

North Scottsdale Villas
Homeowners Association
Articles of Incorporation



North Scottsdale Villas Homeowners Association
P.O. Box 5720
Mesa, AZ 85211

PREFERRED COMMUNITIES
"LOVING WHERE YOU LIVE."



ARTICLES OF INCORPORATION
OF
NORTH SCOTTSDALE VILLAS II COMMUNITY ASSOCIATION, INC.,
an Arizona non-profit corporation

In compliance with the requirements of §10-1002, et seq., Arizona Revised Statutes, as may from time to time be amended, the undersigned, all of whom are of full legal age, have voluntarily associated themselves on the date set forth below for the purpose of forming an Arizona non-profit corporation. All of the undersigned incorporators certify and adopt the following Articles of Incorporation ("Articles"):

ARTICLE I

NAME AND TERM

The name of the corporation is North Scottsdale Villas II Community Association, Inc. ("Association"). The Association shall exist perpetually.

ARTICLE II

DEFINED TERMS

Terms in all capital letters used in these Articles without definition shall have the meanings specified for those terms in the Declaration of Homeowner Benefits and Covenants, Conditions, and Restrictions for North Scottsdale Villas II recorded in Document No. _____, Official Records of Maricopa County, Arizona ("Declaration"). In the case of any conflict between the Articles and the Declaration, the Declaration shall control. As used in these Articles of Incorporation, the term "Association Property" shall mean the COMMON AREAS, all other property owned by the Association or placed under its jurisdiction, all property and improvements within the PROPERTY used in common by and for the benefit of the OWNERS of LOTS, and any additions to any of the foregoing as may be brought within the jurisdiction of the Association pursuant to the Declaration.

ARTICLE III

PRINCIPAL OFFICE

The principal office of the Association shall be located at 2005 West 14th Street, Suite 110, Tempe, Arizona, 85281.

ARTICLE IV

STATUTORY AGENT

Lynn T. Ziolk, Esq., whose address is 101 North First Avenue, Suite 2700, Phoenix, Arizona 85003-1973, and who has been a bona fide resident of the State of Arizona for more than three (3) years last past, is appointed and designated as the Statutory Agent for the corporation for the State of Arizona, upon whom service of process may be made. This appointment may be revoked at any time by the Board of Directors of the Association by the filing of the appointment of another Statutory Agent.

ARTICLE V

PURPOSE OF THE ASSOCIATION

The object and purpose for which this Association is organized is to provide for the acquisition, construction, management, maintenance, and care of the Association Property. In furtherance of, and in order to accomplish these objectives and purposes, the Association may transact any or all lawful business for which non-profit corporations may be incorporated under the laws of the State of Arizona, as such laws may be amended from time to time. All business transacted by the Association shall be transacted in such a way so as to further its tax-exempt status as an association under the Internal Revenue Code, if the Association so elects to be treated as such a tax-exempt organization. The Association shall come into existence on the date of the filing of these Articles with the Arizona Corporation Commission.

ARTICLE VI

THE CHARACTER OF THE BUSINESS

The general nature and character of the business to be transacted by the Association shall be as follows:

(a) To own, operate, repair, manage, and maintain the Association Property;

(b) To: (i) accept the Association Property and to maintain, repair, and replace all landscaping, walk areas, recreational facilities, recreational areas, and private streets (if any) located upon the Association Property and which are the responsibility of the Association to maintain, repair, and replace pursuant to the Declaration; (ii) pay all taxes and assessments, if any, which may be properly levied against the Association Property; (iii) fix and levy assessments and impose liens against the individual LOTS to secure the payment of all assessments and other obligations due from the OWNERS of the applicable Lots to the Association and to collect, foreclose, or otherwise enforce, compromise, release, satisfy, and discharge these liens and demands, and to do all other acts necessary to the filing, maintenance, and discharge of these demands and liens; (iv) take any action necessary to enforce the PROJECT DOCUMENTS; (v) do any and all lawful things and acts which the Association may deem, at any time and from time to time, and in its sole discretion, to be in the best interests of the MEMBERS (and to pay all associated costs and expenses) and in connection with any and all the purposes of the Association; (vi) do any and all lawful things which may be advisable, proper, authorized, or permitted to be done by the Association under and by virtue of any condition, covenant, restriction, reservation, charge, or assessment affecting all or any portion of the Association Property, and to do and perform any and all acts which may be either necessary for or incidental to the exercise of any of the foregoing powers, or for the peace, health, comfort, safety, or general welfare of the MEMBERS; and (vii) do any and all things and exercise all rights and powers permitted to non-profit corporations under the laws of the State of Arizona (as may be amended from time to time);

(c) To adopt and amend the Bylaws of the Association;

(d) To institute, defend, or intervene in litigation or administrative proceedings in its own name or on behalf of the OWNERS on matters affecting the PROPERTY;

(e) To do and perform any and all acts and things and to transact any business, not inconsistent with law, which may be necessary, incidental, or convenient in carrying out of any of the business or purposes of the Association, including, without limitation, all acts necessary to perform all obligations and duties and exercise all rights and powers of the Association under (and in accordance with) the PROJECT DOCUMENTS; and

(f) To indemnify the Directors, officers, MEMBERS, employees, or agents of the Association in the manner and upon the conditions specified in the Bylaws.

ARTICLE VII

MEMBERSHIP

1. Identity of Members. The Association shall be a non-stock corporation. No stock shall be issued, and no dividends or pecuniary profits shall be paid at any time to its MEMBERS. Membership in the Association shall be limited to OWNERS of LOTS. An OWNER of a LOT shall automatically, upon becoming the OWNER of such LOT, become a MEMBER of the Association and shall remain a MEMBER of the Association until such time as his ownership ceases, for any reason, at which time his membership in the Association shall automatically cease.

2. Transfer of Membership. Membership in the Association shall be appurtenant to each LOT and a membership in the Association shall not be transferred, pledged, or alienated in any way, except: (i) upon the sale of a LOT, and then only to the purchasers; (ii) by intestate succession or testamentary disposition; (iii) foreclosure of mortgage (or similar security instrument) of record; or (iv) other legal process. Any attempt to make a prohibited transfer shall be void and shall not be reflected upon the books and records of the Association.

3. First Annual Meeting. The first annual meeting of the MEMBERS of the Association shall be held on December 1, 1994, or at such other date designated by the Board of Directors; however, the first annual meeting of the MEMBERS of the Association shall in no event be held later than one (1) year after the date of the close of escrow on the first LOT sold by the DECLARANT to an OWNER.

ARTICLE VIII

VOTING RIGHTS

1. Classes of Members. The Association shall have two classes of voting membership, Class A and Class B.

2. Class A. Class A members shall be all OWNERS of LOTS with the exception of the DECLARANT. Each Class A member shall be entitled to one (1) vote for each LOT owned.

3. Class B. The Class B member shall be the DECLARANT. The Class B member shall be entitled to three (3) votes for each LOT owned. The Class B membership shall cease and be converted to Class A membership upon the happening of any of the following events, whichever occurs earlier:

(a) Four (4) months after the date when the total of votes outstanding in Class A membership first equals or exceeds the total of votes outstanding in Class B membership;

(b) The date which is six (6) years after the date of the close of escrow on the first LOT sold by DECLARANT; or

(c) When the DECLARANT notifies the Association in writing that it relinquishes its Class B membership.

ARTICLE IX

BOARD OF DIRECTORS

1. Number and Affairs. The affairs of the Association shall be conducted by a Board of Directors of the Association (sometimes individually or collectively called "Board," "Directors," "Director," or "Board of Directors") and such officers and committees as the Board may elect and appoint. The Board of Directors shall be elected by the MEMBERS. So long as there is a Class B membership in the Association, the Directors need not be MEMBERS of the Association. After the termination of the Class B membership, all Directors must be MEMBERS of the Association. The Board may increase the number of Directors on the Board; however, the number of Directors must always be an odd number and may not exceed seven (7) Directors. The number of Directors constituting the initial Board shall be three (3), one of which shall serve a three (3) year term, one of which shall serve a two (2) year term, and one of which shall serve a one (1) year term. All additional Directors that may be added from time to time to the Board (i.e., in addition to the initial three (3) and up to seven (7) members) will serve three (3) year terms. The names and addresses of the initial Board of Directors of the Association are as follows:

<u>Name</u>	<u>Mailing Address</u>
Joseph C. Thompson (3 year term)	2005 West 14th Street Suite 110 Tempe, Arizona 85281
Ken Krouse (2 year term)	2005 West 14th Street Suite 110 Tempe, Arizona 85281
James Arneson (1 year term)	2005 West 14th Street Suite 110 Tempe, Arizona 85281

The initial Directors shall serve for the terms specified below their names and until their successors have been elected and qualified. Successor Directors to the initial Directors also will serve the one, two, or three year terms specified above.

2. Vacancy. Vacancies on the Board caused by any reason other than the removal of a Director by the MEMBERS shall be filled by a majority vote of the remaining Directors at the first regular or special meeting of the Board held after the occurrence of the vacancy. Each person elected shall serve the unexpired portion of the prior Director's term.

3. Bylaws. The Board is expressly authorized to adopt bylaws for the Association ("Bylaws"), by a majority vote of the Board, at a regular or special meeting.

ARTICLE X

DISSOLUTION

The Association may be dissolved with the affirmative assent given in writing and signed by not less than two-thirds (2/3) of the authorized votes of each class of MEMBERS. Upon dissolution of the Association, other than incidental to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused, the assets shall be granted, conveyed, or assigned to any non-profit corporation, association, trust, or other organization to be devoted to a similar purpose or purposes.

ARTICLE XI

AMENDMENTS

Amendment of these Articles shall require the affirmative assent of at least seventy-five percent (75%) of the authorized votes of each class of MEMBERS.

ARTICLE XII

INCORPORATORS

The name and address of the incorporator of the Association is:

<u>Name</u>	<u>Mailing Address</u>
Joseph C. Thompson	2005 West 14th Street Suite 110 Tempe, Arizona 85281

ARTICLE XIII

FHA/VA APPROVAL

As long as there is a Class B membership in the Association and if either FHA or VA financing is applicable to all or any portion of the PROPERTY, the following will require the prior approval of the Federal Housing Administration or the Veterans Administration, if applicable: (i) annexation of additional properties; (ii) mergers and consolidations; (iii) mortgaging of COMMON AREAS; (iv) dedication of COMMON AREAS; and (v) dissolution and amendment of these Articles of Incorporation.

For the purpose of forming this non-profit corporation under the laws of the State of Arizona, the undersigned, constituting all of the incorporators of the Association, has executed these Articles of Incorporation as of _____, 1993.

Joseph C. Thompson, Incorporator

STATE OF ARIZONA)
)ss.
County of Maricopa)

On this, the _____ day of _____, 1993, before me, the undersigned Notary Public, personally appeared Joseph C. Thompson, known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

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

Notary Public

My Commission Expires:
