

ARTICLES OF INCORPORATION
OF
PASEO CROSSING COMMUNITY ASSOCIATION,
an Arizona non-profit corporation

JAN 11 54 AM '01

PREPARED BY: Norma Madley
DATE: 1-11-01
FORM: _____
DATE: _____ TIME: _____

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Article 1. Name. The name of the corporation is *Paseo Crossing Community Association* (the "Association").

Article 2. Non-profit Corporation. The Association is formed as a nonstock, non-profit corporation under the laws of the State of Arizona. The Association shall make no distributions of income to its Members, Directors or officers.

Article 3. Principal Office. The mailing address of the initial principal office of the Association is 6613 N. Scottsdale Road, Suite 200, Scottsdale, Arizona 85250.

Article 4. Definitions. All capitalized terms used herein which are not defined shall have the same meanings as set forth in the Declaration of Covenants, Conditions, Restrictions and Easements for Paseo Crossing, recorded or to be recorded in the Official Records of Maricopa County, Arizona (the "Declaration").

Article 5. Initial Business and Purposes. The initial business and purposes for which the Association is organized are:

- a. To be and constitute the Association to which reference is made in the Declaration, to perform all obligations and duties of the Association and to exercise all rights and powers of the Association as specified in the Declaration, in the Bylaws of the Association (the "Bylaws") and in the other Project Documents and as provided by law; and
- b. To provide an entity for the furtherance of the interests of the Owners of Lots subject to the Declaration.

Article 6. Powers. The Association shall have all of the common law and statutory powers conferred upon non-profit corporations under Arizona law and all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles, the Bylaws, the Declaration or the other Project Documents, including, without limitation, the power;

- a. To fix, collect and enforce payment by any lawful means of Assessments and other charges to be levied against Lots;
- b. To manage, control, operate, maintain, repair and improve all Areas of Association Responsibility and any other property for which the Association by rule, regulation, covenant or contract has a right or duty to provide such services;
- c. To enforce covenants, conditions and restrictions affecting any property to the extent the Association may be authorized to do so under the Declaration or any other Project Documents;

d. To engage in other activities which will actively foster, promote and advance the common interests of all Owners of Lots subject to the Declaration;

e. To buy or otherwise acquire, sell, dedicate for public use or otherwise dispose of, mortgage or otherwise encumber, exchange, lease, own, hold, use, operate and otherwise deal in and with real, personal and mixed property of all kinds and any right or interest therein for any purpose of the Association, subject to such limitations as may be set forth in the Declaration or the Project Documents;

f. To borrow money for any purpose, subject to such limitations as may be contained in the Declaration or other Project Documents;

g. To enter into, make, perform or enforce contracts of every kind and description and to do all other acts necessary, appropriate or advisable in carrying out any purpose of the Association, with or in association with any other corporation, association or other entity or agency, public or private;

h. To take any other action as may be authorized or contemplated under the Declaration.

i. To adopt, alter and amend or repeal the Bylaws as may be necessary or desirable for the proper management of the affairs of the Association; provided, however, such Bylaws may not be inconsistent with or contrary to any provisions of the Declaration; and

j. To provide any and all supplemental municipal services to the Project as may be necessary or proper.

The foregoing enumeration of powers shall not limit nor restrict in any manner the exercise of other rights and powers which may now or hereafter be permitted by law; the powers specified in each of the paragraphs of this Article are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph of this Article.

Article 7. Members.

a. The Owner of each Lot shall be a Member of the Association and shall be entitled to vote in accordance with the terms of the Declaration and the Bylaws.

b. The Association shall have two classes of membership, Class "A" and Class "B". The Class "A" Members shall be all Owners, except the Class "B" Members, if any. The Class "B" Members shall be the Declarants; provided, however, a Declarant's Class "B" membership shall cease and be converted to a Class "A" membership upon the first to occur of (i) the closing of the sale of the last Lot owned by such Declarant to a Purchaser and (ii) a written election by the Declarant to convert its Class "B" membership to Class "A" membership. The Class "B" Members' rights and obligations are specified in the Declaration and Bylaws. The manner of exercising voting rights shall be as set forth in the Declaration and in the Bylaws.

c. Change of membership in the Association shall be established by recording in the Official Records of Maricopa County, Arizona, a deed or other instrument establishing record title to Lots subject to the Declaration. Upon such recordation and the payment of the transfer fee provided for in the Declaration, the Owner designated by such instrument shall become a Member of the Association and the membership of the prior Owner shall be terminated.

d. The share of a Member in the privileges, rights and assets of the Association cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance of its Lot.

Article 8. Duration and Dissolution. The Association shall exist perpetually. However, subject to restrictions imposed by the Declaration, the Association may be dissolved with the written consent of not less than two-thirds (2/3rds) of each class of Members. Upon dissolution, the Association's assets remaining after payment or provisions of payment of all known debts and liabilities 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 near as practical to those to which the Association was to be required to be devoted.

Article 9. Directors.

a. The affairs of the Association shall be conducted, managed and controlled by a Board of Directors. The initial Board shall consist of three (3) Directors. The number of Directors shall be increased to five (5) upon the termination of the Class "B" Membership and may be further increased in accordance with the Bylaws. As long as the Class "B" Membership is in existence, Directors need not be Members.

b. The names and addresses of the members of the initial Board, who shall hold office until their successors are elected and qualified, or until removed, are as follows:

Roger Zetah
6613 N. Scottsdale Rd., Ste. 200
Scottsdale, AZ 85250

J. Patrick Moroney
6613 N. Scottsdale Rd., Ste. 200
Scottsdale, AZ 85250

Wade Kempton
410 N. 44th Street, Suite 325
Phoenix, AZ 85008

Each of the foregoing persons has consented to be a Director.

c. The method of election, removal and filling of vacancies on the Board and the term of office of Directors shall be as set forth in the Declaration and the Bylaws.

d. The Board may delegate its operating authority to such entities, individuals and committees as it, in its discretion, may determine.

Article 10. Bylaws. The Bylaws shall be adopted by the Board of Directors and may be altered, amended or rescinded in the manner provided in the Bylaws.

Article 11. Liability of Directors, Officers and Committee Members. To the fullest extent that Arizona law, as it exists on the date hereof or as it may hereafter be amended, permits the limitation or elimination of the liability of directors, officers and committee members, no Director, officer or committee member of the Association shall be personally liable to the Association for monetary damages for breach of duty of care or other duty as a Director, officer or committee member. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any Director, officer or committee member of the Association for or with respect to any acts or omissions of such Director occurring prior to such amendment or repeal.

Article 12. Amendments. Amendments to these Articles may be adopted by approval of Members representing two-thirds (2/3rds) of the total Class "A" votes in the Association and, so long as the Class "B" Membership is in existence, all such amendments shall require the approval of the Declarants. Notwithstanding the foregoing, so long as there is a Class "B" Membership in the Association, the Declarants, without the consent of any other Owner or mortgagee being required, shall have the right to 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 other federal, state or local governmental entity or agency whose approval of the Project, the Plat or the Project Documents is required or is requested by Declarants.

Article 13. Incorporator. The name and address of the incorporator of the Association is as follows:

J. Patrick Moroney
6613 N. Scottsdale Road, Suite 200
Scottsdale, Arizona 85250

Article 14. Statutory Agent. The Association hereby appoints C. Timothy White, Esq., whose address is Tiffany & Bosco, P.A., 1850 N. Central Avenue, Suite 500, Phoenix, Arizona 85004-4546, who is now and has been for more than three (3) years past, a bona fide resident of the State of Arizona, as its lawful statutory agent upon whom all notices and processes, including service of summons, may be served and which, when served, shall be lawful, personal service upon the Association. The Association may, at any time, appoint another agent for such purpose and the filling of such appointment shall revoke this or any other previous appointment of such agent.

IN WITNESS WHEREOF, the undersigned has executed these Articles of Incorporation this 29th day of December, 2000.

J. Patrick Moroney
J. Patrick Moroney

STATE OF ARIZONA
ACCEPTANCE OF APPOINTMENT
AS STATUTORY AGENT
OF
PASEO CROSSING COMMUNITY ASSOCIATION,
an Arizona nonprofit corporation

To: Arizona Corporation Commission
Incorporating Division
1300 West Washington
Phoenix, Arizona 85007

Please be advised that C. Timothy White, whose address is Tiffany & Bosco, P.A., 1850 N. Central Avenue, Suite 500, Phoenix, Arizona 85004-4546, hereby accepts and acknowledges its appointment as statutory agent for service of process upon Paseo Crossing Community Association, an Arizona corporation, and consents to act in that capacity until removal or resignation.

The undersigned hereby certifies that he has been a resident in the State of Arizona for a period in excess of three years.

DATED this 11th day of January, 2001.



C. Timothy White