

ARTICLES OF INCORPORATION

OF

DISCOVERY AT VILLA DE PAZ  
HOMEOWNERS' ASSOCIATION

SECRETARY COMMISSION  
FOR THE STATE OF AZ.  
FILED

JAN 30 2 16 PM '84

APPR. *[Signature]*  
DATE *1/30/84*  
TERM \_\_\_\_\_  
DATE \_\_\_\_\_

162570

KNOW ALL MEN BY THESE PRESENTS:

The undersigned, being all of the Directors of the Corporation, hereby adopt and approve the following Articles of Incorporation.

ARTICLE I

The name of this Corporation shall be DISCOVERY AT VILLA DE PAZ HOMEOWNERS' ASSOCIATION. The principal place of business of this Corporation shall be at 2735 East Camelback Road, Suite 150, Phoenix, Maricopa County, Arizona 85016, but other offices may be established and maintained at such other places as the Board of Directors may designate from time to time.

ARTICLE II

The initial business and primary purpose of this Corporation is to serve as a Homeowners' Association for the owners of condominium units ("Units") under a Horizontal Property Regime known as Discovery at Villa de Paz, including but not limited to providing for the acquisition, construction, management, maintenance, preservation and care of the Common Elements and to perform such other duties as are imposed upon the Corporation under the Declaration of Horizontal Property Regime and Covenants, Conditions and Restrictions for Discovery at Villa de Paz, as and if amended (the "Declaration"), recorded in connection with establishment of that Horizontal Property Regime in Maricopa County, Arizona. This Corporation will not engage in any other business or activity, except as set forth herein and in the Bylaws of the Corporation. Notwithstanding any other provisions of these Articles, the Corporation shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization qualifying under Section 528 or, if the Corporation so elects, Section 501 (c)(4) of the Internal Revenue Code of 1954, as the case may be.

This Corporation does not contemplate securing any gain or profit to the members of the Corporation, and the

members shall have no individual interest in the profits of the Corporation, if they are generated.

In the conduct of its business, this Corporation shall be empowered to do any and all things that a private person might do under the Declaration and the laws of the State of Arizona.

### ARTICLE III

Each and every Owner, in accepting a deed, entering into an agreement for sale, or displaying some other evidence of ownership interest in a Unit, agrees to become 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 Unit which is subject to assessment by the Corporation.

This Corporation shall be a non-stock membership corporation and shall be owned equally by its members. No stock shall be issued by this Corporation and no dividends or pecuniary profits shall be paid to its members. All members entitled to vote shall cast such votes pursuant to the terms and conditions of the Declaration and the Bylaws of this Corporation.

### ARTICLE IV

The Corporation shall have two (2) classes of voting membership:

1. Class "A" Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one (1) vote for each Unit owned; and
2. Class "B" Members shall be the Declarant (as defined in the Declaration), and shall be entitled to three (3) votes for each Unit owned.

The Class "B" Membership shall cease and be automatically converted to Class "A" Membership (with one (1) vote for each Unit owned) upon the first to occur of the following:

1. When the total votes outstanding in the Class "A" Membership equal the total votes outstanding in the Class "B" Membership;

2. On March 31, 1989.

#### ARTICLE V

Except for the initial Board, the number of Directors of this Corporation shall not be less than three (3) members who shall be elected at each annual meeting of the members of the Corporation as more particularly set forth in these Articles and the Bylaws of this Corporation. All members of the Board of Directors elected after the initial Board shall be owners of Units (or the spouses of owners; or if an owner is a corporation, partnership, trust or other legal entity, then an officer, director, partner, agent, trustee or beneficiary thereof). Termination of membership in this Corporation shall be in accordance with the Declaration and the Bylaws of this Corporation.

The current Board of Directors of this Corporation who shall hold office until their successors have been elected and qualified, are as follows:

|                   |   |   |
|-------------------|---|---|
| Kathleen R. Wade  | - | 2735 East Camelback Road<br>Suite 150<br>Phoenix, Arizona 85016 |
| Mark A. Voigt     | - | 2735 East Camelback Road<br>Suite 150<br>Phoenix, Arizona 85016 |
| Buddy Satterfield | - | 2735 East Camelback Road<br>Suite 150<br>Phoenix, Arizona 85016 |

#### ARTICLE VI

The highest amount of indebtedness or liability, direct or contingent, to which the Corporation may at any time subject itself, is One Million Dollars (\$1,000,000.00) unless authorization to incur a greater amount is made by an affirmative vote of the majority of its members entitled to vote.

#### ARTICLE VII

The private property of the members, directors, and officers of this Corporation shall be forever exempt from the Corporation's debts and obligations, except as otherwise provided herein, or in the Bylaws of this Corporation.

### ARTICLE VIII

This Corporation shall indemnify any and all of its directors, officers, or former directors and officers against any expenses incurred by them, including legal fees, or judgments or penalties rendered or levied against any such person while acting within the scope of his authority as a director or officer of this Corporation, provided that the Board of Directors shall determine in good faith that such person did not act, fail to act, or refuse to act willfully or with gross negligence or with fraudulent or criminal intent in regard to the matters involved in this action.

### ARTICLE IX

Upon dissolution of the Corporation, or the winding up of its affairs, the assets of the Corporation shall be distributed exclusively to charitable, religious, scientific, literary or educational organizations which would then qualify under the provisions of Section 501(c)(4) of the Internal Revenue Code of 1954, or to an organization then subject to and qualifying under Section 528 of the Internal Revenue Code of 1954, as the Corporation shall then elect. The Corporation may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of Members provided the restrictions imposed within the Declaration are complied with.

### ARTICLE X

The names and addresses of the Incorporators are as follows:

|                  |   |  |
|------------------|---|--|
| Richard W. Clark | - | 4222 East Camelback Road<br>Suite 100H<br>Phoenix, Arizona 85018 |
| Gary A. Drummond | - | 4222 East Camelback Road<br>Suite 100H<br>Phoenix, Arizona 85018 |

### ARTICLE XI

Richard W. Clark, 4222 East Camelback Road, Suite 100H, Phoenix, Arizona 85018, who has been a bona fide resident of the State of Arizona for at least three (3) years, is hereby appointed Statutory Agent of this Corporation upon whom all notices and process, including Summons, may be

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

#### ARTICLE XII

The duration of this Corporation shall be perpetual.

#### ARTICLE XIII

The fiscal year of the Corporation shall be the calendar year and begin on the first day of January of every year, except that the first fiscal year of the Corporation shall begin at the date of incorporation. The commencement date of the fiscal year herein established shall be subject to change by the Board should corporate practice subsequently dictate.

#### ARTICLE XIV

To the extent that these Articles shall be contrary to or inconsistent with provisions of the Declaration, or rules and regulations of the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Veterans Administration and/or Federal Housing Administration, applicable to this Corporation, these Articles shall be considered superseded by such provisions, rules and/or regulations.

#### ARTICLE XV

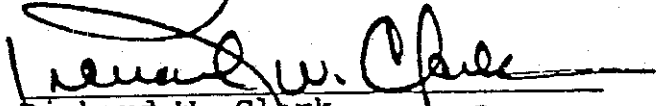
As long as there is a Class "B" Membership (as defined in the Declaration), the following actions will require the prior approval of the Veterans Administration or the Federal Housing Administration:

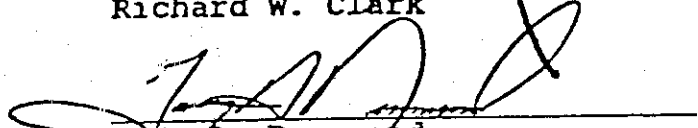
- (1) Annexation of additional real property into the Project (as defined in the Declaration);
- (2) Mergers and consolidations;
- (3) Mortgaging of the Common Elements; and
- (4) Dissolution and amendment of these Articles.

ARTICLE XVI

These Articles shall not be amended to contain any provision which would be contrary to or inconsistent with the Declaration as in effect from time to time and any provisions of or purported amendment to these Articles which is contrary to or inconsistent with the Declaration shall be void to the extent of such inconsistency. Subject to the foregoing, the Corporation may amend, alter or repeal any provision hereof only by the affirmative vote of seventy-five percent (75%) of each class of Members then entitled to vote at any regular or special meeting, in person or by proxy, and upon ten (10) days prior written notice to all first mortgagees (as defined in the Declaration), and, if required by law, after publication in a newspaper having general circulation in Maricopa County, Arizona.

this 12<sup>th</sup> IN WITNESS WHEREOF, we have hereunto set our hands this 12<sup>th</sup> day of JANUARY 1984.

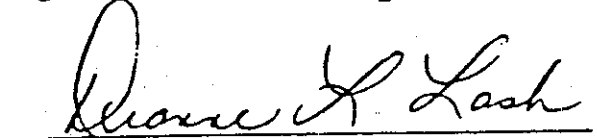
  
Richard W. Clark

  
Gary A. Drummond

STATE OF ARIZONA     )  
                                  ) ss.  
County of Maricopa    )

On this 12<sup>th</sup> day of January 1984, before me, the undersigned Notary Public, personally appeared RICHARD W. CLARK and GARY A. DRUMMOND, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged that they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

  
Notary Public

My commission expires:  
My Commission Expires Dec. 3, 1985