

West Plaza 3 & 4 Townhouses Association
ARTICLES OF INCORPORATION
OF
WEST PLAZA 3 & 4 TOWNHOUSES ASSOCIATION

KNOW ALL MEN BY THESE PRESENTS;

That the undersigned persons, all of whom are residents of Arizona, have this day voluntarily associated themselves together, for the purpose of forming a corporation under and pursuant to the rules of the State of Arizona, and for that purpose hereby adopt the following Articles of Incorporation:

ARTICLE I

The name of the corporation shall be:

WEST PLAZA 3 & 4 TOWNHOUSES ASSOCIATION

ARTICLE II

This corporation is organized pursuant to the general non-profit corporation laws of the State of Arizona.

ARTICLE III

The names and post office addresses of the incorporators are as follows:

LAWRENCE L. PAVILACK, 381 East Verde Lane, Phoenix, Arizona

EARL SUMRALL, 8601 East Pecos Lane, Scottsdale, Arizona

HENRY F. KAESTNER, 5077 East Granite Reef Road, Scottsdale, Arizona

ARTICLE IV

The number of directors of this corporation to act initially shall be three (3) but such number may be changed by the By-Laws duly adopted. The following persons were elected February 4, 1970, at Phoenix, Arizona, to serve as directors until the election of their successors:

LAWRENCE L. PAVILACK, 381 East Verde Lane, Phoenix, Arizona

EARL SUMRALL, 8601 East Pecos Lane, Scottsdale, Arizona

HENRY F. KAESTNER, 5077 East Granite Reef Road, Scottsdale, Arizona

ARTICLE V

The principal place of business of the corporation shall be at the City of Phoenix, Arizona, but the corporation may establish other offices within Maricopa County, Arizona and hold its meetings at such places within Maricopa County, Arizona as the By-Laws may provide.

ARTICLE VI

The general nature of the business to be transacted and the objectives and purposes of the corporation shall be as follows:

A. To own, operate and/or maintain certain property and improvements to be used in common by and for the benefit of the owners of residences constructed within the following described premises and any additions thereto as may hereafter be brought within the jurisdiction of this association by annexation as provided in Article XX herein and for this purpose:

Lots Twenty (20) through Fifty-two (52), inclusive, and lots One-hundred-one (101) through One-hundred-forty-four, inclusive, and including Tract "I," WEST PLAZA TOWNHOUSES UNIT 3, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, in Book 126 of Maps, page 24, thereof; and

Lots One (1) through Nineteen (19), inclusive, and lots Fifty-three (53) through One-hundred (100), inclusive, and including Tract "I," WEST PLAZA TOWNHOUSES UNIT 4, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, in Book 126 of Maps, page 25, thereof.

The association, through its Board of Directors and the professional management company, is responsible for maintenance of exteriors of townhouses (this does not include windows or window washing), common facilities, lawn care, bookkeeping and accounting functions, sidewalk maintenance and collecting of monthly maintenance fees

4801 West Northern Avenue, Glendale, Arizona 85301

and numerous other matters. The Association has the right to charge reasonable fees for the use of recreational facilities and to establish and enforce other reasonable rules and regulations governing the use of the common facilities.

In order to protect property values, aesthetics and to provide assurance that future developments, additions and changes will conform and be harmonious with the external design and location of existing structures, the owners through their Board of Directors, will establish a committee for Architectural Control. The approval of the committee will be required before additions or changes can be made to any buildings, fences, hedges, walls or other structures.

Each townhouse shall be assessed the same monthly maintenance fee, which fee is established annually by the Board of Directors, subject to controls limiting the amount of any increase. The amount of any increase by the Board of Directors in the monthly maintenance fee over the initially provided maximum assessment (\$420.00) is basically limited to three per cent (3%) per year. Only by vote of the owners themselves can the initially established maximum maintenance fee be increased more than three per cent (3%) over the assessment of the previous year. Special assessments can be established to provide for the construction of additional recreational and other common facilities, unexpected repairs, or the alteration, replacement, demolition or removal of existing recreational and other common facilities. These special assessments require approval of two-thirds (2/3) of each class of the members if it would result in the total annual assessment exceeding the maximum permitted for the year. Since it is important that each owner pay his assessment when due, procedures for the enforcement and collection of assessments have been established. A lien will be created against an owner's townhouse for the delinquent amount of any delinquent assessment. After an assessment is delinquent over twenty (20) days, it bears interest at the rate of seven percent (7%) per annum. This lien is for the benefit of the Association and can be foreclosed. In addition, the Association can file an action in court to collect the amount of the Assessment plus costs and attorney's fees without foreclosing the lien.

Any merger of the Association, dissolution of the Association or annexation of additional property and inclusion within the Association can be accomplished only with the approval of two-thirds (2/3) of each class of the members of the Association.

The proposed monthly maintenance fee budgeted for each unit is as follows:

Gas	.50
Electric	2.09
Water and Sewer	1.25
Telephone	.10
Lawn Service	3.96
Lifeguard	1.11
Maintenance Manager	3.90
Club House Supervisor	1.84
Repairs and Maintenance	3.80
Sweeping Service	.50
Pest Control	.45
Management Fee	4.00
Common Area Taxes	2.50
Reserve	<u>5.00</u>
TOTAL	32.00

The Board of Directors does have the power to increase this amount to the maximum provided in the Declaration of Covenants, Conditions and Restrictions, as referred to above, without approval of the Members.

ARTICLE VII

The corporation shall be a non-stock corporation and shall be owned by its members, who shall be collectively called the Members of the Association, and no dividends or pecuniary profits shall be paid to its members. Membership in the Association, except for membership of the incorporators and the first Board of Directors, shall be limited to record owners of equitable title (or legal title if the equitable title has merged) of townhouses constructed or planned to be constructed on the property described above, and any additions thereto as may hereafter be brought within the jurisdiction of this Association by annexation as provided in Article XX herein and for this purpose. An owner of a townhouse shall automatically, upon becoming the owner of a townhouse, be 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 said Association shall automatically cease. Nothing herein is intended to include as

members of the Association persons or entities who hold an interest merely as security for the performance of an obligation. No certificates of membership shall be issued and membership shall be evidenced by an official list of said members, which list shall be kept by the Secretary of the Association. No membership shall be issued to any other person or persons except as they may be issued in substitution for outstanding memberships assigned to the new record owners of equitable title (or legal title if equitable title has merged). Membership shall be appurtenant to and may not be separated from ownership of any lot.

In the event any such townhouse is owned by two or more persons, whether by joint tenancy, tenancy in common, community property or otherwise, the membership as to each townhouse unit shall be joint and a single membership for such townhouse shall be issued in the names of all, and they shall designate to the Association in writing at the time of issuance one of their number who shall hold the membership and have the power to vote said membership, and in the absence of such designations and until such designation is made, the Board of Directors of the Association shall make such designation.

ARTICLE VIII

The Association shall have two classes of voting membership.

Class A. Class A members shall be all those owners as defined in Article VII. A Class A member shall be entitled to one vote for each lot owned by said member, as provided above.

Class B. The Class B members shall be the Declarant (as defined in the Declaration of Covenants, Conditions, and Restrictions recorded for the property referred to in Article VI A above). The Class B member shall be entitled to three (3) votes for each lot in which it holds the interest required for membership by Article VII, provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (b) Two (2) years from the date of the above-referred to Declaration.

ARTICLE IX

The time of commencement of this corporation shall be the date upon which the Arizona Corporation Commission shall issue its Certificate of Incorporation and the termination of the corporation shall be twenty-five (25) years thereafter, with the power and privilege of renewal as provided by law. Application for the renewal of such corporate existence shall be made in a timely manner prior to the date of termination of the original corporation charter.

ARTICLE X

The affairs of the corporation shall be conducted by a Board of Directors consisting of an odd number of not less than five (5) nor more than seven (7) members, except for the initial directors as provided in Article IV above, or as may be fixed from time to time by the Members of the Association, and such other officers as the Board of Directors may select from time to time, including a President, a Vice President, a Secretary and a Treasurer. The same person may hold any two offices, except that the President may not at the same time hold the office of the Vice President or Secretary.

The Directors shall be elected by the Members of the Association at the first and each ensuing annual meeting thereof, as provided for in the By-Laws of this corporation. The Directors, other than those named in Article IV above, must be members of the Association. In addition to those eligible to be a Director, as indicated above, any Director, officer or employee of a corporation, which is a member of the Association, shall be eligible to be a Director of the townhouse corporation upon being so authorized by said member corporation. The Board of Directors, at any regular or special meeting called for such purpose, shall have full power to adopt or repeal, by majority vote, resolutions and By-Laws governing the powers, duties and qualifications of officers and stockholders, the time and manner of holding meetings, the manner of conducting and carrying on the business and affairs of the corporation, where such resolutions and By-Laws are not contrary to, or inconsistent with, law or these Articles.

ARTICLE XI

Any indebtedness or liability, direct or contingent, must be authorized by an affirmative vote of a majority of the votes cast by the members of the Board of Directors at a lawfully held meeting, and approved by the Arizona Corporation Commission, to the extent required by the laws of the State of Arizona. The highest amount of indebtedness or liability, direct or contingent, to which this corporation may be subject at any one time shall not

exceed one-hundred-fifty percent (150%) of its income for the previous year, except that additional amounts may be authorized by an affirmative vote of two-thirds (2/3) of the Members of the Association.

ARTICLE XII

Any mortgage by the Association of the common area, as defined in the Declaration of Covenants, Conditions and Restrictions for the property referred to in Article VI, shall have the assent of two-thirds (2/3) of the entire Class A membership and two-thirds (2/3) of the Class B membership, if any.

ARTICLE XIII

The private property of each and every officer, director and member of the Association of this corporation shall at all times be exempt from all debts and liabilities of the corporation.

ARTICLE XIV

This corporation hereby appoints LAWRENCE L. PAVILACK, 733 Security Building, Phoenix, Arizona, who is now and has been for more than three (3) years last 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 so served, shall be lawful, personal service upon this corporation. The Directors may, at any time, appoint another agent for such purpose, and the filling of such other appointment shall revoke this or any other previous appointment of such agent.

ARTICLE XV

The first annual meeting of the Members of the Association of the corporation shall be held within sixty (60) days after the builder has constructed and conveyed sixty-six percent (66%) of the total number of residence units to be constructed within the premises as described in Article II of the By-Laws, or within one (1) year from the date of incorporation, whichever is sooner. Thereafter, the annual meetings of the Members of the Association shall be on the 4th Thursday of April of each year or at such time as shall be specified by the By-Laws of this corporation duly adopted or amended. Any such amendment of the By-Laws, thus duly adopted, changing the date of the annual meeting shall be valid and effective without the necessity of amending the Articles of Incorporation of the corporation. The annual meetings of the Board and the Members of the Association shall be held at the office of the corporation or at such other office or offices at such other places within the County of Maricopa, State of Arizona, as may be designated by the Board of Directors. There shall be no less than two (2) meetings of the Board of Directors during each fiscal year.

ARTICLE XVI

The corporation shall not execute or file for record any documents which impose a restriction upon the sale, lease or occupancy of property solely on the basis of race, color or creed.

ARTICLE XVII

These Articles of Incorporation may be amended by the affirmative vote of seventy-five percent (75%) of the entire membership. As long as there is a Class B membership, amendment of these Articles will require the prior approval of the Federal Housing Administration.

ARTICLE XVIII

The corporation shall have power to dedicate, sell or transfer all or any part of the common area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by members entitled to cast two-thirds (2/3) of the votes of the Class A membership and two-thirds (2/3) of the votes of the Class B membership, if any, agreeing to such dedication, sale or transfer.

ARTICLE XIX

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any. Upon dissolution of the Association, the assets, both real and personal, of the Association shall be dedicated to an appropriate public agency to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to purposes and uses that would most nearly reflect the purposes and uses to which they were required to be devoted by the Association.

ARTICLE XX

The Association may, at any time, annex additional residential properties and common areas to the properties described in Article VI, and so add to its membership under the provisions of Article VII, provided, however, that any such annexation shall have the assent of two-thirds (2/3) of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any.

ARTICLE XXI

To the extent permitted by law, the Association may participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, provided, however, that any such merger or consolidation shall have the assent of two-thirds (2/3) of the entire Class A membership and two-thirds (2/3) of the entire Class B membership, if any.

ARTICLE XXII

As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dedication of Common Area, dissolution and amendment of these Articles.

IN WITNESS WHEREOF, the undersigned persons have hereunto set their hands, this 4th day of February, 1970.

/s/ Lawrence L. Pavilack

/s/ Earl Sumrall

/s/ Henry F. Kaestner

STATE OF ARIZONA)

COUNTY OF MARICOPA)

ss

This instrument was acknowledged before me this 4th day of February, 1970, by Lawrence L. Pavilack, Earl Sumrall and Henry F. Kaestner.

WITNESS my hand and official seal.

My commission expires: 6-8-73

/s/ Shirley Lionelli