

ARTICLES OF INCORPORATION
OF
FOUNTAIN OF THE SUN CONDOMINIUMS ASSOCIATION

The undersigned, as incorporators, have this date voluntarily associated themselves together for the purpose of forming a private non-profit membership corporation under and by virtue of the laws of the State of Arizona, and do hereby adopt the following Articles of Incorporation:

ARTICLE I

Name and Definitions

The name of this corporation shall be FOUNTAIN OF THE SUN CONDOMINIUMS ASSOCIATION.

As used herein "Regime" shall mean the horizontal property regime or regimes imposed under the Declaration (as hereinafter defined), "Apartment" shall mean an owned area within the Regime and be synonymous with that term as used in the Declaration and in Sections 33-551 through 33-561, Arizona Revised Statutes, and the term "Developer" shall refer to Universal Development Corporation, a Maryland corporation.

ARTICLE II

Business and Purposes

This corporation is formed to serve as the entity to perform all matters to be performed by the "Association"

Exhibit B

under the Declaration Submitting a Portion of Parcel No. 8, FOUNTAIN OF THE SUN, to a Horizontal Property Regime, FOUNTAIN OF THE SUN CONDOMINIUMS, UNIT I and any similar declaration (all such declarations being referred to herein collectively as the "Declaration") for any subsequent unit of Fountain of the Sun Condominiums imposed upon any portion of Section 29, Township 1 North, Range 7 East, G&SRB&M, and to serve as the council of co-owners for the horizontal property regime created by such Declaration pursuant to Sections 33-551 through Section 33-561, Arizona Revised Statutes. The real property submitted to a horizontal property regime pursuant to said Declaration is situated in Maricopa County, Arizona, and legally described as follows:

That portion of Lot 1392, FOUNTAIN OF THE SUN - Parcel No. 8, according to Book 148 of Maps, page 20, Records of the Maricopa County Recorder described as follows: Commencing for a tie at the NW corner of said Lot 1392; thence S55°41'06"E, 363.51 feet to the Point of Beginning; thence continuing S55°41'06"E, 258.73 feet to the NE corner of said Lot 1392, thence South 70.00 feet to a point which is the SE corner of said Lot 1392 and the intersection with a curve to the right having a tangent bearing of West; thence along said curve to the right having a radius of 1509.83 feet, a central angle of 7°25'53" and an arc distance of 195.83 feet to the P.T. of said curve; thence N82°34'07"W, 33.88 feet; thence N4°21'21"E, 199.39 feet to the Point of Beginning.

Except as necessary to accomplish the purposes and functions above stated, this corporation shall not engage in any other business or activity. This corporation does not

contemplate securing gain or profit to the members hereof and the members shall have no individual interest in the profits of the corporation, should any there be.

In the conduct of its business, this corporation, to the extent authorized by its Board of Directors and in accordance with the provisions of the Declaration, shall be empowered to do all of the 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 corporation; to assume such obligations and duties as may be contained in any lease assigned or transferred to this corporation; to maintain, operate and otherwise manage all buildings, structures, improvements, landscaping, parking areas, walks, common elements, recreational areas and facilities now or hereafter on said property; to contract for and to pay the cost, or any portion of the cost, of such services and construction and maintenance of such facilities and improvements at Fountain of the Sun development as are available to or in any way benefit the members of this corporation; to pay all taxes and assessments, if any, which may properly be levied against properties of this corporation; to repair, rehabilitate and restore all buildings, structures and improvements on said property; to insure said property and all buildings and structures thereon against such risks

as its Board of Directors shall determine; to make assessments for maintenance and operating charges as its Board of Directors shall determine in accordance with the Declaration and the bylaws of this corporation, hereinafter referred to as the "bylaws"; to impose liens against individual Apartments under the Regime 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 demands and liens in accordance with the Declaration; to do all things necessary to carry out and to enforce the terms and provisions of the Declaration; to pay all maintenance, operating and other costs and to do all things and acts which in the sole discretion of its Board of Directors shall be deemed to be in the best interests of the members of this corporation or for the peace, comfort, safety, or general welfare of the members of this corporation, all in accordance with the Declaration.

(b) To purchase or otherwise acquire title to Apartments or to hold and exercise options to purchase the same, and to lease Apartments in this corporation's name as lessee, and to sell and lease, or to grant options to lease and purchase Apartments; and, if this corporation becomes the owner or lessee of an Apartment, to agree to perform and to perform all of the obligations of an owner or lessee thereof, and to assume and agree to pay any mortgage or trust deed constituting a lien upon the Apartment.

(c) To develop, construct, purchase, lease, own, improve, maintain, operate, and hold real and personal property of every kind and description; to sell, convey, and lease such property; and to mortgage, assign, and pledge or otherwise encumber such property.

(d) 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 corporation, and to secure the same by mortgage, trust deed, pledge, or other lien on or security interest in, property of this corporation.

(e) To enter into, perform, and carry out leases and contracts of any kind necessary to or in connection therewith or incidental to the accomplishment of any one or more of the objects and purposes of this corporation.

(f) To make refunds of excess payments or charges to members as provided for in the Declaration or the Bylaws.

(g) To lend or invest its working capital and reserves with or without security.

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

(i) To buy, contract for, lease, receive donation of or any other lawful manner take, hold, own, develop, improve, erect, manage, maintain and operate real, personal and mixed property or any equipment or facilities which might be suitable or convenient or useful in effectuating any of the purposes herein set forth; no transfer by gift, purchase, bequest, devise, sale or lease or otherwise of any property to the Association shall be received and accepted if it shall in any way jeopardize the non-profit exemption of the corporation under Section 501(c) of the Internal Revenue Code of 1954 as it may be, from time to time, amended.

(j) 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 required.

ARTICLE III

Place of Business

The principal place of business and office for the transaction of the business of the corporation shall be located at Fountain of the Sun, East Mesa, Arizona.

ARTICLE IV

Membership

This corporation shall be a non-stock corporation and shall be owned equally by its members, who shall also constitute and be collectively called the council of co-owners, and no

dividends or pecuniary profits shall be paid to its members. Except for membership of the incorporators and those designated by Developer for membership on the board of directors as more particularly provided in the Bylaws, there shall be one membership for each apartment and each such membership shall be held by the owner of the Apartment (including, but without limitation, persons who acquire title by means of a sheriff's deed issued as the result of a mortgage foreclosure, or who acquire title by means of a deed in lieu of the foreclosure of any mortgage or deed of trust) or, in the case of any valid and outstanding recorded agreement of sale with respect to an Apartment, the purchaser under such contract. The owner, or purchaser under an outstanding recorded agreement of sale of an Apartment (including, but without limitation, those persons acquiring title by any of the means specified in the immediately preceding sentence of this Article IV), subject to the terms and provisions of the Declaration and the Bylaws, shall automatically, upon becoming an owner or purchaser, be a member of this corporation and shall remain a member of this corporation until death, or until he shall have conveyed his title to the Apartment, or until such time as such member shall have executed, delivered and recorded a contract for the sale of the Apartment or such member's right, title and interest therein, at which time such member's membership in this corporation shall cease automatically.

Certificates of membership shall be issued in accordance with the Bylaws, and membership shall be evidenced by an official list of members, which list shall be kept by the Secretary of the corporation.

No membership shall exist in any other person or persons except as it may arise in substitution for an outstanding membership.

Each membership shall be entitled to one vote, except that in the election of directors each shall be entitled to accumulate their votes in accordance with Section 10, Article XIV of the Constitution of the State of Arizona. In the event any Apartment is owned by two or more persons, whether by joint tenancy, tenancy in common, community property, or otherwise, the membership as to such Apartment shall be joint and a single membership as to such Apartment shall be issued in the names of all such persons, and they shall designate to this corporation, in writing, at the time of issuance of the certificate of membership, one of their number who shall hold the membership and have the power to vote said membership, and, in the absence of such designation and until such designation is made, the Board of Directors of this corporation shall make such designation and such designation shall be binding for all purposes.

ARTICLE V

Board of Directors and Officers

The business and affairs of this corporation shall be conducted by a Board of Directors. The first annual meeting of the members of this corporation shall be held on the second Saturday of December, 1973, or at such earlier time as the initial Board of Directors shall designate. Thereafter the annual meeting of the members shall be held on the second Saturday of December in each year. The annual meetings of the Board of Directors and members of this corporation shall be held at Fountain of the Sun, East Mesa, Arizona, or at such other place within the County of Maricopa, State of Arizona, as may be designated by the Board of Directors. Until the first annual meeting of the members and until their successors are elected and qualified, the following three persons, elected by the incorporators at a meeting held on July 5, 1972, at the Fountain of the Sun, East Mesa, Arizona, shall constitute the Board of Directors of this corporation:

Gary A. Rosenberg
Bryant H. Prentice, III
Harold Christ

The officers of this corporation shall be a President, Vice President, Secretary and Treasurer, and such additional officers as the Board of Directors may deem necessary, who shall be

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elected annually by the Board of Directors at the first meeting of the Board of Directors after the annual meeting of members, which meeting shall be held as soon thereafter as practicable. The officers elected shall hold office for a period of one (1) year, or until their successors are elected and qualified, but shall be subject to removal by the Board of Directors at any time. The first officers of this corporation shall be elected by the Board of Directors at the first meeting of said Board of Directors following incorporation of this corporation.

No person shall be eligible for election as a director or officer who is not at the time of election a member of this corporation (except such persons as are designated by Developer as provided in the Declaration and the Bylaws), and if any director or officer after election ceases to be a member, his office shall become vacant. No person may hold more than one of the above named offices, except one person may hold the offices of both Secretary and Treasurer.

The directors shall have the power to adopt the Bylaws, except that the Bylaws shall be subject to ratification and approved by the members, and, subject to the limitations provided in Article VII hereof, to amend or repeal the same, to fill vacancies occurring in the Board of Directors, and to elect officers, agents and committees, with such members, powers and authority as they may confer.

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ARTICLE VI

Maximum Indebtedness

Any indebtedness or liability, direct or contingent, must be authorized by an affirmative vote of a majority of the votes cast by the members of the Board of Directors at a lawfully held meeting, and approved by the Arizona Corporation Commission to the extent required by the laws of the State of Arizona. The total amount of indebtedness or liability direct or contingent, to which the corporation may subject itself at any one time shall not exceed the greater of \$100,000, or one hundred fifty percent (150%) of its gross income for the previous fiscal year, unless authorization to incur a greater amount is made by the affirmative vote of a majority of its members entitled to vote.

ARTICLE VII

Rules for Conduct of Affairs

This corporation shall not, without the affirmative vote of two-thirds (2/3) of its members entitled to vote (a) sell, assign, transfer, dispose of, or encumber any of its property or fixtures, except in the normal and ordinary course of business; or (b) carry into effect any plan of reorganization of this corporation, or effect any changes whatsoever in its organization, or alter or amend these Articles of Incorporation.

ARTICLE VIII

Duration

The time of commencement of this corporation shall be the date upon which a Certificate of Incorporation is issued by the Corporation Commission of the State of Arizona, and it shall terminate twenty-five (25) years thereafter unless renewed in the manner provided by law. Six months prior to the expiration of the period described above, and each subsequent twenty-five (25) year period, this corporation shall take the necessary steps to renew the life of its charter in the manner provided by law.

ARTICLE IX

Private Property

The members, directors and officers of this corporation shall not be liable for the debts of this corporation, and the private property of the members, directors, and officers of this corporation shall be forever exempt from its corporate debts; provided, however, that nothing contained in this Article shall limit the liability of property within the Regime for payment of assessments levied by the corporation.

ARTICLE X

Agent

C. RANDALL BAIN, of Phoenix, Arizona, who has been a bona fide resident of the State of Arizona for at least three years, is hereby appointed the lawful agent of this corporation

to accept and acknowledge the service, and upon whom may be served all necessary process or processes, in any action, suit, or proceedings that may be brought against this corporation in any of the courts of the State of Arizona, and for all purposes required by law. The Board of Directors of this corporation may revoke this appointment of agent at any time and shall have the power to fill any vacancy in such position.

ARTICLE XI

Indemnification

This corporation shall indemnify any and all of its directors and officers, or former directors and officers, against expenses incurred by them, including legal fees, or judgments or penalties rendered or levied against any such person while acting within the scope of his authority as a director or officer of this corporation, provided that the Board of Directors shall determine in good faith that such person did not act, fail to act, or refuse to act wilfully or with gross negligence or with fraudulent or criminal intent in regard to the matter involved in the action, and provided further that the Board of Directors shall have the right to refuse indemnification as to expenses in any instance in which the person to whom indemnification would otherwise have been

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applicable shall have incurred expenses without approval by the Board of Directors which are excessive and unreasonable in the circumstances and are so determined by the Board of Directors, and as to expenses, judgments, or penalties in any instance in which such person shall have refused unreasonably to permit this corporation, at its own expense and through counsel of its own choosing, to defend him in the action or to compromise and settle it.

ARTICLE XII

Dissolution

Upon the dissolution of this corporation, whether resulting from voluntary action on the part of the Board of Directors, court orders, lapse of time, or otherwise, no part of the remaining assets of the corporation, after the 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 shall be distributed by the directors in cash or in kind absolutely and without possibility of reversion, as absolute gifts without return consideration, direct or indirect, in

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such amounts and proportions as the directors shall determine, to such corporation, clubs or associations which by reason of their recreational or social purposes are exempt from taxation under the provisions of Section 501(c)(7) of the Internal Revenue Code of 1954 as now or hereafter amended. The determination of the directors with respect to all such distributions shall be final.

ARTICLE XIV

Names and Addresses of Incorporators

The names, postoffice addresses, and residences of the incorporators of this corporation are as follows:

<u>Name</u>	<u>Address</u>
Gary A. Rosenberg	
Bryant H. Prentice, III	
Harold Christ	

IN WITNESS WHEREOF we have hereunto set our hands
this 13th day of October, 1972.

Gary A. Rosenberg
Gary A. Rosenberg

Bryant H. Prentice, III
Bryant H. Prentice, III

Harold Christ
Harold Christ

DWT 9935 -AG-519.

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this the 13th day of October, 1972, before me, the undersigned officer, personally appeared GARY A. ROSENBERG, BRYANT H. PRENTICE, III and HAROLD CHRIST, known to me to be the persons whose names are subscribed to the within instrument and acknowledged that they executed the same for the purposes therein contained.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

Marilyn Mills
Notary Public

My commission expires:
11/17/72