Secretary/Treasurer

**ARTICLE VIII**  
**NO PERSONAL LIABILITY**

The private property of the Members, directors and officers of the Association shall be forever exempt from the Association's debt; provided, however, that each Owner shall be personally liable for any Assessments levied against his Lot.

**ARTICLE IX**  
**INDEMNIFICATION OF DIRECTORS AND OFFICERS**  
**LIMITATION ON DIRECTORS' LIABILITY**

A. Subject to any limitations imposed by Arizona law, the Association shall indemnify any and all of its existing and former directors, officers and committee members (including, but not limited to, existing and former members of the Committee) against all expenses incurred by all or each of them, including but not limited to, legal fees and costs, judgments, penalties and amounts paid in settlement or compromise, which may arise or be incurred, rendered or levied in any legal action brought or threatened against any one of them for or on account of any act or omission alleged to have been committed by such person while acting within the scope of his or her employment as a director, officer or committee member of the Association, whether or not any action is or has been filed against the person and whether or not any settlement or compromise is approved by a court. Except as otherwise required by Arizona law, whenever such a director, officer or committee member reports to the President of the Association or to the Board that he or she has incurred or may incur such expenses, the Board shall, at its next regular meeting or at a special meeting held within a reasonable time thereafter, determine in good faith whether, in regard to the matter involved in the action or contemplated action, such person (i) acted, failed to act, or refused to act in good faith, and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Association, and (ii) with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Upon an affirmative determination by the Board with respect to the foregoing, indemnification shall be mandatory and shall be automatically extended as specified herein to the extent permitted by Arizona law; provided, however, that the Association shall have the right to refuse indemnification in any instance in which the person to whom indemnification would otherwise have been applicable if such person unreasonably refuses to permit the Association, at its own expense and through counsel of its own choosing, to defend him or her in the action.

B. A director shall have no personal liability to the Association or its Members for monetary damages for breach of fiduciary duty as a director; provided, however, that the foregoing shall not eliminate or limit the liability of a director for any of the following:

- (1) Any breach of the director's duty of loyalty to the Association or its Members;
- (2) Acts or omissions which are not in good faith or which involve intentional misconduct or a knowing violation of law;
- (3) A violation of § 10-1026, Arizona Revised Statutes;

(4) Any transaction from which the director derived an improper personal benefit, including, but not limited to, embezzlement; and

(5) A violation of § 10-1097, Arizona Revised Statutes.

## **ARTICLES X BYLAWS**

The Board shall adopt the initial Bylaws of the Association. The power to alter, amend or repeal the Bylaws is reserved to the Members except that the Declarant, so long as the Declarant owns any Lot or Parcel, and thereafter, the Board, without a vote of the Members, may amend the Bylaws in order to conform the Bylaws to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Declaration is required by law or required by the Declarant or the Association. So long as the Declarant owns any Lot or Parcel, any amendment of the Bylaws must be approved in writing by the Declarant.

## **ARTICLE XI CONFLICT WITH DECLARATION AND OTHER LIMITATIONS**

To the extent that any part of provision of these Articles is contrary to or inconsistent with the provisions of the Declaration, the terms and provisions of the Declaration shall prevail. As set forth in the Declaration, the Association is subject to certain limitations. No amendment hereof, nor any action taken by the Association pursuant hereto, shall be contrary to, or in conflict with, the limitations set forth in the Declaration, and any such amendment or action shall be void to the extent of such inconsistency.

## **ARTICLE XII APPROVALS REQUIRED**

For as long as there is a Class B Member and if VA or FHA certification is desired by Declarant, the following actions will require the prior approval of the VA and FHA, unless such agencies have waived such requirements or unless the last sentence of this section applies: (i) annexation of additional properties into the Project (unless such annexation is in accordance with a plan of annexation or expansion previously approved by such agencies); (ii) mergers and consolidations; (iii) mortgaging or otherwise encumbering Common Areas; (iv) dedication or other transfer of Common Areas; (v) dissolution of the Association; and (vi) amendment of these Articles, the Declaration or the Bylaws. Consent of the FHA and VA to the foregoing will not be required if the FHA and VA have elected not to approve the Project for certification or if such approval has been revoked, withdrawn, canceled or suspended.

**ARTICLE XIII**  
**AMENDMENTS**

Subject to the provisions of Articles XI and XII herein, these Articles may be amended by Members representing at least a majority of the total authorized votes entitled to be cast by Members of the Association; provided, however, that the Declarant, so long as the Declarant owns any Lot or Parcel, and thereafter, the Board, without a vote of Members, may amend these Articles in order to conform these Articles to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Declaration is required by law or required by the Declarant or the Association. So long as the Declarant owns any Lot or Parcel, any amendment of these Articles must be approved in writing by the Declarant.

**ARTICLE XIV**  
**DURATION AND DISSOLUTION**

The Association shall exist perpetually. However, subject to the restrictions imposed by the Declaration and by Article XII of these Articles, the Association may be dissolved with the written consent of not less than two-thirds (2/3) of each class of Members. Upon dissolution of the Association with the winding up of its affairs, the assets of the Association shall be distributed exclusively to one or more public agencies, utilities, non-profit corporations, trusts or other organizations to be devoted to purposes as nearly as practical to those to which they were required to be devoted by the Association. If the Association has elected to qualify as a non-profit corporation under Internal Revenue Code §§ 501(c)(4) or 501(c)(7), then distribution may be only made to permitted recipients under the applicable section of the Code.

**ARTICLE XV**  
**PRINCIPAL OFFICE**

The principal office of the Association shall be located at 6613 N. Scottsdale Road, Suite 200, Scottsdale, Arizona 85250, or such other place as may be designated from time to time by the Board.

**ARTICLE XVI**  
**STATUTORY AGENT**

C. Timothy White, whose address is 1850 N. Central Avenue, Suite 500, Phoenix, Arizona 85004, and who has been a resident of the State of Arizona for more than three (3) years last past, is hereby appointed and designated as the initial statutory agent for the

Association. The Board may revoke the appointment of such agent at any time and shall have the power to fill any vacancy.


**ARTICLE XVII  
INCORPORATORS**


The names and addresses of the incorporators are:

William Cleverly                              6613 N. Scottsdale Road, Suite 200  
Scottsdale, Arizona 85250

Steven J. Hilton                                6613 N. Scottsdale Road, Suite 200  
Scottsdale, Arizona 85250

IN WITNESS WHEREOF, the undersigned incorporators have hereunto set our hand  
this 19 day of June, 1995.

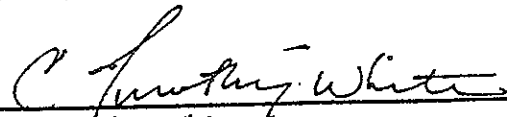
  
\_\_\_\_\_  
William W. Cleverly, Incorporator

  
\_\_\_\_\_  
Steven J. Hilton, Incorporator

**ACCEPTANCE OF APPOINTMENT AS STATUTORY AGENT**

The undersigned, having been designated to act as statutory agent for this Association, hereby accepts such appointment and agrees to act in that capacity until his removal or resignation is submitted in accordance with the applicable provisions of the Arizona Revised Statutes.

DATED this 31 day of July, 1995.

  
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C. Timothy White