

COPY

**ARTICLES OF INCORPORATION
OF
DESERT FOOTHILLS, A CONDOMINIUM ASSOCIATION**

ARTICLE I

NAME

The name of the corporation is Desert Foothills Condominium Association.

ARTICLE II

DEFINED TERMS

Capitalized terms used in these Articles without definition shall have the meanings specified for such terms in the Arizona Condominium Act, A.R.S. §33-1201, et seq., and the Condominium Declaration for Desert Foothills Condominium Association recorded at Recording No. 2004-0854550, in the official records of the County Recorder of Maricopa County, Arizona, as amended from time to time. As used in these Articles, the term "Eligible Votes" means the total number of votes entitled to be cast by Members as of the record date for determining the Members entitled to vote at a meeting or in respect of any other lawful action including, but not limited to, action by written ballot or written consent.

ARTICLE III

KNOWN PLACE OF BUSINESS

The known place of business of the Association shall be located at 8940 E. Raintree Drive, Suite 200, Scottsdale, Arizona 85260.

ARTICLE IV

STATUTORY AGENT

Jim Riggs, whose address is 8940 E. Raintree Drive, Suite 200, Scottsdale, Arizona 85260, and who has been a bona fide resident of the State of Arizona for more than three (3) years last past, is hereby appointed and designated the initial statutory agent for the Corporation.

ARTICLE V

PURPOSE AND POWERS OF THE ASSOCIATION

The Association is organized as a nonprofit corporation under the Arizona Nonprofit Corporation Act. The object and purpose for which the Association is organized is to provide for the management, maintenance, and care of the Common Elements and to perform such other duties as are imposed upon the Association under the Condominium Documents. In furtherance of, and in order to accomplish the foregoing object and purpose, the Association may transact any or all lawful business for which corporations may be incorporated under the laws of the State of Arizona, as amended from time to time, and may exercise all powers granted to the Association by the Condominium Documents or by the laws of the State of Arizona governing nonprofit corporations.

ARTICLE VI

CHARACTER OF BUSINESS

The character of the business which the Association intends to conduct in Arizona is to provide for the management, maintenance and care of the Common Elements and to exercise and perform such other powers and duties as are imposed upon or granted to the Association under the Condominium Act and the Condominium Documents.

ARTICLE VII

MEMBERSHIP AND VOTING RIGHTS

The Members of the Association shall be the Unit Owners. All Unit Owners shall be mandatory members of the Association, and no Member shall have the right to resign as a member of the Association. By acquiring fee title to or otherwise becoming the Unit Owner of a Unit, a Person consents to becoming a member of the Association. Each Unit Owner shall have such rights, privileges and votes in the Association as are set forth in the Condominium Documents. The provisions of the Condominium Declaration with respect to membership in the Association and the voting rights of the Members are hereby incorporated in these Articles by reference.

ARTICLE VIII

BOARD OF DIRECTORS

The number of directors constituting the initial Board of Directors shall be one (1). The name and address of the initial director of the Association who shall serve as a director until he resigns, is removed or his successors are elected and qualified are as follows:

| <u>Name</u> | <u>Mailing Address</u> |
|-------------|--|
| Jim Riggs | 8940 E. Raintree Drive Suite 200 Scottsdale, Arizona 85260 |

The number of directors may be changed from time to time by the Board of Directors, but the number of directors may not be less than one (1) nor more than nine (9) and must be an odd number. After the expiration of the Period of Declarant Control, the number of directors must be at least three (3).

The Board of Directors shall adopt the initial Bylaws of the Association. The power to alter, amend or repeal the Bylaws is reserved to the Members except that during the Period of Declarant Control, the Declarant, without the consent of any Unit Owner, may amend the Bylaws in order to: (a) comply with the Condominium Act or any other applicable law if the amendment does not adversely affect the rights of any Unit Owner; (b) correct any error or inconsistency in the Bylaws if the amendment does not adversely affect any Unit Owner; or (c) comply with the regulations or guidelines in effect from time to time of any governmental or quasi-governmental entity or federal corporation guaranteeing or insuring mortgage loans or governing transactions involving mortgage instruments.

ARTICLE IX

OFFICERS

The following person shall be the initial officer of the Association and shall hold the positions opposite his name until the first annual meeting of the Association and until his successors have been elected and qualified:

| | | |
|-----------|---|---------------------|
| Jim Riggs | - | President |
| Jim Riggs | - | Secretary/Treasurer |

ARTICLE X

LIMITATION ON LIABILITY OF DIRECTORS

The personal liability of a director of the Association to the Association or its Members for money damages for any action taken or any failure to take any action as a director is hereby eliminated to the fullest extent permitted by the Arizona Nonprofit Corporation Act, as amended from time to time. Any repeal or modification of this Article X shall be prospective only and shall not adversely affect the personal liability of a director or prior director for any act or omission occurring prior to the effective date of such repeal or modification.

ARTICLE XI

DISSOLUTION

The Association may be dissolved with the consent given in writing and signed by Members holding not less than eighty percent (80%) of the Eligible Votes. So long as the Declarant owns one or more Units, the Association may not be dissolved without the prior written approval of the Declarant.

ARTICLE XII

AMENDMENTS

These Articles may be amended by Members holding at least sixty-seven percent (67%) of the Eligible votes, except that during the Period of Declarant Control the Declarant shall have the right to amend these Articles in order to: (a) comply with the Condominium Act or any other applicable law if the amendment does not adversely affect the rights of any Unit Owner; (b) correct any error or inconsistency in the Bylaws if the amendments does not adversely affect any Unit Owner; or (c) comply with the requirements or guidelines in effect from time to time of any governmental or quasi-governmental entity or federal corporation guaranteeing or insuring mortgage loans or governing transactions involving mortgage instruments. Any amendment to these Articles must be approved in writing by the Declarant so long as the Declarant owns one or more Units.

ARTICLE XIII

INDEMNIFICATION

The Association shall indemnify any person made a party to any civil suit or criminal, administrative or investigative action, other than an action by or in the right of the Association,

by reason of the fact that he is or was a member, director, officer, employee or agent of the Association against expenses, including attorneys' fees, and judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, if he acted, or failed to act, in good faith and he reasonably believed (a) in the case of conduct in an official capacity with the Association, that the conduct was in its best interest, (b) in all other cases, that the conduct was at least not opposed to its best interests and (c) in the case of any criminal action or proceeding, that he had no reasonable cause to believe the conduct was unlawful. Any indemnification of the members, directors, officers, employees or agents of the Association shall be governed by and made in accordance with the Arizona Nonprofit Corporation Act. Any repeal or modification of this Article XIII shall be prospective only and shall not adversely affect, defeat or limit the right of any person to indemnification for any act, or failure to act, occurring prior to the effective date of such repeal or modification prospective only and shall not adversely affect, defeat or limit the right of any person to indemnification for any act, or failure to act, occurring prior to the effective date of such repeal or modification.

ARTICLE XIV

DURATION

The Corporation shall exist perpetually.

ARTICLE XV

INCORPORATOR

The name and address of the incorporator of this Association is:

| <u>Name</u> | <u>Address</u> |
|-------------|---|
| Jim Riggs | 8940 E. Raintree Drive, Suite 200 Scottsdale, Arizona 85260 |

Dated this 28 day of July, 20034

Jim Riggs 