

File # 137708

AZ CORP COMMISSION
FOR THE STATE OF AZ
FILED

ARTICLES OF INCORPORATION APR 15 10 41 AM '91
OF
Pinnacle Peak Shadows Homeowners Association, Inc.
INC. FILED 5-1
Pinnacle Peak Shadows Homeowners Association, Inc.

Pursuant to those certain Declarations of Restrictions dated the 24th day of January, 1977, and the 9th day of January, 1978, respectively, and recorded on the 31st day of January, 1977, and on the 18th day of January, 1978, respectively, in Dockets 12057 and 12661, at pages 51 and 331 respectively, in the office of the County Recorder of Maricopa County, Arizona, as the same may be amended from time to time (collectively hereinafter called the "Declaration"), and in compliance with the requirements of A.R.S. §10-1001 et seq. (the "Act"), the undersigned have this day voluntarily associated themselves together for the purpose of forming a nonprofit corporation and do hereby adopt the following Articles of Incorporation:

ARTICLE I

DEFINITIONS

The words and terms used herein shall be deemed to have the same meanings as are given those words and terms in the Declaration. "Declarant" as used herein shall refer to TRW Investment Corporation (and to Minnesota Title & Trust, as Trustee of and for TRW Investment Corporation under the Declaration), and the successors and assigns of Declarant's rights and powers under the Declaration. "Pinnacle Peak Shadows" as used herein to describe a place shall refer to the real property described in the Declaration as Pinnacle Peak Shadows, Units 1 and 2.

ARTICLE II

NAME

The name of the corporation is Pinnacle Peak Shadows Homeowners Association, Inc., hereinafter called the "Association".

ARTICLE III

PRINCIPAL PLACE OF BUSINESS

The principal and known place of business and office of the Association shall initially be located at 4419 North Scottsdale Road, Scottsdale, Arizona 85251. Thereafter, it is contemplated that the principal and known place of business of the Association will be located on Pinnacle Peak Shadows, and a statement setting forth such change of known and principal place of business shall be filed as provided under the Act.

ARTICLE IV

STATUTORY AGENT

William F. Behrens, a bona fide resident of the State of Arizona for the last three (3) years, whose address is Suite 2163, Del Webb's TowneHouse Tower, 100 West Clarendon, Phoenix, Arizona 85013, is hereby appointed the initial statutory agent of the corporation.

ARTICLE V

PURPOSES, POWERS AND CHARACTER OF AFFAIRS

This Association does not contemplate pecuniary gain or profit to the Members thereof. The specific purposes for which the Association is formed are the maintenance, operation, repair, general management and care of the amenities presently in Pinnacle Peak Shadows, including without limitation the roads, walls, road and wall extensions if any and drainage easements, all as more fully set forth in the Declaration. For these purposes, and subject to any limitations set forth in the Declaration, the Association shall have the power to plant, protect, maintain and otherwise manage the landscaping; provide for the repair, maintenance, replacement and management of all roads (public and private); carry out the duties and obligations of the Architectural Committee; acquire and own such real estate as may reasonably be necessary for these purposes; and levy and collect assessments for these purposes; all as set forth more fully in the Declaration. Moreover, the Association shall have and exercise any and all other powers, rights and privileges which a corporation organized under the Act may by law now or hereafter have or exercise. Provided, however, that no part of the activities of the Association shall involve carrying on propaganda or otherwise attempting to influence legislation. Moreover, the Association shall make no gift or any other contribution to any organization engaged in such activities. No part of the net earnings of the Association shall inure to the benefit of any member or individual (other than by promoting social and recreational activities for members, or by rebate of excess assessments). The Association initially shall carry out its duties and obligations as set forth in the Declaration, including without limitation providing of an organizational structure for exercise of the above powers and carrying out the aforesaid purposes.

ARTICLE VI

MEMBERSHIP AND VOTING

As more fully set forth in the Declaration, every owner of a lot in Pinnacle Peak Shadows shall be a Member of the Association; each such owner shall be entitled

to one membership for each lot owned by such owner; each such owner shall be entitled to a membership certificate issued in the name of such owner; and if any lot is owned by two or more persons, a single membership certificate shall be issued in the names of all owners of record, and they shall designate in writing to the Association one of their number who shall have the power to vote that certificate. Each such membership shall be appurtenant to and may not be separated from ownership of the lot to which the membership is attributable. Declarant shall likewise be a member as to each lot owned by it. Each owner shall be entitled to one (1) vote for each membership held by such owner, subject to the authority of the Association to suspend the voting rights of any owner for any violation of the Declaration. No change in the ownership of a membership shall be effective for voting purposes unless and until the Association is given actual written notice of such change and is provided satisfactory proof thereof. Fractional votes shall not be allowed. If any member casts a vote representing a certain membership, it will thereafter be conclusively presumed for all purposes that such member was acting with the authority and consent of all other owners of the same membership unless objection thereto is made at the time the vote is cast. If more than one vote is cast for a particular membership, none of said votes shall be counted, and all such votes shall be deemed void. In any election of the members of the Board of Directors of the Association, every owner of a membership entitled to vote at such election shall have a number of votes for each membership equal to the number of directors to be elected, and each member shall have the right to accumulate his votes for one candidate or to divide such votes among any number of the candidates. The candidates receiving the highest number of votes, up to the number of the board members to be elected, shall be deemed elected. Each member shall have the rights, duties and obligations set forth in the Declaration and such other rights, duties and obligations as are set forth in these Articles and the By-Laws, as the same may be amended from time to time. Except as otherwise provided herein for proxies, the rights and obligations of the owner of a membership in the Association shall not be assigned, transferred, pledged or alienated in any way except upon transfer of ownership of an owner's lot and then only to the transferee of ownership to the lot. A transfer of ownership to a lot may be effected by deed, intestate succession, testamentary disposition, foreclosure of a mortgage of record, or such other legal process as now in effect or as may hereafter be established under or pursuant to the laws of the State of Arizona. Any attempt to make a prohibited transfer shall be void. All owners of a membership may designate one or more other members or non-members to exercise such member's voting rights by written proxy. The Board of the Association may, among other things, set maximum or minimum periods for which such proxies may be in effect.

ARTICLE VII

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 five (5) nor more than eleven (11) Directors who must be members of the Association. The names and addresses of the persons who are to serve as Directors beginning with the incorporation of the Association until their successors are elected and qualified are:

| <u>Names</u> | <u>Addresses</u> |
|---------------------|---|
| 1. Steve Simonson | 23202 North 94th Street Scottsdale, Arizona 85255 |
| 2. Leo Smith | 9407 East Calle de Valle Scottsdale, Arizona 85255 |
| 3. Mort Lambe | 9420 East Calle de Valle Scottsdale, Arizona 85255 |
| 4. Tom Salcito | 9349 East Calle de Valle Scottsdale, Arizona 85255 |
| 5. Joseph Soldevere | P.O. Box 6273 Scottsdale, Arizona 85255 |

The Board of Directors in turn shall elect President, Vice President, Secretary and Treasurer. These shall be the officers of the Association, and all of them must also be Directors.

ARTICLE VIII

AMENDMENTS

These Articles may be amended by the affirmative vote of Seventy-Five Percent (75%) of the votes of all the members of the Association. Such votes shall be cast in person or by proxy at a meeting called for that purpose. Provided, however, that after twenty (20) years from the date of recordation of the Declaration, the affirmative vote of only sixty percent (60%) of the members casting votes at a duly called meeting of the members shall be necessary to amend these Articles. Provided further, however, that the Board shall have the right to amend these Articles to the extent required by any duly constituted governmental agency having jurisdiction to so require.

ARTICLE IX

DURATION AND DISSOLUTION

The Association shall exist so long as the Declaration is in effect, which shall be for an initial period of twenty (20) years from the date on which the second part of the Declaration was recorded. The Association's existence shall be extended thereafter for successive ten (10) year extension periods unless the Declaration is terminated, and the Association dissolved, by the affirmative vote of members casting not less than seventy-five percent (75%) of the total votes cast at an election held for such purpose within six (6) months prior to the expiration of the initial effective period or any ten year extension period. The Declaration may be terminated, and the Association dissolved, at any time if seventy-five percent (75%) of the votes cast by the members shall be cast in favor of termination and dissolution at an election held for such purpose. Upon dissolution, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created.

ARTICLE X

INCORPORATOR

The name and address of the incorporator is as follows:

William F. Behrens
2163 TowneHouse Tower
100 West Clarendon
Phoenix, AZ. 85013

ARTICLE XI

INTERPRETATION

In the event that any provision hereof, or any provision of the By-Laws, is inconsistent with or in derogation of the Declaration, the provisions of the Declaration shall be deemed to control.

ARTICLE XII

INDEMNIFICATION

The Association shall indemnify its Directors and officers, and its former directors and officers, to the maximum extent authorized by law, against expenses incurred by them, including without limitation legal fees, and judgments and penalties rendered or levied against them or any of them in any 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 or her 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 with regard to the matter involved in the action, and provided further that no such indemnification shall be available with respect to liability under the Securities Act of 1933, and provided further that the Association shall have the right to refuse indemnification in any instance in which the person to whom indemnification would otherwise have been applicable shall have unreasonably refused to permit the Association, at its own expense and through counsel of its own choosing, to defend him or her in any such legal action. Whenever any such present or former director or officer shall report to the President of the Association or the Chairman of the Board of Directors that he or she has incurred or may incur any such expenses, the Board of Directors shall, at its next regular meeting or at a special meeting held at any reasonable time thereafter, determine in good faith whether such person acted, failed to act, or refused to act willfully, with gross negligence or with fraudulent or criminal intent in regard to the matter involved in the action. If the Board of Directors determines 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, indemnification shall be mandatory and shall be automatically extended as specified herein, except as otherwise provided hereinbefore.