

ARIZONA CORPORATION COMMISSION
FILED



FEB 17 2006

FILE NO. 1269873-0

**ARTICLES OF INCORPORATION
OF
SHADOW MOUNTAIN VILLAS CONDOMINIUM ASSOCIATION
OF PHOENIX**

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, for the purpose of forming a non-profit corporation under the laws of the State of Arizona, does hereby adopt the following Articles of Incorporation.

1. ***Name.*** The name of this corporation (hereinafter "Association") is Shadow Mountain Villas Condominium Association of Phoenix.

2. ***Duration.*** The period of duration of the Association shall be perpetual.

3. ***Principal Place of Business.*** The initial known place of business and principal office for the transaction of business of the Association is located at 2147 E. Baseline Rd., Ste. 101, Tempe, Arizona 85283.

4. ***Statutory Agent.*** The name and address of the Association's initial Statutory Agent, a duly organized domestic limited liability company, are:

Shadow Mountain Villas, L.L.C.
2147 E. Baseline Rd., Ste. 101
Tempe, Arizona 85283

5. ***Nonprofit corporation.*** This Association is organized as a nonprofit corporation under the laws of the State of Arizona.

6. ***Purpose and Powers.*** This Association does not contemplate the distribution of gains, profits or dividends to its Members. The primary purposes for which the Association is formed are to promote the health, safety and welfare of all of the Residents and to provide for the management, operation, administration, maintenance, repair, improvement, preservation and architectural control of the Common Elements and all other areas for which the Association has such responsibility within Shadow Mountain Villas Condominium. The Condominium is more particularly described in that certain Declaration of Condominium and of Covenants, Conditions and Restrictions (the "Declaration") Recorded February 8, 2006 at Instrument No. 2006-0181307 as amended by First Amendment Recorded on February 9, 2006 at Instrument No. 2006-0190500, and as further shown on the Plat of the Condominium Recorded on February 7, 2006, in Book 812 of Maps, page 13, in the Official Records of Maricopa County, Arizona.

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In furtherance of said purposes, this Association shall, *inter alia*, have the powers to:

a. Perform all of the duties and obligations of the Association as set forth in the Declaration;

b. Fix, levy, collect and enforce Assessments, late charges, monetary penalties, fines, fees or other charges as set forth in the Declaration;

c. Pay all expenses and obligations incurred by the Association in the conduct of its business, including without limitation, all licenses, taxes or governmental charges levied or imposed against any property owned by the Association;

d. Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association (but Common Elements are owned by Unit Owners as provided in the Declaration and are subject to the specific provisions of the Declaration and the Condominium Act relating to ownership, encumbrance and transfer of Common Elements);

e. Borrow money and, only with the assent (by vote or written consent) of two-thirds (2/3) of the Members other than Declarant, and with the consent of Declarant during the Period of Declarant Control, mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property (not including the Common Elements owned by the Unit Owners in their allocated undivided interests) as security for money borrowed or debts incurred;

f. Grant easements over the Common Elements to any public agency, authority or utility company consistent with the provisions of Section 3.2 of the Declaration;

g. Convey the Common Elements or subject the same to a mortgage or other security interest, further subject to the provisions of the Declaration and the Condominium Act;

h. Participate in mergers and consolidations with other nonprofit corporations organized for the same purpose, provided that any merger or consolidation shall have the assent of Members as required by the Condominium Act;

i. Have and exercise any and all powers, rights and privileges which a corporation organized under the Arizona Nonprofit Corporation Act (A.R.S. §10-3101 et seq.) and the Arizona Condominium Act (A.R.S. §33-1201 et seq.) by law may now or hereafter have or exercise.

7. Membership Voting Rights. This Association will have Members. The number and qualifications of Members of the Association, the voting and other rights and privileges of Members, their liability for Assessments and the method of collection thereof shall be as set forth in the Declaration and the Bylaws. Without limiting the foregoing, every person or entity who is a record owner of a fee or undivided fee interest in any Unit, including contract purchasers with

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right of possession of a Unit pursuant to A.R.S. §§33-741 et seq., but excluding persons or entities holding an interest merely as security for the performance of an obligation, shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Unit.

8. Board of Directors. The affairs of this Association shall be managed by a Board of Directors. During the Period of Declarant Control, the Board of Directors shall consist of one director, who shall serve until his successor is appointed by Declarant in accordance with the Declaration and Bylaws. The sole director appointed by the Declarant and serving during the Period of Declarant Control shall also hold all of the officer positions during such Period. The name and address of the initial director appointed by Declarant are as follows:

Kayvan Sanaiha
2147 E. Baseline Rd., Ste. 101
Tempe, Arizona 85283

After the Period of Declarant Control expires or terminates: (i) the number of directors serving on the Board shall automatically increase to three (3) directors; (ii) the number of directors serving on the Board may never be less than three (3) nor more than seven (7) directors and shall always be an odd number; (iii) no director serving on the Board at any time shall be related by blood, adoption, or marriage to, or share ownership of or any interest in a Unit with, any other director serving on the Board at that same time; and (iv) all directors serving on the Board shall be elected by the Membership as provided in the Declaration and Bylaws. Directors elected by the Membership shall be Unit Owners; provided, further, however, that if a Unit Owner is other than a natural person, a Director may be an officer, director, member, manager, partner, or trustee of such Unit Owner.

9. Elimination of Director Liability. As set forth in the Arizona Nonprofit Corporation Act, each Director shall be immune from civil liability and shall not be subject to suit indirectly or by way of contribution for any act or omission resulting in damage or injury if said Director was acting in good faith and within the scope of his official capacity (which is any decision, act or event undertaken by the Association in furtherance of the purpose or purposes for which it is organized), unless such damage or injury was caused by willful and wanton or grossly negligent conduct of the Director. Without limiting the foregoing, it is the intention of this paragraph to provide for the Directors the full benefits and immunities created by or available under the provisions of A.R.S. §§10-3202(B) and 10-3830(D), as the same may be expanded or modified in the future.

10. 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 total votes in the Association. So long as Declarant owns one or more Units, the Association may not be dissolved without the prior written consent of Declarant. In the event of dissolution, liquidation or winding up of the Association (other than incident to a merger or consolidation), the Association shall pay or adequately provide for the debts and obligations of the Association and otherwise comply with the Arizona Nonprofit Corporation Act and Arizona law. The Directors or Persons in charge of

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the liquidation shall dedicate the assets of the Association to an appropriate public agency to be used for purposes similar to those for which this Association was created or if such dedication is refused acceptance, then such assets may be granted, transferred or conveyed to any nonprofit corporation, association, trust or other organization devoted to similar purposes. If such actions are not feasible, or, in the event of a termination of the Condominium, said Directors in charge of the liquidation, said Directors or other Persons in charge of the liquidation, shall divide the remaining assets among the Members in accordance with their respective allocated interests as set forth in the Declaration, except as may be required by law.

11. Amendments. These Articles may be amended by the vote or written assent of Members representing at least sixty-seven percent (67%) of the total allocated votes of the Membership in the Association; provided, however, that the percentage of the voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision. The Board, without the consent of the Members or First Mortgagees, may amend these Articles to conform to the requirements and guidelines of any governmental or quasi-governmental entity or federal corporation that insures, guarantees, or invests in residential mortgages.

12. Incorporator. The name and address of the incorporator of the Association are:

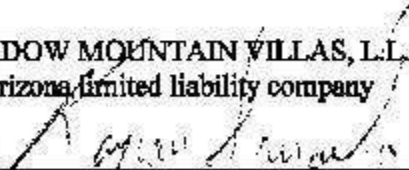
Shadow Mountain Villas, L.L.C.
2147 E. Baseline Rd., Ste. 101
Tempe, Arizona 85283

13. VA/FHA Approval. During the Period of Declarant Control, the approval of the VA or FHA, as applicable, shall be required prior to the annexation of additional real property to the Condominium (other than the Future Annexable Property described in the Declaration), mergers, consolidations and/or dissolution, of the Association, conveyancing, mortgaging or dedication of Common Elements, or amendment of these Articles.

14. Definitions. All initially capitalized terms used herein without definition shall have the meanings set forth for such terms in the Declaration and/or the Condominium Act.

IN WITNESS WHEREOF, the undersigned has executed these Articles of Incorporation this 15th day of February, 2006.

SHADOW MOUNTAIN VILLAS, L.L.C.,
an Arizona limited liability company

By: 
Kayvan Sanaiha, Managing Member

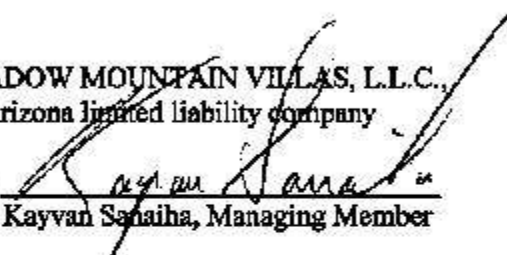
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ACCEPTANCE OF APPOINTMENT AS STATUTORY AGENT
SHADOW MOUNTAIN VILLAS CONDOMINIUM ASSOCIATION OF
PHOENIX

The undersigned, having been appointed to act as statutory agent for this Arizona non-profit corporation, hereby accepts such appointment and agrees to act in that capacity until its removal or resignation is submitted in accordance with applicable provisions of the Arizona Revised Statutes.

Dated this 15th day of February, 2006.

SHADOW MOUNTAIN VILLAS, L.L.C.,
an Arizona limited liability company

By: 
Kayvan Sanaie, Managing Member