

MAR 25 2014

FILE NO. -1913969-5

**ARTICLES OF INCORPORATION
OF
PAROLO VISTA ESTATES HOMEOWNERS ASSOCIATION**

The undersigned hereby voluntarily sets forth the following statements for the purpose of forming a non-profit corporation under and pursuant to the laws of the State of Arizona, and for that purpose hereby adopts these Articles of Incorporation.

**ARTICLE I
NAME**

The name of the corporation is PAROLO VISTA ESTATES HOMEOWNERS ASSOCIATION, hereinafter called the "Association".

**ARTICLE II
KNOWN PLACE OF BUSINESS**

The address of the Association's known place of business is 20410 North 19th Avenue, Suite 100, Phoenix, Maricopa County, Arizona 85027, but other offices may be established and maintained at such other places as the Board of Directors may designate from time to time.

**ARTICLE III
PURPOSE AND INITIAL BUSINESS**

The initial business and primary purpose of the Association is to serve as a governing body for all of the Owners of the Lots at that Property known as Parolo Vista Estates (the "Property"), subject to the Declaration of Covenants, Conditions and Restrictions for Parolo Vista Estates as amended from time to time, now or hereafter recorded in the records of the County Recorder, Maricopa County, Arizona (the "Declaration"), and to perform such other duties as are imposed upon the Association under the Declaration. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Declaration.

The Association shall not engage in any other business or activity, except as set forth herein and in the Bylaws of the Association. Notwithstanding any other provisions of these Articles, the Association shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization

qualifying under Section 528 or if the Association so elects, Section 501(c)(4) of the Internal Revenue Code of 1986, as the case may be.

The Association does not contemplate pecuniary gain or profit to the members thereof, and the members shall have no individual interest in the profits of the Association, if they are generated.

ARTICLE IV MEMBERSHIP

Each and every Owner of a Lot, in accepting a deed, entering into a recorded agreement for sale, or displaying some other acceptable evidence of ownership interest in a Lot, shall be a member of the Association ("Member"). The foregoing is not intended to include persons or entities holding an interest in a Lot or Lots merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot. A membership in the Association shall not be transferred, pledged or alienated in any way, except upon the conveyance of a Lot and then only to the new Owner of the Lot who shall automatically become a member of the Association after such conveyance. Membership shall be evidenced by an official list of Owners, which list shall be kept by the Secretary of the Association.

ARTICLE V VOTING RIGHTS

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

1. Class A – Class A Members shall be all of the Owners, except the Declarant until the termination of the Class B membership. Each Class A Member shall be entitled to one vote for each Lot owned. When more than one person is the owner of any Lot, all such persons shall be Members. The vote for such jointly owned Lot shall be exercised as the collective Owners determine, but in no event shall more than one ballot be cast with respect to any Lot.
2. Class B – The Class B Member shall be the Declarant and shall be entitled to three (3) votes for each Lot owned.

The provisions of the Declaration pertaining to classes of membership and voting rights of the Members are incorporated in these Articles by reference.

ARTICLE VI BOARD OF DIRECTORS

The affairs of the Association shall be conducted by a Board composed initially of the three (3) directors named herein. The maximum number of Board

Members is seven (7). Except for the initial Board and except for so long as there is a Class B Membership, each director shall be a record Owner of a Lot or, if a record Owner is a corporation, partnership, trust, or other legal entity, the director may be a representative thereof.

Until the first annual meeting of the Members and until their successors are designated or elected or qualified, the following persons shall constitute the Board of Directors of the Association:

- | | | |
|---------------------|---|---|
| Holly R. James | - | D.R. Horton, Inc.
20410 North 19th Avenue, Suite 100
Phoenix, Arizona 85027 |
| Frank T. Davis | | D.R. Horton, Inc.
20410 North 19th Avenue, Suite 100
Phoenix, Arizona 85027 |
| Richard A. McDowell | - | D.R. Horton, Inc.
20410 North 19th Avenue, Suite 100
Phoenix, Arizona 85027 |

ARTICLE VII OFFICERS

The affairs of the Association shall be administered by officers elected by the Board of Directors at its first meeting, and at each successive meeting of the Board of Directors following the annual meeting of the Members of the Association, or at other meetings called for such purpose, which officers shall serve at the pleasure of the Board of Directors. The officers shall consist of a President, Vice President, Secretary and Treasurer.

ARTICLE VIII ELIMINATION OF DIRECTOR LIABILITY

To the fullest extent permitted by Arizona law as the same exists or may be hereafter amended, no director of the Association shall be liable to the Association or its Members for monetary damages for any action taken or any failure to take any action as a director. No repeal, amendment or modification of this article, whether direct or indirect, shall eliminate or reduce its effect with respect to any act or failure to act of a director of the Association occurring prior to such repeal, amendment or modification.

ARTICLE IX INDEMNIFICATION

To the fullest extent permitted by Arizona law as the same exists or may be hereafter amended, the Association shall indemnify and advance expenses to any person who incurs expenses or liabilities by reason of the fact he or she is or was an officer or director of the Association or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, limited liability company, trust or other entity. The foregoing indemnification and advancement of expenses shall be mandatory in all circumstances in which the same are permitted by law. No repeal, amendment or modification of this article, whether direct or indirect, shall eliminate or reduce its effect with respect to any matter giving rise to indemnification and advancement of expenses occurring prior to such repeal, amendment or modification.

ARTICLE X DISSOLUTION

Subject to and in accordance with the restrictions imposed within the Declaration and by the Federal Housing Administration or the Veterans Administration, the Association may be dissolved by the affirmative vote of not less than two-thirds (2/3) of each class of Members. Upon dissolution of the Association, other than incident to a merger or consolidation, no part of the remaining assets of the Association, after discharge of all corporate liabilities, shall inure to the private profit, benefit or advantage of any current or past Member, director or officer, but the whole of such remaining assets of the Association shall be distributed exclusively to an organization then subject to and qualifying under Section 528 of the Internal Revenue Code of 1986, or to a public body (to the extent permitted under Section 528) as the Association shall elect.

ARTICLE XI INCORPORATOR

The name and address of the Incorporator are as follows:

Holly R. James
20410 North 19th Avenue, Suite 100
Phoenix, Arizona 85027

All powers, duties and responsibilities of the Incorporator shall cease upon the filing of these Articles of Incorporation by the Arizona Corporation Commission.

ARTICLE XII
STATUTORY AGENT

Robert E. Coltin, 20410 North 19th Avenue, Suite 100, Phoenix, Arizona 85027, is hereby appointed Statutory Agent of the Association upon whom all notices and process, including summons, may be served. The Board of Directors may revoke the appointment of such agent at any time and shall have the power to fill any vacancy.

ARTICLE XIII
DURATION

The duration of the Association shall be perpetual.

ARTICLE XIV
CONFLICT WITH DECLARATION

To the extent that these Articles shall be contrary to, inconsistent with, or more permissive than the provisions of the Declaration dealing with the same subject, or laws, rules, and regulations or pertaining to the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Administration, the Veterans Administration and/or the Federal Housing Administration, applicable to the Association, these Articles shall be considered superseded by the Declaration or such laws.

ARTICLE XV
AMENDMENTS

Subject to the provisions of Article XIV hereof, the Association may, at any regular or special meeting called for such purpose, amend, alter, or repeal any provision hereof by the affirmative vote of two-thirds (2/3) of each membership class then entitled to vote in person or by proxy, and upon ten (10) days' prior written notice to all first mortgagees who have previously requested the Association, in writing, to be notified of any amendment to the Articles and, if required by law, after publications in a newspaper having general circulation in Maricopa County, Arizona. As long as there is a Class B membership, any amendment to the Association's Articles of Incorporation shall require, to the extent then required by applicable regulations to the Veterans Administration or the Federal Housing Administration, the prior written approval of the Federal Housing Administration or the Veterans Administration.

ARTICLE XVI
FHA/VA APPROVALS

As long as there is a Class "B" membership, the following actions shall require the prior written approval, to the extent then required by applicable regulations of the Veterans Administration or Federal Housing Administration, of the Federal Housing Administration or the Veterans Administration:

1. The annexation of additional properties;
2. A merger or consolidation to which the Association is a party;
3. The mortgage or dedication of all or part of the Common Area;
4. The dissolution of the Association; or
5. The amendment of the Association's Articles of Incorporation.

IN WITNESS WHEREOF, I have hereunto set my hand this 24th day of March, 2014.



Holly R. James, Incorporator

CONSENT OF STATUTORY AGENT
OF
PAROLO VISTA ESTATES HOMEOWNERS ASSOCIATION

The undersigned, having been named in the Articles of Incorporation of Parolo Vista Estates Homeowners Association, as its statutory agent for the State of Arizona, hereby confirms that he has been notified of the appointment and that he accepts the appointment as statutory agent.

DATED: March 24, 2014



Robert E. Coltin
20410 North 19th Avenue
Suite 100
Phoenix, AZ 85027