

RECEIVED  
OCT 21 1998  
0855349-9  
ARIZONA CORP. COMMISSION  
CORPORATIONS DIVISION

ARTICLES OF INCORPORATION  
OF  
PALM VALLEY PHASES II AND III COMMUNITY ASSOCIATION

The undersigned hereby adopts the following Articles of Incorporation, effective as of Oct. 20, 1998:

1. Name: The name of the corporation shall be PALM VALLEY PHASES II AND III COMMUNITY ASSOCIATION (the "Association").

2. Purpose: The Association is organized and shall be operated as a nonprofit corporation, for purposes of conducting any or all lawful affairs for which corporations may be incorporated under Title 10, Chapter 22, Arizona Revised Statutes, as in effect on the date these Articles are filed, and any amendments thereof or successor statutes thereto, and for the purposes of performing or exercising all duties, obligations, responsibilities and rights imposed upon or granted to the "Association" in the Declaration of Covenants, Conditions and Restrictions for Palm Valley Phases II and III (the "Declaration") recorded as Instrument No. 98-0936248 in the office of the Maricopa County, Arizona Recorder. (References in these Articles to specific statutes shall be deemed to refer to such statutes as amended and to successor statutes thereto.)

3. Initial Activity: As its initial activity (which shall not limit the character of affair which the Association ultimately conducts), the Association intends to act as a property owners association, to own, care for, manage and maintain common area and common facilities, to adopt budgets, to collect assessments, and to take such other actions and engage in such other actions and activities as may be required of, or permitted for, the Association under the Declaration.

4. Statutory Agent: The name and address of the Association's initial statutory agent is Jeffrey V. Romaine, 3838 North Central Avenue, Suite 1500, Phoenix, Arizona 85012.

5. Board of Directors: The board of directors (the "Board") shall consist of three members, subject to increase as provided in the Association's bylaws (the "Bylaws"). The initial directors and their addresses are:

Jay Ellingson  
2025 North Litchfield Road  
Goodyear, Arizona 85338

Guy Steele  
2025 North Litchfield Road  
Goodyear, Arizona 85338

Cindy Darby  
2025 Litchfield Road  
Goodyear, Arizona 85338

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

Jeffrey V. Romaine  
3838 North Central Avenue  
Suite 1500  
Phoenix, Arizona 85012

7. Members: The members of the Association ("Members") and their voting rights shall be determined as provided in the Declaration.

8. Net Earnings; Transfer of Assets on Dissolution: No part of the net earnings of the Association shall inure to the benefit of or be distributable to any Member, director or officer of the Association, or to any private individual, except the Association may pay reasonable compensation for services and make payments in furtherance of its purposes. Upon dissolution of the Association, the assets of the Association, whether real or personal, after rebate to Members of excess assessments or fees, shall be dedicated to an appropriate public agency or utility to be devoted to purposes as close as possible to those to which they were required to be devoted by the Association. If such dedication is not accepted, such assets shall be transferred to a nonprofit corporation, trust or other organization to be devoted to purposes as close as possible to those to which they were required to be devoted by the Association. Use of funds for acquisition, construction, management or maintenance of association property or rebates to Members of excess assessments or fees shall not constitute an inurement of net earnings.

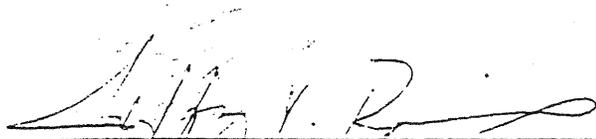
9. Amendments: The Articles and Bylaws may only be amended by following the procedure prescribed in the Declaration.

10. Indemnification: The Association shall indemnify each person identified in A.R.S. Section 10-2305(C) to the fullest extent permissible: (a) under the provisions of A.R.S. Section 10-2305; (b) under indemnification provisions of successor or amended statutes; (c) as provided in the Declaration or the Bylaws; or (d) by any agreement adopted pursuant to the provisions of A.R.S. Section 10-2305.

11. Director Liability: A director of the Association shall not be personally liable to the Association or its Members for monetary damages for breach of fiduciary duty as a director. This article shall not eliminate or limit the liability of a director for any conduct described in clauses (a) through (e), inclusive, of Section 10-2342(A)(8), Arizona Revised Statutes. If the Arizona Revised Statutes are amended to authorize further elimination or limitation of the liability of a director, then the liability of a director of the Association shall be eliminated or limited to the fullest extent permitted by the Arizona Revised Statutes as so amended. Any repeal or modification of this article shall not increase the liability of a director of the Association arising out of acts or omissions occurring before the repeal or modification becomes effective.

12. Conflicts. In the event of any conflict between the Declaration and these Articles, the Declaration shall control. In the event of any conflict between these Articles and the Bylaws, these Articles shall control.

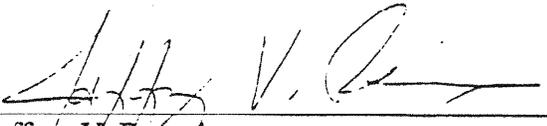
EXECUTED as of the date first set forth above.

A handwritten signature in black ink, appearing to read "Jeffrey V. Romaine", written over a horizontal line.

Jeffrey V. Romaine

ACCEPTANCE OF STATUTORY AGENT

Jeffrey V. Romaine, having been appointed to serve as statutory agent for Palm Valley Phases II and III Community Association, hereby accepts said appointment and agrees to serve in that capacity until replaced by the Association in accordance with A.R.S. § 10-2309(A) and (B), or until the effective date of any resignation submitted by the undersigned in accordance with A.R.S. § 10-2309(C).



---

Jeffrey V. Romaine

Address:  
3838 North Central Avenue  
Suite 1500  
Phoenix, Arizona 85012

CORPORATIONS DIVISION

Phoenix Address: 1300 West Washington  
Phoenix, Arizona 85007-2929

Tucson Address: 400 West Congress  
Tucson, Arizona 85701-1347

CERTIFICATE OF DISCLOSURE

A.R.S. §10-202.D

CHECK APPROPRIATE BOX (A OR B)  
ANSWER "C"

PALM VALLEY PHASES II AND III COMMUNITY ASSOCIATION  
EXACT CORPORATE NAME

THE UNDERSIGNED CERTIFY THAT:

No persons serving either by elections or appointment as officers, directors, trustees, incorporators and persons controlling or holding over 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation:

1. Have been convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate.
2. Have been convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or restraint of trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate.
3. Have been or are subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the execution of this Certificate wherein such injunction, judgment, decree or permanent order:
  - (a) Involved the violation of fraud or registration provisions of the securities laws of that jurisdiction; or
  - (b) Involved the violation of the consumer fraud laws of that jurisdiction; or
  - (c) Involved the violation of the antitrust or restraint of trade laws of that jurisdiction.

For any person or persons who have been or are subject to one or more of the statements in Items A.1 through A.3 above, the following information MUST be attached:

1. Full name, prior name(s) and aliases, if used.
2. Full birth name.
3. Present home address.
4. Prior addresses (for immediate preceding 7-year period).
5. Date and location of birth.
6. Social Security number.
7. The nature and description of each conviction or judicial action, date and location, the court and public agency involved and file or cause number of case.

Has any person serving as an officer, director, trustee or incorporator of the corporation served in any such capacity or held or controlled over 20% of the issued and outstanding common shares, or 20% of any other proprietary, beneficial or membership interest in any corporation which has been placed in bankruptcy, receivership or had its charter revoked, or administratively or judicially dissolved by any state or jurisdiction?

Yes \_\_\_\_\_ No X

IF YOUR ANSWER TO THE ABOVE QUESTION IS "YES", YOU MUST ATTACH THE FOLLOWING INFORMATION FOR EACH CORPORATION:

1. Name and address of the corporation.
2. Full name (including aliases) and address of each person involved.
3. State(s) in which the corporation:
  - (a) Was incorporated. (b) Has transacted business.
4. Dates of corporate operation.
5. Date and case number of Bankruptcy or date of revocation/administrative dissolution.

The fiscal year end adopted by the corporation is 12/31

In the absence of penalties of law, the undersigned incorporator(s)/officer(s) declare(s) that I(we) have examined this Certificate, including any attachments, and to the best of our knowledge and belief it is true, correct and complete. THE SIGNATURE(S) MUST BE DATED WITHIN THIRTY (30) DAYS OF THE DELIVERY DATE.

Jeffrey V. Romaine  
PRINT NAME Jeffrey V. Romaine

BY \_\_\_\_\_

PRINT NAME \_\_\_\_\_

OFFICE Corporate Counsel DATE 10/20/98

TITLE \_\_\_\_\_ DATE \_\_\_\_\_

DOMESTIC CORPORATIONS: ALL INCORPORATORS MUST SIGN THE INITIAL CERTIFICATE OF DISCLOSURE. If within sixty days, any person becomes an officer, director, trustee or person controlling or holding over 10% of the issued and outstanding shares or 10% of any other proprietary, beneficial, or membership interest in the corporation and the person was not included in this disclosure, the corporation must file an AMENDED certificate signed by at least one duly authorized officer of the corporation.

FOREIGN CORPORATIONS: MUST BE SIGNED BY AT LEAST ONE DULY AUTHORIZED OFFICER OF THE CORPORATION.