

time by the Board of Directors of the Association by the filing of the appointment of another statutory agent.

ARTICLE V

PURPOSE OF THE ASSOCIATION

This Association is organized to provide for the ownership, management, maintenance, and care of the Association Property and for the administration of the affairs of the Association, all as more particularly set forth in the Declaration. In furtherance of, and in order to accomplish these objectives and purposes, the Association may transact any or all lawful business for which nonprofit corporations may be incorporated under the laws of the State of Arizona, as these laws may be amended from time to time. All business transacted by the Association will be transacted in a way so as to further its tax-exempt status as an association under the Internal Revenue Code, if the Association so elects to be treated as a tax-exempt organization. The existence of the Association will commence on the date of the filing of these Articles with the Arizona Corporation Commission.

ARTICLE VI

MEMBERSHIP

Section 6.01. Identity of Members. The Association is a non-stock corporation. No dividends or pecuniary profits will be paid at any time to its Members. Membership in the Association is limited to Owners of Lots, and no person may be admitted as a Member in the Association unless that person is an Owner of a Lot. By becoming an Owner of a Lot, the Owner will be considered to have consented to membership in the Association. Upon becoming the Owner of a Lot, the Owner automatically becomes a Member of the Association and will remain a Member of the Association until the ownership ceases, for any reason, at which time the Owner's membership in the Association will cease automatically.

Section 6.02. Transfer of Membership. Membership in the Association is appurtenant to each Lot, and a membership in the Association will not be transferred, pledged, or alienated in any way, except: (i) upon the sale of a Lot, and then only to the purchasers; (ii) by intestate succession or testamentary disposition; (iii) foreclosure of mortgage (or similar security instrument) of record; or (iv) other legal process that requires the transfer of the membership. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. Except as expressly permitted under this Section 6.02, no Member of the Association may transfer a membership or any right or privilege associated with membership in the Association.

ARTICLE VII

VOTING RIGHTS

Section 7.01. Classes of Members. The Association will have two classes of voting membership, Class A and Class B.

Section 7.02. Class A. Class A members are all Owners of Lots with the exception of the Declarant. All Class A members will have the same rights and obligations with respect to voting of a Class A membership. Each Class A member is entitled to one vote for each Lot owned.

Section 7.03. Class B. The Class B member is the Declarant. The Declarant will be entitled to cast three votes for each Lot owned by the Declarant or over which it has Option Rights. The Class B

membership will cease and be converted to Class A membership upon the expiration of the period of Declarant Control.

Section 7.04. Cumulative Voting. There is no cumulative voting on any matter related to the administration or organization of the Association or its matters.

Section 7.05. Voting Trusts. Voting trust agreements of the type described in A.R.S. § 10-3730 are not permitted with respect to the Association and will not be recognized by the Association for the purpose of exercising the voting or approval powers of any one or more of the Members. This prohibition against voting trusts, however, will not act as a prohibition against voting agreements or member agreements of the type described, respectively, in A.R.S. § 10-3731 and § 10-3732.

ARTICLE VIII

BOARD OF DIRECTORS

Section 8.01. Number and Affairs. All Association powers will be exercised by or under the authority of the Board of Directors of the Association (sometimes individually or collectively called "Board," "Directors," "Director," or "Board of Directors"). The affairs of the Association will be conducted by the Board and any officers and committees that the Board may elect and appoint. Except for the initial Board that is designated in these Articles, the Board of Directors will be elected by the Members, and Board of Directors elections may be conducted by mail or any other method permitted in the Bylaws or under Arizona law. So long as there is a Class B membership in the Association, the Directors need not be Members of the Association. After the termination of the Class B membership, all Directors must be Members of the Association. The Board may increase the number of Directors on the Board; however, the number of Directors must always be an odd number (except during the period of Declarant Control, when the number of Directors may equal two) and may not exceed seven Directors. The number of Directors constituting the initial Board will be two, William D. Donoghue and John D. Ratliff. The names and addresses of the initial Board of Directors of the Association are as follows:

Name	Mailing Address
William D. Donoghue (1 year term)	2632 South 24th Street Suite B Phoenix, Arizona 85034
John D. Ratliff, Jr. (1 year term)	2632 South 24th Street Suite B Phoenix, Arizona 85034

The initial Directors will serve one year terms and until their successors have been elected and qualified. Successor Directors to the initial Directors also will serve the one year terms specified above.

Section 8.02. Bylaws. The Board is expressly authorized to adopt bylaws for the Association ("Bylaws"), by unanimous written consent or by a majority vote of the Board at a regular or special meeting of the Board.

ARTICLE IX

GENERAL PROVISIONS

Section 9.01. Dissolution. The Association may be dissolved with the affirmative written approval of two thirds (2/3) or more of the total number of eligible votes of each class of Members in the Association. Upon dissolution of the Association, other than incidental to a merger or consolidation, the assets of the Association will be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. If a dedication is refused, the assets will be granted, conveyed, or assigned to any nonprofit corporation, association, trust, or other organization to be devoted to a similar purpose or purposes.

Section 9.02. Amendments. Any amendment of these Articles will require the affirmative approval of 75% or more of the total number of eligible votes of each class of Members in the Association. Notwithstanding anything to the contrary contained herein, so long as any Lots are subject to the Option, amendment to these Articles, other than in order to conform these Articles to the requirements of the FHA, VA, FHLMC or FNMA, or any other federal, state or local governmental entity or agency whose approval of the Property is required, shall require the prior written consent of Zenith, such consent not to be unreasonably withheld.

Section 9.03. Incorporators. The name and address of the incorporator of the Association are:

Name	Mailing Address
William D. Donoghue	2632 South 24th Street Suite B Phoenix, Arizona 85034

Section 9.04. FHA/VA Approval. As long as there is a Class B membership in the Association and if either FHA or VA financing is applicable to all or any portion of the Property, the following will require the prior approval of the Federal Housing Administration or the Veterans Administration, if applicable: (i) annexation of additional properties; (ii) mergers and consolidations; (iii) mortgaging of Common Area; (iv) dedication of Common Area; and (v) dissolution and amendment of these Articles.

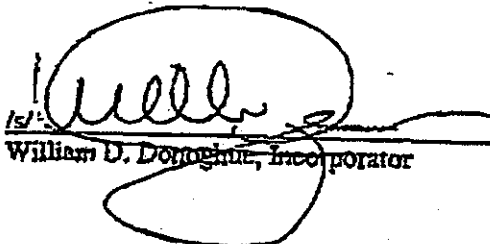
Section 9.05. Indemnification. To the fullest extent permitted under A.R.S. § 10-3202.B.2., § 10-3302.14, and § 10-3850 *et seq.*, or any successor statute, the Association, on demand, will indemnify, defend, and hold harmless all of its incorporators and any and all of its past, present, and future Directors, officers, Members, employees, and agents for, from, and against all losses, damages, liabilities, claims, expenses, legal fees, judgments, penalties, and settlements arising out of any and all acts or omissions done or omitted while employed by or acting on behalf of the Association. No right, power, or responsibility conferred on the Board, Architectural Committee, or any officer, employee, or agent of the Association will be construed as imposing any duty or obligation on that person for the purposes of establishing personal liability.

Section 9.06. Limited Liability. Without limitation of the right of the Association to indemnify, neither the Declarant, the Association, any Director, any officer of the Association, Member, any member of the Architectural Committee, nor any employees or agents of the Declarant or the Association will have any liability to any Owner or to any of Owner's Permittees for any act or failure to act with respect to any matter if the action taken or the failure to act was: (i) in good faith; and (ii) in a

manner reasonably believed to be in the best interests of the Association (if the action taken or failure to act was in an official capacity with the Association) or not opposed to the best interests of the Association (if the action taken or failure to act was not in an official capacity with the Association).

Section 9.07. Limitation on Actions. The ability of the Association to initiate legal proceedings or join as a plaintiff on certain legal proceedings may be limited by the Declaration or the Bylaws. In addition, certain claims, grievances, controversies, disagreements, or disputes involving the Association or its Members may be subject to the alternative dispute resolution procedures established in the Declaration and Bylaws.

For the purpose of forming this nonprofit corporation under the laws of the State of Arizona, the undersigned, constituting all of the incorporators of the Association, has executed these Articles as of May 5, 2003.



William D. Donoghue, Incorporator

ARIZONA CORPORATION COMMISSION
CORPORATIONS DIVISION

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

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

NONPROFIT
CERTIFICATE OF DISCLOSURE

A.R.S. Section 10-3202.D.

Siesta Foothills Homeowners Association, Inc.
EXACT CORPORATE NAME

- A. Has any person serving either by election or appointment as officer, director, trustee, or incorporator in the corporation:
- 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?
 - 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?
 - 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:
 - Involved the violation of fraud or registration provisions of the securities laws of that jurisdiction? or
 - Involved the violation of the consumer fraud laws of that jurisdiction? or
 - Involved the violation of the antitrust or restraint of trade laws of that jurisdiction?

Yes No

B. IF YES, the following information MUST be attached:

- Full name and prior name(s) used.
- Full birth name.
- Present home address.
- Prior addresses (for immediate preceding 7-year period).
- Date and location of birth.
- Social Security number.
- 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 each.

- C. Has any person serving either by election or appointment as an officer, director, trustee or incorporator of the corporation, 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, or administratively dissolved by any jurisdiction?

Yes No

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

- Name and address of the corporation.
- Full name, including title and address of each person involved.
- State(s) in which the corporation:
 - Was incorporated.
 - Has transacted business.
- Dates of corporate operation.
- A description of the bankruptcy, receivership or charter revocation, including the date, court or agency and the file or cause number of the case.

D. The fiscal year end adopted by the corporation is December 31

Under penalty of law, the undersigned incorporators/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, and hereby declares as indicated above. THE SIGNATURE(S) MUST BE DATED WITHIN THIRTY (30) DAYS OF THE DELIVERY DATE.

BY [Signature] DATE 5/15/03
TITLE President

BY [Signature] DATE 5/15/03
TITLE V.P.

BY _____ DATE _____
TITLE _____

BY _____ DATE _____
TITLE _____

DOMESTIC CORPORATIONS: ALL INCORPORATORS MUST SIGN THE INITIAL CERTIFICATE OF DISCLOSURE. (If more than four incorporators, please attach remaining signatures on a separate sheet of paper.)

If within sixty days, any person becomes an officer, director, or trustee and the person was not included in this disclosure, the corporation must file an AMENDED certificate signed by all incorporators, or if officers have been elected, by a duly authorized officer.

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

CFI 0031 - Non-Profit
Rev: 9/00