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AZ CORP COMMISSION  
STATE OF AZ.  
FILED

ARTICLES OF INCORPORATION  
OF  
CRYSTAL SPRINGS II, INC.

AZ CORP COMMISSION  
STATE OF AZ.  
FILED

AUG 13 4 33 PM '84

*Edward J. Smith*

JUL 26 4 37 PM '84

APR 17 1984  
DATE  
TERMS  
DATE  
C. J. MENDOZA  
AZ CORP COMMISSION

The undersigned, for the purpose of forming a non-profit corporation under A.R.S. §10-1002, et seq., do hereby adopt the following articles of incorporation:

ARTICLE I

The name of this corporation shall be Crystal Springs II, Inc. *(Signature)*

ARTICLE II

The incorporators of the corporation are those persons who have executed these articles and their names and addresses are set forth immediately opposite their signatures.

ARTICLE III

The purpose for which the corporation is organized is to act as a tax-exempt homeowners' association ("the association") in accordance with Section 528 of the Internal Revenue Code of 1954, as the same may be amended from time to time, or if the corporation so elects, pursuant to Section 501(c)(4) of the Internal Revenue Code, as the same may be amended from time to time, and as such, shall serve as a homeowners' association for the owners of condominium units under a horizontal property regime formed under and pursuant to Title 33, Chapter 4.1, Arizona Revised Statutes, known as Crystal Springs II, as more fully set forth in the

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Declaration of Horizontal Property Regime and Declaration of Covenants, Conditions and Restrictions for Crystal Springs II ("the Declaration"), recorded in the office of the County Recorder of Maricopa County, Arizona. In furtherance of, and in order to accomplish the foregoing purposes, the association may transact any and all lawful business for which non-profit corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time.

#### ARTICLE IV

The association shall have all of those powers provided by law, including those set forth in the Arizona Revised Statutes, as the same may be amended from time to time, and all of those powers necessary or convenient to effect the corporation's purposes as set forth above, including but not limited to, the power to exercise all of the rights and privileges and perform all duties and obligations of the corporation, as set forth in the Declaration as the same may be amended from time to time as provided therein.

#### ARTICLE V

Every person or entity who is a record owner of any unit in Phase I of Crystal Springs II, or in Phase II, if Crystal Springs II is expanded to include such Phase in accordance with the Declaration, shall be a member of the association, subject to and in accordance with the Declaration. The foregoing is not intended to include

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persons or entities who hold an interest merely as security for the performance of an obligation.

ARTICLE VI

The corporation shall have two classes of voting membership:

CLASS A: Class A members shall be all unit owners in Phase I of Crystal Springs II and in Phase II, if Crystal Springs II is expanded to include such Phase, with the exception of Declarant as such term is defined in the Declaration, and each Class A member shall be entitled to one vote for each unit owned. When more than one person holds an interest in any unit, all such persons shall be members. The voting for such unit shall be exercised as such persons among themselves determine, but in no event shall more than one vote be cast with respect thereto. If any owner(s) casts a vote representing a certain unit, it will thereafter be conclusively presumed for all purposes that such owner(s) was acting with the authority and consent of any other owner(s) of the same unit.

CLASS B: The Class B member shall, at the inception of incorporation, be Declarant, and shall be entitled to three (3) votes for each unit owned in Phase I of Crystal Springs II and Phase II if Crystal Springs II is expanded to include such Phase. The total votes which Declarant shall be entitled to cast may be cast in such proportion on any matter as Declarant may determine. Each Class B membership representing units owned by Declarant shall cease and be

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converted to Class A membership, without further act or deed, upon the happening of any of the following events:

(a) Upon the conveyance by Declarant of any particular unit to an owner, other than in connection with an assignment by Declarant of all or substantially all of its rights under the Declaration (including a pledge or assignment by Declarant to any lender as security), with respect to the particular unit or units so sold or otherwise disposed of; or

(b) With respect to all remaining Class B memberships, upon the first to occur of the following:

(i) Upon the expiration of One Hundred Twenty (120) days following the first date when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership; or

(ii) Five (5) years after the conveyance of the first unit to a unit owner other than Declarant.

If any lender to whom Declarant has assigned as security all or substantially all of its rights under the Declaration succeeds to the interest of Declarant by virtue of said assignment, the Class B memberships shall not be terminated thereby, and such lender shall hold the Class B memberships on the same terms as such were held by Declarant.

ARTICLE VII

The affairs of the corporation shall be conducted by a board of three (3) directors and such officers as the directors may elect and appoint. Each director shall be a member or the spouse of a member (or if a member is a corporation, partnership or trust, a director may be an officer, authorized agent, partner or beneficiary of such member). If a director shall cease to meet such qualifications during his term he will thereupon cease to be a director, and his place on the board shall be deemed vacant. The requirements of this Article shall not apply to directors elected as a result of any of the votes cast by the Class B member.

The initial board of directors of the corporation having been elected by the incorporators of the corporation during a meeting at 8010 E. Morgan Trail #10, Scottsdale, Arizona, at 2:00 P.M., on the 28th day of March, 1984, who shall hold office until their successors have been duly elected and qualified and their addresses are as follows:

Gary A. Martinson  
4958 E. Grandview Lane  
Phoenix, Arizona 85258

Carmen L. Tinney  
P.O. Box 17597  
Fountain Hills, Arizona 85268

William G. Daggett  
7812 N. Ridgeview  
Paradise Valley, Arizona 85253

ARTICLE VIII

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

ARTICLE IX

Subject to the provisions of A.R.S. §10-1005(B), the corporation shall indemnify and hold harmless each of its directors and officers, each member of any committee appointed pursuant to the bylaws of the corporation, and Declarant pursuant to the Declaration, and each of Declarant's directors and officers (collectively "Declarant") against all contractual and other liabilities to others arising out of contracts made by, or other acts of such director(s), officer(s), committee member(s), or Declarant, including but not limited to, judgments paid and satisfied and amounts paid in compromise and settlement, unless any such contract or act shall have been made fraudulently or with gross negligence or criminal intent. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses, including but not limited to, attorneys' fees reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other, in which any such director, officer, committee member or Declarant may be involved by

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virtue of such person(s) being or having been such director, officer, committee member or Declarant.

#### ARTICLE X

The name and address of the initial statutory agent of the corporation is:

Mohr, Hackett, Pederson, Blakley  
& Randolph, P.C.  
3443 North Central Avenue  
Suite 1010  
Phoenix, Arizona 85012

#### ARTICLE XI

For the purpose of providing necessary funds for carrying out the purposes of the corporation, there shall be levied against each unit and the common elements appurtenant to each unit and each member, certain assessments, which shall be determined in accordance with, and shall be due, payable and enforceable in the manner set forth in the Declaration, as the same may be amended from time to time.

#### ARTICLE XII

Amendment of these articles shall require seventy-five percent (75%) of the votes entitled to be cast at a meeting called for that purpose, provided, however, that so long as any Class B membership remains outstanding, the Veterans Administration shall have consented to any change, modification or amendment and provided further, that seventy-five percent (75%) of all Eligible Mortgage Holders (as such term is defined in the Declaration) shall have consented to any change, modification or amendment which

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establishes, provides for, governs or regulates any of the following:

- (1) Voting;
- (2) Assessments, assessment liens or subordination of such liens;
- (3) Reserves for maintenance, repair and replacement of the common elements;
- (4) Insurance or fidelity bonds;
- (5) Rights to use of the common elements;
- (6) Responsibility for maintenance and repair of the common elements and the units;
- (7) Subject to the provisions of the Declaration, and subject to the provisions of the Act, expansion or contraction of Crystal Springs II or the addition, annexation or withdrawal of property to or from Crystal Springs II;
- (8) Boundaries of any unit;
- (9) Subject to the provisions of the Declaration, the interests in the common elements;
- (10) Convertibility of units into common elements or of common elements into units;
- (11) Leasing of units;
- (12) Imposition of any restriction on the right of a unit owner to sell, transfer, or otherwise convey such owner's unit;
- (13) Any provisions which are for the express benefit of Mortgage Holders, Eligible Mortgage Holders or Eligible



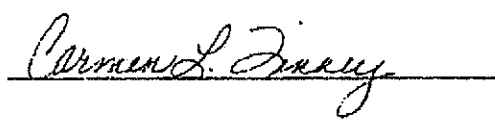
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Insurers or Guarantors of First Mortgages (as such terms are defined in the Declaration) on any unit.

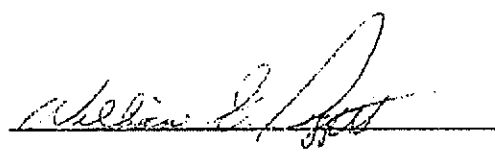
IN WITNESS WHEREOF, the undersigned have executed these articles of incorporation as of this 5 day of April, 1984.



Name: Gary A. Martinson  
Address: 4958 E. Grandview  
Phoenix, Arizona



Name: Carmen L. Tinney  
Address: P.O. Box 17597  
Fountain Hills,  
Arizona



Name: William G. Daggert  
Address: 7812 N. Ridgeview  
Paradise Valley,  
Arizona

STATE OF ARIZONA )  
                          ) ss.  
County of Maricopa )

The foregoing instrument was acknowledged before me this 5th day of April, 1984, by GARY A. MARTINSON, an incorporator of CRYSTAL SPRINGS II, INC., an Arizona non-profit corporation.


  
Notary Public

My Commission Expires:  
My Commission Expires Jan. 25, 1988

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STATE OF ARIZONA )  
 ) ss.  
County of Maricopa )

The foregoing instrument was acknowledged before me this 5<sup>th</sup> day of April, 1984, by Carmen L. Tinney an incorporator of CRYSTAL SPRINGS II, INC., an Arizona non-profit corporation.

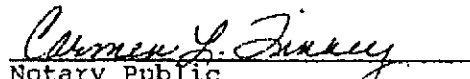
  
\_\_\_\_\_  
Notary Public

My Commission Expires:

2-5-87

STATE OF ARIZONA )  
 ) ss.  
County of Maricopa )

The foregoing instrument was acknowledged before me this 5<sup>th</sup> day of April, 1984, by William S. Daggett, an incorporator of CRYSTAL SPRINGS II, INC., an Arizona non-profit corporation.

  
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Notary Public

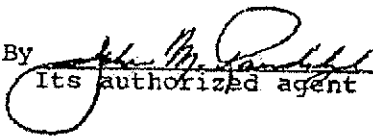
My Commission Expires:

My Commission Expires Jan 25, 1988

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We, having been designated to act as Statutory Agent, hereby consent to act in that capacity until removed or resignation is submitted in accordance with Arizona Revised Statutes.

MOHR, HACKETT, PEDERSON, BLAKLEY  
& RANDOLPH, P. C.

By  \_\_\_\_\_  
Its authorized agent

