

JAN 14 2005

FILE NO. 1177784-7

**ARTICLES OF INCORPORATION
OF
HILLSIDE TERRACE
CONDOMINIUM ASSOCIATION OF PHOENIX**

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, for the purpose of forming a non-profit corporation under the laws of the State of Arizona, does hereby adopt the following Articles of Incorporation.

1. **Name.** The name of this corporation (hereinafter "Association") is Hillside Terrace Condominium Association of Phoenix.

2. **Duration.** The period of duration of the Association shall be perpetual.

3. **Principal Place of Business.** The initial known place of business and principal office for the transaction of business of the Association is located at c/o Randy Rochford, 7141 E. 6 Avenue, Scottsdale, Arizona 85251.

4. **Statutory Agent.** The name and address of the Association's initial Statutory Agent, a bona fide resident of the State of Arizona, are:

Randy Rochford
7141 E. 6th Avenue
Scottsdale, Arizona 85251

5. **Nonprofit Corporation.** This Association is organized as a nonprofit corporation under the laws of the State of Arizona.

6. **Purpose and Powers.** This Association does not contemplate the distribution of gains, profits or dividends to its Members. The primary purposes for which the Association is formed are to promote the health, safety and welfare of all of the Residents and to provide for the management, operation, administration, maintenance, repair, improvement, preservation and architectural control of the Common Elements and all other areas for which the Association has such responsibility within Hillside Terrace, A Condominium. The Condominium is more particularly described in that certain Declaration of Condominium and of Covenants, Conditions and Restrictions for Hillside Terrace, A Condominium Recorded on December 6, 2004 at Instrument No. 2004-1429810 (the "Declaration") as thereafter amended from time to time and on that certain Plat Recorded in Book 716 of Maps, page 35, in the Official Records of Maricopa County, Arizona Recorder.

In furtherance of said purposes, this Association shall, *inter alia*, have the powers to:

a. Perform all of the duties and obligations of the Association as set forth in the Declaration;

b. Fix, levy, collect and enforce Assessments, late charges, monetary penalties, fines, fees or other charges as set forth in the Declaration;

c. Pay all expenses and obligations incurred by the Association in the conduct of its business, including without limitation, all licenses, taxes or governmental charges levied or imposed against any property owned by the Association;

d. Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association (but Common Elements are owned by Unit Owners as provided in the Declaration and are subject to the specific provisions of the Declaration and the Condominium Act relating to ownership, encumbrance and transfer of Common Elements);

e. Borrow money and, only with the assent (by vote or written consent) of two-thirds (2/3) of the Members other than Declarant, and with the consent of Declarant during the Period of Declarant Control, mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property (not including the Common Elements owned by the Unit Owners in their allocated undivided interests) as security for money borrowed or debts incurred;

f. Grant easements over the Common Elements to any public agency, authority or utility company consistent with the provisions of Section 3.2 of the Declaration;

g. Convey the Common Elements or subject the same to a mortgage or other security interest, further subject to the provisions of the Declaration and the Condominium Act.

h. Participate in mergers and consolidations with other nonprofit corporations organized for the same purpose, provided that any merger or consolidation shall have the assent of Members as required by the Condominium Act.

i. Have and exercise any and all powers, rights and privileges which a corporation organized under the Arizona Nonprofit Corporation Act (A.R.S. §10-3101 et seq.) and the Arizona Condominium Act (A.R.S. §33-1201 et seq.) by law may now or hereafter have or exercise.

7. Membership Voting Rights. This Association will have Members. The number and qualifications of Members of the Association, the voting and other rights and privileges of Members, their liability for Assessments and the method of collection thereof shall be as set forth in the Declaration and the Bylaws.

8. Board of Directors. The affairs of this Association shall be managed by a Board of Directors. During the Period of Declarant Control, the Board of Directors shall consist of one

(1) director, who shall serve until his successor is appointed by Declarant in accordance with the Declaration and Bylaws, and whose name and address are as follows:

John W. McAllister
440 N. Granados Avenue
Solana Beach, CA 92075-1215

The sole director appointed by the Declarant and serving during the Period of Declarant Control shall also hold all of the officer positions during such Period. After the Period of Declarant Control expires or terminates: (i) the number of directors serving on the Board shall automatically increase to three (3) directors and (ii) all directors shall be elected by the Membership as provided in the Declaration and Bylaws. All directors shall be Unit Owners; provided, further, however, that if a Unit Owner is other than a natural person, a director may be an officer, director, member, manager, partner or trustee of such Unit Owner.

9. Elimination of Director Liability. As set forth in the Arizona Nonprofit Corporation Act, each Director shall be immune from civil liability and shall not be subject to suit indirectly or by way of contribution for any act or omission resulting in damage or injury if said Director was acting in good faith and within the scope of his official capacity (which is any decision, act or event undertaken by the Association in furtherance of the purpose or purposes for which it is organized), unless such damage or injury was caused by willful and wanton or grossly negligent conduct of the Director. Without limiting the foregoing, it is the intention of this paragraph to provide for the Directors the full benefits and immunities created by or available under the provisions of A.R.S. §§10-3202(B) and 10-3830(D), as the same may be expanded or modified in the future.

10. Dissolution. In the event of dissolution, liquidation or winding up of the Association (other than incident to a merger or consolidation), the Association shall pay or adequately provide for the debts and obligations of the Association and otherwise comply with the Arizona Nonprofit Corporation Act and Arizona law. The Directors or Persons in charge of the liquidation shall dedicate the assets of the Association to an appropriate public agency to be used for purposes similar to those for which this Association was created or if such dedication is refused acceptance, then such assets may be granted, transferred or conveyed to any nonprofit corporation, association, trust or other organization devoted to similar purposes. If such actions are not feasible, or, in the event of a termination of the Condominium, said Directors in charge of the liquidation, said Directors or other Persons in charge of the liquidation, shall divide the remaining assets among the Members in accordance with their respective allocated interests as set forth in the Declaration, except as may be required by law.

11. Amendments. These Articles may be amended by vote or written assent of Members representing at least two-thirds (2/3) of the total allocated votes in the Membership; provided, however, that the percentage of the voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision. The Board, without the consent of the Members or First Mortgagees, may amend these Articles to conform to the requirements and guidelines of

any governmental or quasi-governmental entity or federal corporation that insures, guarantees, or invests in residential mortgages.

12. Incorporator. The name and address of the incorporator of the Association are:

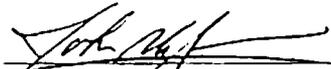
Head Scratch LLC
c/o Randy Rochford
7141 E. 6th Avenue
Scottsdale, Arizona 85251

13. VA/FHA Approval. During the Period of Declarant Control, if the Veterans Administration or Federal Housing Administration have approved this Condominium or insured or guaranteed mortgage loans for any Units, the approval of the VA or FHA, as applicable, shall be required prior to the annexation of additional real property to the Condominium, mergers, consolidations and/or dissolution of the Association, conveyancing, mortgaging or dedication of Common Elements, or amendment of these Articles.

14. Definitions. All initially capitalized terms used herein without definition shall have the meanings set forth for such terms in the Declaration and/or the Condominium Act.

IN WITNESS WHEREOF, the undersigned has executed these Articles of Incorporation as the Incorporator this 7th day of January, 2005.

HEAD SCRATCH LLC,
an Arizona limited liability company

By 
John W. McAllister, Manager

ACCEPTANCE OF APPOINTMENT AS STATUTORY AGENT

HILLSIDE TERRACE CONDOMINIUM ASSOCIATION OF PHOENIX

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

Dated this 14th day of January, 2005.



RANDY ROCHFORD

ARIZONA CORPORATION COMMISSION
CORPORATIONS DIVISION

Phoenix Address: 1300 West Washington
Phoenix, Arizona 85007-2929

Tucson Address: 400 West Congress
Tucson, Arizona 85701-1347

NONPROFIT
CERTIFICATE OF DISCLOSURE
A.R.S. Section 10-3202.D.

HILLSIDE TERRACE CONDOMINIUM ASSOCIATION OF PHOENIX

EXACT CORPORATE NAME

- A. Has any person serving either by election or appointment as officer, director, trustee, or incorporator in the corporation:
1. Been convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
 2. Been convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or restraint of trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
 3. Been or are subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the execution of this Certificate wherein such injunction, judgment, decree or permanent order:
 - (a) Involved the violation of fraud or registration provisions of the securities laws of that jurisdiction?, or
 - (b) Involved the violation of the consumer fraud laws of that jurisdiction?, or
 - (c) Involved the violation of the antitrust or restraint of trade laws of that jurisdiction?

Yes _____ No X

t). IF YES, the following information MUST be attached

- | | |
|--|---|
| 1. Full name and prior name(s) used | 6. Social Security number. |
| 2. Full birth name. | 7. The nature and description of each conviction or judicial action, date and location, the court and public agency involved and file or cause number of case |
| 3. Present home address. | |
| 4. Prior addresses (for immediate preceding 7-year period) | |
| 5. Date and location of birth | |

C. Has any person serving either by election or appointment as an officer, director, trustee or incorporator of the corporation, served in any such capacity or held such interest in any other corporation which has been placed in bankruptcy or receivership or had its charter revoked, or administratively dissolved by any jurisdiction?

Yes _____ No X

IF YOUR ANSWER TO THE ABOVE QUESTION IS "YES", YOU MUST ATTACH THE FOLLOWING INFORMATION FOR EACH CORPORATION:

- | | |
|---|--|
| 1. Name and address of the corporation | 4. Dates of corporate operation. |
| 2. Full name, including alias and address of each person involved | 5. A description of the bankruptcy, receivership or charter revocation, including the date, court or agency and the file or cause number of the case |
| 3. State(s) in which the corporation: <ol style="list-style-type: none"> (a) Was incorporated. (b) Has transacted business. | |

D. The fiscal year end adopted by the corporation is 12/31

Under penalties of law, the undersigned incorporators/officers declare that we have examined this Certificate, including any attachments, and to the best of our knowledge and belief it is true, correct and complete, and hereby declare as indicated above. THE SIGNATURE(S) MUST BE DATED WITHIN THIRTY (30) DAYS OF THE DELIVERY DATE.

H M SCRATCH LLC, a limited liability

BY [Signature] DATE 1-7-0
 TITLE John W. McAllister/Officer/Director
 and in my capacity as Manager of the Incorporator
 BY _____ DATE _____
 TITLE _____

BY see adjacent DATE _____
 TITLE John W. McAllister, Manager
 INCORPORATOR
 BY _____ DATE _____
 TITLE _____

DOMESTIC CORPORATIONS: ALL INCORPORATORS MUST SIGN THE INITIAL CERTIFICATE OF DISCLOSURE. (If more than four incorporators, please attach remaining signatures on a separate sheet of paper)

If within sixty days, any person becomes an officer, director, or trustee and the person was not included in this disclosure, the corporation must file an AMENDED certificate signed by all incorporators, or if officers have been elected, by a duly authorized officer

FOREIGN CORPORATIONS: MUST BE SIGNED BY AT LEAST ONE DULY AUTHORIZED OFFICER OF THE CORPORATION.

COMMISSIONERS
JEFF HATCH-MILLER - Chairman
WILLIAM A MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES



ARIZONA CORPORATION COMMISSION

BRIAN C. MCNEIL
Executive Secretary

DAVID RABER
Director, Corporations Division

February 28, 2005

PHYLLIS PARISE
5125 N 16TH ST STE B 223
PHOENIX, AZ 85016

RE: HILLSIDE TERRACE CONDOMINIUM ASSOCIATION OF PHOENIX
File Number: -1177784-7

We are pleased to notify you that your Articles of Incorporation were filed on January 14, 2005.

You must publish a copy of your Articles of Incorporation. The publication must be in a newspaper of general circulation in the county of the known place of business in Arizona (as filed with the Commission) for three (3) consecutive publications. A list of newspapers is available on the Commission web site. An affidavit from the newspaper, evidencing such publication, must be delivered to the Commission for filing within NINETY (90) DAYS from the date of this letter. Make sure the newspaper publishes the corporation documents using the exact name filed with the Commission.

All corporations transacting business in Arizona are required to file an Annual Report with the Commission, on the anniversary of the date of incorporation. Each year, a preprinted Annual Report form will be mailed to the corporation's known place of business approximately two months prior to the due date of the report. Should the report fail to arrive, contact the Commission. It is imperative that corporations notify the Commission immediately (in writing) if they change their corporate address, statutory agent or agent address. Address change orders must be executed (signed) by a corporate officer. Postal forwarding orders are not sufficient.

The Commission strongly recommends that you periodically check Commission records regarding the corporation. The Commission web site www.cc.state.az.us/corp contains information specific to each corporation of record and is a good general source of information.

If you have any questions or need further information, please contact us at (602) 542-3135 in Phoenix, (520) 628-6560 in Tucson, or Toll Free (Arizona residents only) at 1-800-345-5819.

Sincerely,
JOSE ORTIZ
Examiner
Corporations Division

CF:04, Rev:01/2004