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FAX NO.



AZ CORPORATION COMMISSION  
FILED

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MAY 10 2005

FILE NO. 1201348-4

ARTICLES OF INCORPORATION

OF

MILLSTONE HOMEOWNERS ASSOCIATION

1. **NAME.** The name of the corporation is Millstone Homeowners Association.

2. **PURPOSE.** This corporation is organized and shall be operated as a nonprofit corporation, specifically in act as a real property owners' association. This corporation does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for preservation and architectural control of the residence Lots and maintenance, preservation and architectural control of the Common Elements within the real property described in the Declaration of Covenants, Conditions and Restrictions for Millstone (the "Declaration"), and to promote the health, safety and welfare of the residents within the property in the Declaration and any additions thereto. Without limiting the generality of the foregoing or the character of the affairs to be conducted by the corporation in the future, the character of the business which the corporation initially intends to conduct is to provide for the management, maintenance and care of the Common Elements and other property owned by the corporation or property placed under its jurisdiction and to perform all duties and exercise all rights imposed on or granted to the corporation by the Declaration.

Consistent with the foregoing purposes and subject to all other limitations, restrictions and prohibitions set forth in these Articles this corporation may conduct any or all lawful business for which nonprofit corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time, and to do all things necessary, suitable and proper for the accomplishment of the purposes or attainment of the objects set forth above either alone or in association with other individuals, corporations or partnerships, including federal, state, county and municipal bodies and authorities; and in general, to do and perform acts and transact business in connection with the foregoing objects which is not inconsistent with law, provided, however, that the corporation shall not perform any act or transact any business that will jeopardize the tax-exempt status of the corporation under Section 501(c)(6) and/or Section 529 of the Internal Revenue Code of 1986 and its regulations as such Section and regulations now exist or may hereafter be amended or under corresponding laws and regulations hereafter adopted. Any capitalized terms set forth herein shall have the same meaning as set forth in the Declaration unless otherwise defined herein.

3. **STATUTORY AGENT AND KNOWN PLACE OF BUSINESS.** The name and address of the statutory agent of the corporation is Jules T. Piretag, Esq., 5611 N. 14th Street, Suite 300, Phoenix, Arizona 85016. The corporation's known place of business shall be c/o Millstone - Barton Homes, L.L.C., 15615 North 71st Street, Suite 204, Scottsdale, Arizona 85254.

4. **BOARD OF DIRECTORS.** The initial Board of Directors shall consist of three (3) directors. Thereafter, the number of directors shall be as set by the Board of Directors in the Bylaws from time to time. The persons who are to serve as directors until the first annual election of directors or until their successors are elected and qualified are: Patrick A. Barker, Clerk; Mr. Clymont

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Mid James J. Walton, c/o Millstone - Barton Homes, L.L.C., 15615 North 71<sup>st</sup> Street, Suite 208,  
Scottsdale, Arizona 85254.

**5. MEMBERSHIP AND VOTING RIGHTS.** Membership in the corporation shall be limited to owners of Lots. Membership is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Each owner shall have such rights, privileges and votes in the corporation as are set forth in the Declaration and the Bylaws of the corporation.

**6. INCORPORATOR.** The incorporator of this corporation is Patrick A. Barker, c/o Millstone - Barton Homes, L.L.C., 15615 North 71<sup>st</sup> Street, Suite 208, Scottsdale, Arizona 85254.

**7. LIMITATION OF LIABILITY.** The directors, officers and members of the corporation shall not be individually liable for the corporation's debts or other liabilities. The private property of these individuals shall be exempt from any corporate debts or liabilities. The personal liability of a director of the corporation to the corporation or its members for monetary damages for breach of his or her fiduciary duties as a director are eliminated to the fullest extent permitted by the Arizona Nonprofit Corporation Act, as it may be amended from time to time. Any director or person who serves on a board or council of the corporation in any advisory capacity shall be immune from civil liability and shall not be subject to suit directly or by way of contribution for any action or omission resulting in damage or injury if the person was acting in good faith and in furtherance of the purposes or purposes for which the corporation was organized, unless the damage or injury was caused by willful and wanton or grossly negligent conduct of the person. Any repeal or modification of this Article 7 shall not adversely affect any right or protection of director of the corporation existing at the time of the repeal or modification.

**8. INDEMNIFICATION OF OFFICERS, DIRECTORS AND EMPLOYEES.** The corporation may indemnify any director, officer, employee or agent of the corporation to the fullest extent authorized by Arizona Nonprofit Corporation Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than such law permitted the corporation to provide prior to such amendment.)

**9. NONPROFIT CORPORATION.** This corporation shall be a nonprofit corporation and shall have no stock, and no dividends or pecuniary profits shall be declared or paid to the directors thereof or to any other private individual. All of the earnings and property of the corporation shall be used to further the purposes and objects of the corporation as set forth in Article 1. Nothing contained herein, however, shall deprive payments by the corporation to directors or members as reasonable compensation for services rendered to the corporation.

**10. DISSOLUTION.** The corporation may be dissolved with the consent given in writing and signed by members holding at least sixty-seven percent (67%) of the votes in the corporation. Upon dissolution of the corporation, other than incident to a merger or consolidation, the assets of the corporation shall be dedicated to an appropriate public agency to be used for purposes similar

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to those for which this corporation was created. In the event that such dedication is refused or accepted, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

11. **AMENDMENTS.** Amendment of these Articles shall require the consent of members holding at least sixty-seven percent (67%) of the votes in the corporation. During the period of control of the Association by the Declarant, the Declarant shall have the right to, and after such period of Declarant Control, the Board of Directors shall have the right to, amend these Articles without the approval of the members if the amendment is to conform the Articles to any rule, regulation or requirement in effect of any governmental or quasi-governmental entity or federal corporation guaranteeing or insuring mortgage loans or governing transactions in buying mortgage instruments, including without limitation, the Veterans' Administration, the Federal Housing Administration, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

DATED: MAY-3 - 2005.

  
Patrick A. Tucker, Incorporator