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OCT 01 1987

ARTICLES OF INCORPORATION  
OF  
CANYON HEIGHTS OWNERS ASSOCIATION

ARIZONA CORP. COMMISSION

The undersigned, as incorporator, for the purpose of forming a private non-profit membership corporation under and by virtue of the laws of the State of Arizona, does hereby adopt the following Articles of Incorporation:

ARTICLE I  
Name

The name of the corporation is CANYON HEIGHTS OWNERS ASSOCIATION.

ARTICLE II  
Definitions

The words and terms used herein shall be deemed to have the same definitions and meanings as in the Declaration of Covenants, Conditions and Restrictions Of Canyon Heights, as amended from time to time (the "Declaration"), which was first recorded in the office of the County Recorder of Maricopa County, Arizona, on September 30, 1987, as Instrument Number 87605758.

ARTICLE III  
Duration

The corporation shall exist perpetually.

ARTICLE IV  
Purposes

The corporation is not organized for the purpose of gaining pecuniary profit. No part of the net earnings of the corporation, if any, shall inure to the benefit of any member, director or officer nor to any other person or entity. The corporation is formed and its initial business will be to serve as the governing body for all of the Owners and the members of the corporation, for the protection, improvement, alteration, maintenance, repair, replacement, administration and operation of the Common Areas at Canyon Heights, for the assessment of expenses, for the payment of losses, for the disposition of casualty insurance proceeds, and for other matters as provided in the Declaration, these Articles of Incorporation or the Bylaws of the corporation. Without limiting the generality of the fore-

going, to the extent authorized by its Board of Directors and in accordance with the provisions of the Declaration, the corporation shall be empowered:

(a) To accept such properties, improvements, rights, and interests as may be conveyed, leased, assigned, or transferred to the corporation; to assume such obligations and duties as may be contained in any lease, assignment or transfer to the corporation; to maintain, operate, and otherwise manage all buildings, structures, improvements, landscaping, parking areas, walks, common elements, common areas, recreational areas and facilities now or hereafter constructed on the Property as provided in the Declaration; to pay all taxes and assessments, if any, which may properly be levied against properties of the corporation; to repair, rehabilitate and restore all buildings, structures and improvements on the Property; to insure the Property and all buildings and structures thereon against such risks as the Board of Directors shall determine; to make assignments and assessments for maintenance and operating charges as the Board of Directors shall determine in accordance with the Declaration and the Bylaws of the corporation and to enforce the collection of such assessments; to impose liens against individual members, Owners and/or Lots to secure the payment of obligations due from members or the Owners of such Lots, and to collect, sue, foreclose or otherwise enforce, compromise, release, satisfy and discharge such demands and liens in accordance with the Declaration; to pay all maintenance, operating and other costs and to do all things and acts which in the discretion of the Board of Directors shall be deemed to be in the best interests of the Owners and the members of the corporation or for the peace, comfort, safety or general welfare of the Owners and the members of the corporation; to make and amend rules and regulations respecting the use of the Property; and, to do all things necessary or appropriate to carry out and to enforce the terms and provisions of the Declaration.

(b) To purchase or otherwise acquire title to Lots or to hold and exercise options to purchase the same, and to lease Lots in the corporation's name as lessee and to sell and lease or to grant options to lease and purchase Lots; and, if the corporation becomes the Owner or lessee of a Lot, to perform all of the obligations of an Owner or lessee thereof and to assume and agree to pay any mortgage constituting a lien upon the Lot.

(c) To develop, construct, purchase, lease, own, improve, maintain, operate and hold real and personal property of every kind and description; to sell, convey, and lease such property; and to mortgage, assign and pledge or otherwise encumber such property.

(d) To borrow money, and to issue notes, bonds, and other evidences of indebtedness in furtherance of any or all of the objects and purposes of the corporation, and to secure the

same by mortgage, trust deed, pledge or other lien on or security interest in property of the corporation.

(e) To enter into, perform, and carry out leases and contracts of any kind necessary to or in connection with or incidental to the accomplishment of any one or more of the objects and purposes of the corporation.

(f) To make refunds of excess payments from Owners, as provided in the Declaration or the Bylaws.

(g) To lend or invest its working capital and reserves with or without security.

(h) To act as surety or guarantor, agent, trustee, broker or in any other capacity when appropriate to the fulfillment and the furtherance of its objects and purposes.

(i) To procure all types and kinds of insurance as shall be deemed to be in the best interests of the corporation.

(j) To pledge the right to exercise its assessment powers as security for any obligation.

(k) To perform the obligations of the corporation under any agreement to which it may become a party.

(l) In general, to do and perform such acts and things and to transact such business in connection with the foregoing objects and purposes as may be necessary and required.

(m) To transact any and all lawful business for which corporations may be incorporated under the laws of the State of Arizona not prohibited by the Declaration or these Articles of Incorporation.

#### ARTICLE V Character of Business

The character of business which the corporation initially intends actually to conduct in Arizona is the fulfillment of all its duties and responsibilities and the exercise of all its rights, powers and prerogatives under the Declaration.

#### ARTICLE VI Membership; Voting Rights

The members of the corporation shall be as provided in the Declaration. Other than its members, the corporation shall have no shareholders, and no capital stock shall be authorized or

issued. The voting rights of the members shall be as provided in the Declaration.

**ARTICLE VII**  
**Statutory Agent**

Brown & Bain, P.A. (Attn: Samuel L. Ciatu) whose address is 222 North Central Avenue, P. O. Box 400, Phoenix, Arizona 85001, is hereby appointed the initial statutory agent of this corporation for the State of Arizona.

**ARTICLE VIII**  
**Board of Directors and Officers**

The business, property and affairs of the corporation shall be managed, controlled and conducted by a Board of Directors. The number of directors, who shall serve without compensation, shall not be less than 3 nor more than 9, as shall be specified in the Bylaws. The initial Board of Directors shall consist of 3 directors. Except for directors designated by the Declarant as provided in the Declaration, each director shall be an Owner or the spouse of an Owner. 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 Declarant and the undersigned incorporators hereby appoint the following individuals to serve as directors until their successors are elected and qualified:

Name:	Address:
Warren D. Hunter	4441 S. McClintock Drive Suite 303 Tempe, Arizona 85282
Randall S. Parr	4441 S. McClintock Drive Suite 303 Tempe, Arizona 85282
Thomas W. Lewis	4441 S. McClintock Drive Suite 303 Tempe, Arizona 85282

Pursuant to Article III, Section 3 of the Declaration, the Declarant shall have the absolute power and right to appoint and remove the members of the Board of Directors until it no longer owns any of the Lots in Canyon Heights. Thereafter, the members of the Board of Directors shall be elected by vote of the members at the annual meeting of the members. A director shall serve until removed or until his successor is duly elected and qualified. Subject to the rights of the Declarant, the Board of Directors may fill any vacancy occurring on the Board

of Directors from whatever cause in the interval between the annual meetings of the members.

The Board of Directors shall have the power to adopt Bylaws and to change or amend the Bylaws as it may from time to time deem appropriate. The Bylaws shall prescribe, among other things, the date of the annual meeting of the members of the corporation.

The principal officers of the corporation shall be a President, one or more Vice Presidents, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors, except as such power may be delegated or pledged by the Board of Directors to the Declarant as provided in the Declaration. The President shall have those powers, duties and responsibilities provided in the Bylaws and by law.

#### ARTICLE IX Private Property

The members, directors and officers of this corporation shall not be individually or personally liable for the debts or other liabilities of this corporation, and the private property of the members, directors and officers of this corporation shall be forever exempt from corporate debts or liabilities of any kind whatsoever.

#### ARTICLE X Interdealing

No transaction, contract or act of this corporation shall be either void or voidable or in any other way affected or invalidated by reason of the fact that any Owner or any officer, director or member of this corporation, or any other corporation or other entity of which he may be an officer, director, member or shareholder, is in any way interested in such transaction, contract or act, provided the interest of such Owner, officer, director or member is disclosed to or known by the members of the Board of Directors of this corporation or such members or directors as shall be present at any meeting at which action is taken upon any such transaction, contract or act. Nor shall any such Owner, officer, director or member be accountable or otherwise responsible to this corporation for or in connection with any such action, contract or transaction or for any gains or profits realized by him by reason of the fact that he, or any other corporation or other entity of which he is an officer, director, member or shareholder is interested in any such transaction, contract or act. Any such Owner, officer, director or member, if he is a director, after making full disclosure of his interest, may be counted in determining the existence of a quorum at any meeting of the Board of Directors of this

corporation which shall authorize or take action upon any such transaction, contract or act, and he may vote at any such meeting to authorize, adopt, ratify or approve any such transaction, contract or act to the same extent as if he, or any other corporation or other entity of which he is an officer, director, member or shareholder, were not interested in such transaction, contract or act.

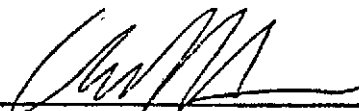
#### ARTICLE XI Indemnification

To the fullest extent permitted by law, this corporation shall indemnify any person against expenses incurred by them, including without limitation attorneys' fees, judgments, fines or amounts paid in settlement, actually and reasonably incurred by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, provided that the Board of Directors shall determine in good faith that such person or entity did not act, fail to act, or refuse to act with gross negligence or with wrongful, fraudulent or criminal intent in regard to the matter involved in the action. Notwithstanding anything to the contrary expressed herein, the Board of Directors shall have the right to refuse indemnification as to expenses in any instance in which the person or entity to whom indemnification would otherwise have been applicable shall have incurred expenses without approval by the Board of Directors which are excessive and unreasonable in the circumstances and are so determined by the Board of Directors, and as to expenses in any instance in which such person or entity shall have refused unreasonably to permit this corporation, at its own expense and through counsel of its own choosing, to defend him or it in the action or to compromise and settle the action.

#### ARTICLE XII Amendments

These Articles of Incorporation may be amended only at a lawfully held meeting of the members by the affirmative vote of a Majority of members then entitled to vote as provided in the Declaration, these Articles of Incorporation or the Bylaws. These Articles of Incorporation shall not be amended to contain any provisions which would be contrary to or inconsistent with the Declaration, and any provision of or purported amendment to these Articles of Incorporation which is contrary to or inconsistent with the Declaration shall be void to the extent of such inconsistency.

IN WITNESS WHEREOF, the undersigned incorporator has hereunto affixed his signature this 21<sup>st</sup> day of September, 1987.



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Warren D. Hunter  
4441 S. McClintock Drive, Suite 303  
Tempe, Arizona 85282

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(d) To borrow money, and to issue notes, bonds, and other evidences of indebtedness in furtherance of any or all of the objects and purposes of the corporation, and to secure the

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corporation which shall authorize or take action upon any such transaction, contract or act, and he may vote at any such meeting to authorize, adopt, ratify or approve any such transaction, contract or act to the same extent as if he, or any other corporation or other entity of which he is an officer, director, member or shareholder, were not interested in such transaction, contract or act.

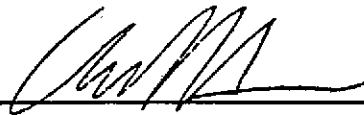
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#### ARTICLE XII Amendments

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IN WITNESS WHEREOF, the undersigned incorporator has hereunto affixed his signature this 21<sup>st</sup> day of September, 1987.



---

Warren D. Hunter  
4441 S. McClintock Drive, Suite 303  
Tempe, Arizona 85282