

ARIZONA CORPORATION COMMISSION  
INCORPORATING DIVISION

PLEASE SEE REVERSE SIDE

Phoenix Address: 1200 West Washington  
Phoenix, Arizona 85007

Tucson Address: 402 West Congress Street  
Tucson, Arizona 85701

CERTIFICATE OF DISCLOSURE  
A.R.S. Sections 10-128 & 10-12S.01

Check Appropriate Box(es) "A" or "B"  
Answer "C"

TWELVE PALMS ASSOCIATION, INC.  
EXACT CORPORATE NAME

THE UNDERSIGNED CERTIFY THAT:

- A. No person serving either by election or appointment as officers, directors, incorporators and persons controlling, or holding more than 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 restraining the 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 where 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 laws of trade laws of that jurisdiction.

- B. 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 and prior names 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, the date and location, the court and public agency involved and the file or cause number of the case.

- C. Has any person serving either by election or appointment as an officer, director, trustee or incorporator of the corporation or, major stockholder possessing or controlling any proprietary, beneficial or membership interest in the corporation, has served in any such capacity or held such interest in any corporation which has been placed in bankruptcy or receivership or had its charter revoked?
- YES \_\_\_\_\_ NO XX

- 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 alias 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. A description of the bankruptcy, receivership or charter revocation, including the date, the court or agency involved and the file or cause number of the case.

Under penalties of law, the undersigned officers declare that we have examined this certificate, including any attachments, and to the best of our knowledge and belief it is true, correct and complete.

BY: [Signature]

DATE: 9/30/83

BY: [Signature]

DATE: 9/30/83

TITLE: President and Incorporator

TITLE: Secretary and Incorporator

Fiscal Date December 31

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COMMISSIONER  
STATE OF ARIZONA  
JANUARY 1983  
10-19-82

ARTICLES OF INCORPORATION  
OF  
TWELVE PALMS ASSOCIATION, INC.

Margaret  
10-28-82 9:30 AM

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, having associated ourselves together for the purpose of forming a non-profit corporation under and by virtue of the laws of the State of Arizona, do hereby adopt the following Articles of Incorporation.

ARTICLE I - NAME. The name of this corporation shall be TWELVE PALMS ASSOCIATION, INC. (sometimes referred to as the "Association"). *OK*

ARTICLE II - INCORPORATORS. The names and addresses of the incorporators are as follows:

Ted Bass Jones  
7314 East Osborn Drive  
Scottsdale, Arizona 85252

Arville Yancher  
820 West Palo Verde  
Phoenix, Arizona 85013

ARTICLE III - PURPOSE. The purpose for which this corporation is formed is to act as a "residential real estate management association" within the meaning of Section 528 of the Internal Revenue Code of 1954, and any amendments thereto; to provide for the maintenance of the common elements and facilities and to act as the council of co-owners (as that term is used in 33-551, et seq., Arizona Revised Statutes) for TWELVE PALMS, a condominium development (the "development"), for the benefit of all the owners of Units therein, as contemplated and provided for in that certain Declaration and Restrictions for TWELVE PALMS, recorded in Number 83-163315, records of Maricopa County, Arizona (the "Declaration"); and the plat therein referred to recorded in Book 252 of Maps, Page 15, records of Maricopa County, Arizona; and to perform all of the duties and obligations and exercise all of the powers and rights of a corporation which are lawful and consistent with the foregoing purposes and the non-profit character of this corporation. Without limiting the generality of the foregoing, to the extent authorized by its Board of Directors and in accordance with the provisions of the Declaration, the Association shall be empowered to:

- (a) Make and collect assessments against members to defray the costs of the condominium, and to use the proceeds of assessments in the exercise of its powers and duties;
- (b) Maintain, operate, repair, rehabilitate, restore, make replacements to, and provide for the operation and management of the condominium property and all buildings, structures and improvements thereon;
- (c) Pay all taxes and assessments, if any, which may properly be levied against properties of the Association, and to repair, rehabilitate and restore all buildings, structures and improvements on said properties;
- (d) Insure the condominium property and all buildings and structures thereon as required by the Declaration and such additional risks as the Board of Directors may determine;
- (e) Make and amend rules and regulations respecting the use of the condominium property;
- (f) Impose liens against individual Units 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;
- (g) To do all things necessary to carry out and to enforce the terms and provisions of the Declaration, and to pay all maintenance, operating and other costs and to do all things and acts which may be in the best interests of the

members of the Association or for the peace, comfort, safety or general welfare of the members of the Association, all in accordance with the Declaration;

(h) Contract for the management of the Condominium and to delegate to the management entity such powers and duties as determined by the Board of Directors, but subject to the provisions of the Declaration, these Articles, and the By-Laws of the Association;

(i) 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;

(j) Borrow money, and to issue notes, bonds and other evidences of indebtedness in furtherance of any or all of the objects and purposes of the Association, and to secure the same by mortgage, trust deed, pledge or other lien on or security interest in property owned by the Association;

(k) 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 the Association;

(l) Make refunds of excess payments or charges to members as provided for in the Declaration or the By-Laws;

(m) Lend or invest its working capital and reserves in a prudent manner;

(n) 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; and

(o) 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.

No part of the net earning of this corporation shall inure (other than by acquiring, constructing or providing management, maintenance and care of Association property, and other than by a rebate of excess membership dues, fees or assessments) to the benefit of any members, owners, director or other individual. Notwithstanding any other provision of these Articles of Incorporation, the Association shall not carry on any activities not permitted to be carried on by a corporation exempt from federal income tax under Section 528 of the Internal Revenue Code of 1954, as amended.

ARTICLE IV - INITIAL BUSINESS. The character of the business the corporation initially intends to conduct in Arizona is the acting as the council of co-owners, as set forth in 33-551, et seq., Arizona Revised Statutes, and as a homeowners association assessing its members and providing for the maintenance, repairs and activities for the development as contemplated by and provided in the Declaration.

ARTICLES V - 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 Association or Council of Co-Owners, and no dividends or pecuniary profits shall be paid to its members. An Owner's membership in the Association shall be limited to Owners of Units in the development, and all of the Owners of Units in the development shall be members of the Association. An Owner's membership in the Association shall cease and terminate, immediately, upon the Owner ceasing to be an Owner of a Unit in the development. Membership in the Association and any member's share, right, title or interest in and to the funds or assets of the Association cannot be transferred, assigned or hypothecated in any manner whatsoever, except as an appurtenance to the member's ownership of a Unit in the development. The aggregate number of votes for all members of the Association shall be fourteen (14) and each member of the Association shall be entitled to cast one (1) vote for each Unit owned, as set forth in the Declaration; provided, however, that in accordance with the laws of the State of Arizona, cumulative voting shall be allowed in the election of members of the Board of Directors. In the event that more than one Unit is owned by an individual, firm, partnership or corporation it shall be entitled to as many votes as is set forth in the Declaration for the Units so owned. Other limitations, privileges, obligations and rights of membership in the Association are set forth in the Declaration.

ARTICLE VI - BOARD OF DIRECTORS. The affairs of the Association shall be conducted by an initial Board of Directors consisting of three (3) directors. In addition to the other rights which Declarant (as defined in the Declaration) has as set

forth in the Declaration, Declarant shall have the right to name all members of the Board of Directors until the date specified in the Declaration. Thereafter, members of the Board shall be elected by the members of the Association at their annual meeting, or a special meeting called for that purpose. Except for Board members designated by Declarant, each member of the Board shall be an Owner of a Unit or the spouse of an Owner of a Unit, or an officer, director, partner or beneficiary of a corporation, partnership or trustee Owner. Board members shall serve until their successors are designated by Declaration or elected and qualified, as applicable. On March 4, 1983, at 2:00 p.m., a meeting of the undersigned was held at Phoenix, Arizona, and the following persons were unanimously elected as the initial Board of Directors, to serve until the first meeting of the members of the Association (as described in the Declaration) or until their successors are designated by Declarant:

Ted Bass Jones	Louis B. Schaeffer	Arville Yancher
7314 E. Osborn Dr.	5830 N. 12th Pl.	820 W. Palo Verde
Scottsdale, Az. 85252	Phoenix, Az. 85014	Phoenix, Az. 85013

**ARTICLE VII - CONFLICT OF INTEREST.** To the maximum extent allowed by applicable law, no contract, agreement, transaction or arrangement between this corporation and any person, corporation, partnership or other entity shall be affected or invalidated in any way by the fact that any one or all of the directors or officers of this corporation are pecuniarily or otherwise interested in same or are the directors, partners, officers or other personnel of any such other corporation, partnership or entity. No director or officer shall be incapacitated or in any way prohibited from acting or voting by reason of any interest in the contract, agreement, transaction or arrangement, and no person, corporation, partnership or other entity shall be liable to account to this corporation for any profit realized on account of any such contract, agreement, transaction or arrangement by reason of such interest, unless it is affirmatively shown that said profit was obtained through actual fraud.

**ARTICLE VIII - DECLARANT'S RIGHTS.** The first meeting of the members of the Association shall be held not later sixty (60) days after the date on which all of the Units in the development have been conveyed by Declarant to purchasers thereof, or such earlier date as may be designated by Declarant, all as set forth in the Declaration. Until the first meeting of the members or until such time as Declarant has relinquished and/or delegated all or part of its rights and authority, Declarant shall have all of the rights, remedies, privileges and authority accorded to the Association by the Declaration or these Articles of Incorporation, including, but not limited to, the right to designate all members of the Board of Directors of the Association.

**ARTICLE IX - LIMITATIONS.** As set forth in the Declaration, the Association is subject to certain limitations, including, but not limited to, those set forth in paragraph 8 of the Declaration. No amendment to these Articles, nor any action taken by the Association pursuant hereto shall be contrary to, or in conflict with, the limitations and other matters set forth in the Declaration.

**ARTICLE X - INCONSISTENCIES.** In the event that any part or provision of these Articles of Incorporation are in conflict or inconsistent with the Declaration, the terms and provisions of the Declaration shall prevail and supersede such conflicting or inconsistent provisions hereof.

**ARTICLE XI - AMENDMENTS.** Subject to the terms and conditions herein set forth, and expressly subject to the terms and conditions of the Declaration, these Articles of Incorporation may be amended, altered or repealed only by the affirmative vote of not less than seven (7) members of the Association then entitled to vote at any regular or special meeting, in person or by proxy, and upon prior written consent of all First Mortgagees (as defined in the Declaration), and, if required by law, after publication in a newspaper having general circulation in Maricopa County, Arizona.

**ARTICLE XII - BY-LAWS.** The initial By-Laws of the Association may be adopted by the Board of Directors, herein designated. Amendments, alterations and repeal of the By-Laws may be made only upon the affirmative vote of no less than seven (7) members of the Association then entitled to vote at any regular or special meeting, in person or by proxy, and upon prior written consent of all First Mortgagees (as defined in the Declaration). The By-Laws and any amendments or alterations thereto shall be valid only if consistent with the Declaration and these Articles of Incorporation.

**ARTICLE XIII - STATUTORY AGENT.** This corporation does hereby appoint Louis B. Schaeffer, 3507 North Central Avenue, Phoenix, Arizona 85012, as its initial statutory agent.

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IN WITNESS WHEREOF, we have hereunto set our hands this 8<sup>th</sup> day of March, 19 83.

Ted Bass Jones  
Ted Bass Jones

Arville Yancher  
Arville Yancher

STATE OF ARIZONA }  
County of Maricopa } ss.

On this, the 8<sup>th</sup> day of March 1983, before me, the undersigned Notary Public, personally appeared Ted Bass Jones and Arville Yancher, known to me (or satisfactorily proven) to be the persons whose names are subscribed to the foregoing instrument, and acknowledged that they executed same for the purposes therein contained.

In Witness Whereof, I hereunto set my hand and official seal.

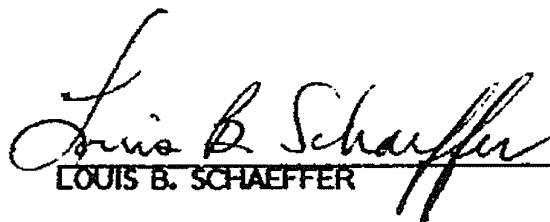
Jessie A. Butler  
Notary Public

My Commission Expires

January 30, 1984

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I, LOUIS B. SCHAEFFER, having been designated to act as Statutory Agent for Twelve Palms Association, Inc., hereby consent to act in that capacity until renewal or resignation is submitted in accordance with Arizona Revised Statutes.

  
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LOUIS B. SCHAEFFER

DATE: September 12, 1983