



AZ CORPORATION COMMISSION
FILED

ARTICLES OF INCORPORATION

OF

PALOMINO POINTE
ASSOCIATION

SEP 9 2005
FILE NO. 12320974

The undersigned, whose addresses appear opposite their respective names below, have this day associated themselves for the purpose of forming a non-profit corporation under the laws of the State of Arizona, and for that purpose do hereby adopt the following Articles of Incorporation.

ARTICLE I

Name

The name of this Corporation shall be PALOMINO POINTE ASSOCIATION, (hereinafter referred to as the "Association").

ARTICLE II

Business and Purpose

SECTION 1. This Association is formed to serve as the governing body for every "Owner" of a "Lot", as those terms are defined in that certain Declaration of Covenants, Conditions and Restrictions for PALOMINO POINTE, which was recorded at Official Record No. 2005-1283457 on September 1, 2005, in the Office of the County Recorder of Maricopa County, Arizona (the "Declaration").

All capitalized terms as used in these Articles of Incorporation shall have the same meaning as set forth in the Declaration.

As provided in and pursuant to the Declaration, this Association shall, to the extent permitted by applicable law, serve as the governing body for all of the Owners for the maintenance, repair, replacement, administration, and operation of the Common Area, and the performance of such duties and functions, and the

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exercise of such rights, as are given and assigned to it by said Declaration as the same may hereafter be amended.

SECTION 2. Notwithstanding anything herein contained to the contrary, no part of the activities of the Association shall be devoted to carrying on propaganda or otherwise attempting to influence legislation and the Association shall make no gift, donation, or contribution to any institution or organization engaged in such activities. No part of the net earnings of the Association shall inure to the benefit of any private inductor or individual (other than by acquiring, constructing, or providing management, maintenance, and care of the Common Area and other than by a rebate of excess Assessments). Further, any other provisions herein to the contrary notwithstanding, the Association shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and the Rules and Regulations of the United States Internal Revenue Service promulgated thereunder, as they now exist or as they may hereafter be amended, or by an organization, the contributions to which are deductible under Section 170(c)(2) of such Code, Rules, and Regulations as they now exist or as they may hereafter be amended.

SECTION 3. In the conduct of its business, this Association to the extent authorized by its Board of Directors and in accordance with the provisions of the Declaration, shall be empowered to do all things that a private person or individual might do under the laws of the State of Arizona, including, but not limited to, the following:

(a) To accept such properties, improvements, rights, and interest as may be conveyed, leased, assigned, or transferred to this Association and to assume such obligations and duties as may be contained in any lease assigned or transferred to this Association;

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(b) To maintain and otherwise manage all of the Common Area, including all facilities, and landscaping thereon, and all other property acquired by the Association, to pay all taxes and assessments, if any, which may properly be levied against the Common Area other than taxes separately assessed to the Lots; to repair, rehabilitate, and restore the Common Area; to insure the Common Area against such risks as the Board of Directors shall determine or as provided by the Declaration; to levy and collect Assessments for the Common Expenses of the Association as the Board of Directors shall determine in accordance with the Declaration and the By-Laws of the Association; and to impose liens against any Lots, or any Condominium Units comprising any Lots, in order to secure the payment of obligations due from the Owners thereof, and to collect, sue, foreclose, or otherwise enforce, compromise, release, satisfy, and discharge such obligations, demands, and liens in accordance with the Declaration;

(c) To do all things necessary to carry out and enforce the terms and provisions of the Declaration, and to do all things and acts, including the payment of all maintenance, operating and other costs, which in the sole discretion of its Board of Directors shall be deemed to be in the best interest of the members of this Association or for the peace, comfort, safety, or general welfare of the Owners, all in accordance with the Declaration;

(d) To enter into Management Agreements with third parties authorizing such parties to carry on any activities which might legally be carried on by the Association and delegated by the Association to third parties.

(e) To develop, construct, purchase, lease, own, improve, maintain, operate, and hold real and personal property of every kind and description as is reasonably necessary for the objects of the Association; to sell,

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convey, and lease such property; and to mortgage, assign, and pledge or otherwise encumber such property.

(f) 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 this Association and to secure the same by the mortgage, trust deed, pledge, or other lien on, or security interest in, property of this Association;

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

(h) To lend or invest its working capital and reserves with or without security;

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

(j) To do all other acts and things authorized in the Declaration, as amended, or supplemented from time to time, but not explicitly set out above;

(k) To sue and be sued;

(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 to do any and all things which a natural person could do or which now or hereafter may be authorized by law.

The character of business which the Association initially intends to conduct in the State of Arizona is the operation of an Association of Lot Owners to provide for the management, maintenance, and care of the Common Area for the benefit of the members of the Association.

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ARTICLE III**Place of Business**

SECTION 1. The principal place of business and office for the transaction of business of this Association shall be located at Phoenix, Arizona, but other offices may be established and maintained in such places as the Board of Directors may designate and where, except as otherwise provided in these Articles of Incorporation or the By-Laws, meetings of members of the Association and the Board of Directors may be held.

ARTICLE IV**Membership**

SECTION 1. The Association shall be a non-stock corporation and shall be owned by its members, and no dividends or pecuniary profits shall be paid to its members.

Membership in the Association shall be limited to the Owners. The foregoing Owners shall not include persons or entities who hold an interest merely as security for the performance of an obligation. An Owner shall automatically be a member of the Association and shall remain a member of the Association until such time as his or her ownership ceases for any reason, at which time his or her membership in said Association shall automatically cease. The membership of an Owner shall be appurtenant to and may not be separated from the fee ownership of a Lot, or the fee ownership of a Condominium Unit comprising any portion of a Lot. Not more than one (1) membership shall exist based upon ownership of a Lot or ownership of a Condominium Unit comprising any portion of a Lot.

SECTION 2. No Certificate 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. The membership held by any

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Owner shall not be transferred, pledged, or alienated in any way, except upon the conveyance of a Lot, or the conveyance of a Condominium Unit comprising any portion of a Lot, and then only to the purchaser of such Lot, or such Condominium Unit comprising any portion of such Lot. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association.

SECTION 8 The Association shall have two (2) classes of voting membership:

CLASS A. Class A members shall be all Owners with the exception of Declarant. Class A members shall be entitled to one (1) vote for each Condominium Unit, or for each Single Family Residence (as defined in the Declaration), comprising any portion of any Lot, owned by any such Owner. Therefore, the maximum number of Class A votes per Lot shall be four (4) votes, and the maximum number of Class A votes per Condominium Unit, or Single Family Residence, shall be one (1) vote. When more than one (1) person owns an interest in a Condominium Unit or a Single Family Residence, each such Person shall be a member of the Association but the vote for such Condominium Unit or Single Family Residence shall be exercised as the co-Owners themselves determine, but in no event shall more than one (1) vote be cast with respect to any Condominium Unit or any Single Family Residence. The Association shall not be required to recognize the vote or written assent of any such co-Owner except the vote or written assent of the co-Owner designated in a writing executed by all such co-Owners and delivered to the Association.

CLASS B. The Class B member shall be the Declarant. The Declarant shall be entitled to three (3) votes for each Condominium Unit, or for each Single Family Residence comprising any portion of any Lot, which it owns. Therefore, the maximum number of Class B votes per Lot shall be twelve (12) votes, and the

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maximum number of Class B votes per Condominium Unit, or Single Family Residence, shall be three (3) votes. The Class B membership shall cease and be converted into Class A membership on the happening of whichever of the following is first in time:

(a) On the date which is NINETY (90) days subsequent to the date when the total votes outstanding in the Class A Membership equal or exceed the total votes outstanding in the Class B membership; or

(b) On the second (2nd) anniversary following the date of execution by any Declarant, as defined in the Declaration, to offer Lots for sale in the ordinary course of business.

Cumulative Voting. In the election of directors, members shall be entitled to cumulate their votes in accordance with Article XIV, Section X, of the Constitution of the State of Arizona.

ARTICLE V

Board of Directors

The control and management of the affairs of this Association shall be vested in a Board of Directors of not less than three (3) nor more than seven (7) members. The names and addresses of those selected at a meeting held in Scottsdale, Arizona, on September 1, 2005, to serve as Directors beginning with the incorporation of this Association and until their successors shall be chosen are:

Jonathan A. Bliven
7110 East Continental Drive
Scottsdale, Arizona 85257

Lynda S. Bliven
7110 East Continental Drive
Scottsdale, Arizona 85257

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Bridget Salyer
7110 East Continental Drive
Scottsdale, Arizona 85257

ARTICLE VI**Private Property**

The Owners, directors, and officers of this Association shall not be liable for the debts of this Association, and the private property of the Owners, directors, and officers of this Association shall be forever exempt from corporate debts of any kind whatsoever, provided, however, that nothing herein contained shall limit or restrict any liability, obligations, or responsibility of the Owners hereof to each other or to this Association as are set forth in the Declaration.

ARTICLE VII**Statutory Agent**

This Association does hereby appoint JOHN W. WEIDEMAN, Attorney-at-Law, 3511 East Desert Cove Avenue, Phoenix, Arizona 85028, its lawful agent in and for the State of Arizona for and on behalf of said Association, in any of the courts in said State of Arizona to accept service of process or notice, such service or process or notice, or the acceptance thereof, by said agent enclosed hereto to have the same force and effect as if served upon an officer of the Association. The foregoing appointment may be revoked at any time by filing an appointment of a successor agent.

ARTICLE VIII**Indemnification**

The Association will and now does indemnify any and all of its present or former directors, officers, employees, or agents to the maximum extent permitted by applicable law. Without limiting the generality of the foregoing, the Association will and now does indemnify any and all of its directors and officers, or former directors and officers, against expenses incurred by them, including

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legal fees, or judgments or penalties rendered or levied against such persons in a legal action brought against any such person for actions or omissions alleged to have been committed by any such person while acting within the scope of his employment as a director or officer of the Association, provided that the Board of Directors shall determine in good faith that such person did not act, fail to act, or refuse to act willfully or with gross negligence or with fraudulent or criminal intent in regard to the matter involved in the action or omission.

ARTICLE IX

Amendments

These Articles of Incorporation may be amended by the affirmative vote of 75% of the voting power of the Association at a meeting of the Owners held for that purpose; provided, however, that any amendment hereto which would have the effect of causing the following actions will require the prior written approval of all of the first mortgagees of the Lots and Condominium Units (based upon one (1) vote for each first mortgage owned with respect to any Single Family Residence) who have provided written notifications to the Association of their respective desire to be informed of and to approve in advance the matters hereinafter set forth and eighty percent (80%) of the Owners of all of the Lots and Condominium Units (based upon one (1) vote for each Single Family Residence owned), or such higher percentage as may be required in the Declaration or by applicable law.

(a) By act or omission, to cause the abandonment or termination of the Declaration, except as set forth in the Declaration.

(b) To change the allocated voting rights or the allocated interest or obligation of any individual Lot or Condominium Unit for the purpose of levying Assessments.

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(c) To partition or subdivide any Lot, except as is otherwise permitted in §3.12 of the Declaration; or to partition or subdivide any Condominium Unit comprising any portion or any Lot which has been established in the manner set forth in §3.12 of the Declaration.

(d) By act or omission, to cause the abandonment, partition, subdivision, encumbrance, sale, or transfer of the Common Area, except for the grant of easements for public utilities or other public purposes consistent with the intended use of the Common Area and the Property, as set forth in the Declaration.

(e) To cause the use of hazard insurance proceeds payable or paid due to losses to any portion of the Common Area for other than the repair, replacement, or reconstruction of such Common Area, except as set forth in the Declaration or by applicable statute.

Notwithstanding anything contained herein to the contrary, no amendment to these Articles of Incorporation shall be made or become effective, which amendment diminishes or otherwise impairs any of the rights, privileges, or powers granted in the Declaration to any first mortgage, without the prior written consent of the holders of all first mortgages.

As long as there is a Class B Membership, the following actions will require the approval of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the United States Department of Housing and Urban Development/Federal Housing Administration, or the Veterans Administration (if any of said entities have guaranteed, approved or insured any mortgage on any Lot or Condominium Unit):

Admission of additional properties, mergers and consolidations, mortgaging of the Common Area, dedication of the Common Area, or dissolution of the Association.

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ARTICLE X**Interpretation**

These Articles shall be interpreted in accordance with all of the Rules, Regulations and requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Veterans Administration or the United States Department of Housing and Urban Development/Federal Housing Administration, respectively applicable to guaranteed, approved or insured mortgages, in the event any of said entities as the case may be, approves the Project encompassed under the Declaration and has guaranteed, approved or insured one (1) or more mortgages on the Lots or Condominium Units therein. Interpretation of these Articles in accordance with the above Rules, Regulations, and requirements of the Federal National Mortgage Association, the Federal Home Loan Corporation, the Veterans Administration or the United States Department of Housing and Urban Development/Federal Housing Administration, as the case may be, shall be made as of the date of the Declaration or as thereafter amended, and any provisions hereof which are inconsistent therewith shall be deemed modified to conform to said Rules, Regulations, and requirements. If there is any conflict between or among these Articles, the Declaration, the By-Laws, or the Rules and Regulations of the Association, the provisions of the Declaration shall prevail thereafter, priority shall first be given to these Articles, then to the By-Laws and then to the Rules and Regulations of the Association.

ARTICLE XI**Duration**

The duration of the Association shall be perpetual.

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ARTICLE VII

Fiscal Year

The fiscal year of the Association shall begin on the 1st day of January of each year and shall end on the 31st day of December of each year.

IN WITNESS WHEREOF, we, the undersigned Incorporators, have executed these Articles of Incorporation as of the 28 day of September, 2005.

Jonathan A. Brown
Jonathan A. Brown, Incorporator
7710 East Continental Drive
Scottsdale, Arizona 85257

Lynda P. Brown
Lynda P. Brown, Incorporator
7710 East Continental Drive
Scottsdale, Arizona 85257

LAW OFFICES OF JOHN W. WEIDEMAN, P.C.

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E-MAIL: jww@jwwpc.com

September 29, 2005

ARIZONA CORPORATION COMMISSION
1308 West Washington
Phoenix, AZ 85007

In Re: PALMINDO POINTS ASSOCIATION, an Arizona
non-profit corporation ("Corporation")

The undersigned, a resident of the State of Arizona for more than three (3) years, being designated as such, hereby agrees to act as the Statutory Agent for the Corporation, until such time as his successor is duly appointed and qualified.

Sincerely,



John W. Weideman
Attorney-at-Law

