

EXEDITED
#2 CORP COMMISSION
FILED

2002 OCT 18 PM 10

ARTICLES OF INCORPORATION

APPR *Amelia J. Kim*
DATE APPR *10/18/02*
TERM _____
DATE _____ TIME _____

OF

PASEO TRAIL PARCEL D COMMUNITY ASSOCIATION,
AN ARIZONA NONPROFIT CORPORATION

-1049668-5

In compliance with the requirements of § 10-3101, et seq., Arizona Revised Statutes, as amended, the undersigned, who is a person capable of contracting, states as follows:

ARTICLE I

NAME

The name of the corporation is Paseo Trail Parcel D Community Association.

ARTICLE II

DEFINED TERMS

Capitalized terms used in these Articles without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions and Restrictions for Paseo Trail Parcel D (the "Declaration") recorded in the office of the County Recorder of Maricopa County, Arizona, as amended from time to time.

ARTICLE III

PRINCIPAL OFFICE AND KNOWN PLACE OF BUSINESS

The initial principal office and initial known place of business of the Association shall be located at 2702 North 44th Street, Suite 100A, Phoenix, Arizona 85008.

ARTICLE IV

STATUTORY AGENT

Azim Q. Hamood, Esq., whose address is Mohr, Hackett, Pederson, Blakley & Randolph, P.C., 2800 North Central Avenue, Suite 1100, Phoenix, Arizona, 85004-1043, is hereby appointed and designated as the initial statutory agent for the corporation.

ARTICLE V

PURPOSE OF THE ASSOCIATION

The purpose for which the corporation is organized is to act as a homeowners' association in accordance with Section 528 of the Internal Revenue Code of 1986, as the same may be amended from time to time, or if the corporation so elects, pursuant to Section 501(c)(4) of the Internal Revenue Code, as the same may be amended from time to time, and as such shall provide for the management, maintenance, and care of the Common Area and other property owned by the Association or property placed under its jurisdiction and shall perform all duties and exercise all rights imposed on or granted to the Association by the Project Documents. In furtherance of, and in order to accomplish the foregoing object and purpose, the Association may transact any or all lawful business for which corporations may be incorporated under the laws of the State of Arizona, as they be amended from time to time.

ARTICLE VI

CHARACTER OF BUSINESS

The character of the business which the Association intends to conduct in Arizona is to provide for the management, maintenance and care of the Common Area and to exercise and perform such other powers and duties as are imposed on or granted to the Association by the Project Documents.

ARTICLE VII

MEMBERSHIP AND VOTING RIGHTS

Membership in the Association shall be limited to Owners of Lots. Membership is appurtenant to and inseparable from ownership of a Lot. Each Owner shall have such rights, privileges and votes in the Association as are set forth in the Project Documents.

ARTICLE VIII

BOARD OF DIRECTORS

The number of directors constituting the Initial Board of Directors shall be three (3). The names and addresses of the initial directors of the Association who, unless subsequently replaced by the Class B Membership, shall serve until the Class B membership in the Association terminates and the Class B Members under the Declaration tender control of the Association to the Class A membership in the Association are as follows:

| <u>Name</u> | <u>Mailing Address</u> |
|----------------|---|
| Eric Franz | Suite 100A 2702 North 44 th Street Phoenix, AZ 85008 |
| Nick Dodson | Suite 100A 2702 North 44 th Street Phoenix, AZ 85008 |
| Dave Strickler | Suite 100A 2702 North 44 th Street Phoenix, AZ 85008 |

The Board shall adopt the Initial Bylaws of the Association. The power to alter, amend or repeal the Bylaws is reserved to the Members except that the Declarant, so long as the Declarant owns any Lot, and if Declarant does not own any Lot, then the Designated Builder(s), if any, then owning Lots within the Project so long as the Designated Builders act together in a manner mutually acceptable to all Designated Builders owning Lots within the Project, and if there are no Designated Builders owning any Lot, thereafter, the Board, without a vote of the Members, may amend the Bylaws in order to conform the Bylaws to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project, the Plat or the Project Documents is required by law or requested by the Declarant, Designated Builders or the Association.

ARTICLE IX

OFFICERS

The following persons shall be the initial officers of the Association and shall hold the positions opposite their names until replaced by the Board or the Class B membership in the Association terminates and the Class B Members under the Declaration tender control of the Association to the Class A membership:

| | | |
|----------------|---|---------------------|
| Eric Franz | - | President |
| Nick Dodson | - | Vice President |
| Dave Strickler | - | Secretary/Treasurer |

ARTICLE X

LIMITATION ON LIABILITY

The personal liability of a director of the Association to the Association or its Members for monetary damages for breach of his fiduciary duties as a director is hereby eliminated to the extent permitted by the Arizona Nonprofit Corporation Act, as it may be amended from time to time. The private property of the Members, directors and officers of the Association shall be forever exempt from the Association's debts and obligations, except as otherwise provided in the Project Documents.

ARTICLE XI

INDEMNIFICATION AND INSURANCE

To the extent it has the power to do so under the Arizona Nonprofit Corporation Act, A.R.S. § 10-3101, et seq., the Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Association, by reason of the fact that he is or was a member, director, officer, employee or agent of the Association or is or was serving at the request of the Association as a member, director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, and against judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted, or failed to act, in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Indemnification of any such person shall be made in accordance with the procedures set forth in the Arizona Nonprofit Corporation Act. The Association shall obtain and maintain a policy of directors and officers liability insurance in an amount determined from time to time by the Board of Directors. The policy shall be written by an insurance company having a rating of at least "A" and first class by A.M. Best.

ARTICLE XII

AMENDMENTS

These Articles may be amended by Members representing at least seventy-five percent (75%) of the total authorized votes entitled to be cast by Members in each class of membership of the Association; provided, however, that the Declarant, so long as the Declarant owns any Lot, and if Declarant does not own a Lot, then the Designated Builder(s), if any, then owning Lots within the Project so long as the Designated Builders act together in a manner mutually acceptable to all Designated Builders owning Lots within the Project, and if there are no Designated Builders owning any Lot, thereafter, the Board, without a vote of Members, may amend these Articles in order to conform these Articles to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental

agency whose approval of the Project, the Plat or the Project Documents is required by law or requested by the Declarant, Designated Builder or the Association. So long as the Declarant owns any Lot, any amendment to these Articles must be approved in writing by the Declarant. If Declarant does not own a Lot but a Designated Builder owns any Lot, any amendment to these Articles must be approved in writing by the Designated Builder(s) then owning Lots.

ARTICLE XIII

DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by Members representing not less than two-thirds (2/3) of the total authorized votes in each class of membership. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused, such assets shall be granted, conveyed or assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purpose.

ARTICLE XIV

DURATION

The corporation shall exist perpetually.

ARTICLE XV

VA/FHA APPROVAL

As long as there is a Class B membership in the Association, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties; mergers or consolidations; mortgaging of Common Area; dedication of Common Area; undertaking self-management of the Project or the Association; and dissolution or amendment of these Articles of Incorporation.

ARTICLE XVI

PRIORITY

To the extent of any conflict between the provisions of these Articles of Incorporation and the Declaration, the provisions of the Declaration shall control and supersede the provisions hereof.

ARTICLE XVII

INCORPORATOR

The name and address of the incorporator of the Association is:

| | |
|------------|---|
| Name | Address |
| Eric Franz | Suite 100A 2702 North 44 th Street Phoenix, AZ 85008 |

Dated this 12th day of August, 2002.

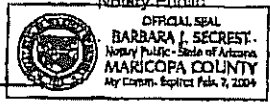
[Signature]
Eric Franz

STATE OF ARIZONA)
) ss:
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 12th day of August, 2002, by Eric Franz, an incorporator of PASEO TRAIL PARCEL D COMMUNITY ASSOCIATION, an Arizona nonprofit corporation.

[Signature]
Notary Public

My Commission Expires:
2-7-04



ACCEPTANCE OF APPOINTMENT AS STATUTORY AGENT

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

Dated this 5th day of August, 2002.

[Signature]
Aziz Q. Hameed, Esq.