

AZ CORPORATION COMMISSION
FILED

MAY 04 2005

FILE NO. 1186593-3

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AZ Corp. Commission



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Articles of Incorporation

of

Encanto Paseo Homeowners' Association, Inc.

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ARTICLES OF INCORPORATION
OF

ENCANTO PASEO HOMEOWNERS' ASSOCIATION, INC.
(Arizona Non-Profit Corporation)

The undersigned, for the purpose of forming a non-profit corporation under A.R.S. § 10-3301, *et seq.*, do hereby adopt the following articles of incorporation:

1. **NAME:** The name of the corporation is ENCANTO PASEO HOMEOWNERS' ASSOCIATION, INC. *et al*

2. **PURPOSE AND CHARACTER OF AFFAIRS:** The purpose for which the corporation is organized and the character of affairs of the corporation is to act as a tax-exempt homeowners' association ("the Association") in accordance with Section 528 of the Internal Revenue Code of 1954, 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 serve as a homeowners' association for the owners of residential real property in the Encanto Paseo Subdivision, as more fully set forth in the Declaration of Covenants, Conditions and Restrictions for Encanto Paseo (the "Declaration") recorded in the Office of the County Recorder of Pinal County, Arizona. The specific primary purpose for which this association is formed is to provide for the maintenance, preservation, and improvements of the common areas or the easements on which roads and landscaping sections are outlined in the Declaration and/or recorded maps at the County Recorder (hereinafter "Common Areas"). Other specific powers of the Association are to provide and enforce the architectural controls and other covenants contained in the Declaration, and to promote health, safety and welfare of the members of the association. In furtherance thereof, and in order to accomplish the foregoing purposes, the Association may transact any and all business for which non-profit corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time.

3. **POWERS:** The corporation shall have all of those powers provided by law, including those set forth in the Arizona Revised Statutes, as the same may be amended from time to time, and all of those powers necessary or convenient to effect the corporation's purposes as set forth above, including, but not limited to, the power to exercise all the rights and privileges and perform all duties and obligations of the corporation, as set forth in the Declaration as the same may be amended from time to time as provided herein. Specifically, the corporation shall have power to:

- a. Perform all of the duties and obligations of the corporation set forth in the Declaration;

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- b. Fix, levy and collect payment, by any lawful means, of all assessments or charges pursuant to the terms of the Declaration;
- c. Pay all expenses in connection with the conducting of the business of the corporation, including licenses, fees, taxes or other governmental charges levied or imposed on the common areas;
- d. Acquire, own, hold, improve, build upon, operate, maintain, convey, sale, lease, transfer, dedicate for public use, or otherwise dispose of real or personal property in connection with the affairs of the Association, subject to the limitations of the Declaration;
- e. Notice and conduct meetings as set forth in the Declaration and Bylaws of the corporation;
- f. Maintain roads, gated entries and landscaping easement areas owned by the Association.

4. **DURATION:** The time of commencement of this corporation shall be the date upon which these Articles are filed with the Arizona Corporation Commission and the duration shall be perpetual unless dissolved.

5. **TAX -EXEMPT ACTIVITIES:** No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, directors, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article 2. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene (including the publishing or distribution of statements) of any political campaign on behalf of any candidate for public office. Notwithstanding any other provisions of these Articles, the corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from Federal Income Tax under Section 528 of the Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue Law) or by a corporation, contributions to which are deductible under Section 501(c)(4) of the Internal Revenue Code of 1954 (or the corresponding provisions of any future United States Internal Revenue laws).

6. **DISSOLUTION:** The Association may be dissolved with the assent, in writing, signed by a majority of each class of voting members. Upon the dissolution of the corporation, the Board of Directors shall, after paying or making provision for the payment

of all of the liabilities of the corporation, dispose of all its assets exclusively for the purposes of the corporation in such a manner, or to such organizations organized and operated exclusive for charitable, educational, religious or scientific purposes as shall, at the time, qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Laws) as the Board of Directors shall determine. Any such assets not disposed of shall be disposed of by the Superior Court of the Pinal County, exclusively for such purpose or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purpose.

7. MEMBERSHIP: Every person or entity who is a record owner of any residential home in Encanto Paseo (including contract purchasers with right of possession of a lot) shall be a member of the Association, subject to and in accordance with the Declaration. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. All owners of Lots shall be mandatory members of the Association and no member shall have the right to resign as a member of the Association. Membership and voting rights shall be appurtenant to, and may not be separated from, ownership of any lot which is subject to assessment by the Association.

8. VOTING RIGHTS: "Class A" members shall be all owners, with the exception of the developer Encanto Paseo, LLC. "Class A" members shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lots shall be exercised as they, among themselves determine, but in no event shall more than vote be cast with respect to any given lot.

The "Class B" members shall be Encanto Paseo, LLC, or any assignee developer. The "Class B" members shall be entitled to three votes for each lot owned. The "Class B" membership shall cease and be converted to a "Class A" membership on the happening of any of the following events, whichever first occurs:

- a. Within ninety (90) days after the sale of all the lots to individual buyers; or
- b. Five (5) years from the date of the recording of the Declaration; or
- c. The Declarant advises the Association that it is relinquishing all "Class B" votes, as provided in the Declaration.

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9. **BOARD OF DIRECTORS:** The initial Board of Directors shall consist of one (1) director. The name and address of the initial Director who shall serve as the Director until the first annual meeting of the members, or until his successors are elected and qualified, is:

Chris Anderson
10645 E. Hillview
Mesa, Arizona 85207

The number of persons to serve on the Board of Directors thereafter shall be fixed by the Bylaws.

10. **LIMITATION ON LIABILITY OF DIRECTORS:** The personal liability of a director of the Association to the Association or its members for money damages for any action taken or any failure to take any action as a director is hereby eliminated to the fullest extent permitted by the Arizona Nonprofit Corporation Act as it may be amended from time to time. Any repeal or modification of this Article 10 shall be prospective only and shall not adversely affect the personal liability of a director or prior director for any act of omission occurring prior to the effective date of such repeal or modification.

11. **INDEMNIFICATION:** The Association shall indemnify any person made a party to any civil suit or criminal, administrative or investigative action, 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 against expenses, including attorneys' fees, and judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, if he acted, or failed to act in good faith and he reasonably believed (i) in the case of conduct in an official capacity with the Association, that the conduct was in its best interests; (ii) in all other cases, that the conduct was at least not opposed to its best interests and (iii) in the case of any criminal action or proceeding, that he had no reasonable cause to believe the conduct was unlawful. Any indemnification of the members, directors, officers, employees or agents of the Association shall be governed by and made in accordance with the provisions of the Arizona Nonprofit Corporation Act. Any repeal or modification of this Article 11 shall be prospective only and shall not adversely affect, defeat or limit the right of any person to indemnification for any act, or failure to act, occurring prior to the effective date of such repeal or modification.

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12. **KNOWN PLACE OF BUSINESS:** The street address of the known place of business of the corporation is:

4710 E. Falcon Drive, Suite 107
Mesa, Arizona 85215

When, pursuant to these Articles, Class B memberships shall cease, the Board of Directors shall increase to five (5) members. The election of those five members to the Board of Directors and their subsequent service, duties and responsibilities is set forth in the Bylaws.

13. **STATUTORY AGENT:** The name and address of the Statutory Agent of the corporation is:

Roger C. Decker
30 W. 1st Street
Mesa, Arizona 85201

14. **INCORPORATOR:** The name and address of the incorporator is:

Chris Anderson
10645 E. Hillview
Mesa, AZ 85207

15. **ASSESSMENTS:** For the purpose of providing necessary funds for carrying out the purposes of the corporation, there shall be levied against each residence in the subdivision, certain assessments, which shall be determined in accordance with and shall be done, payable and enforceable in the manner set forth in a Declaration, as the same may be amended from time to time.

16. **AMENDMENTS:** The provisions of these Articles having to do with the number of directors, the known place of business, and the statutory agent may be amended by majority vote of directors. Any other amendment of these Articles shall require 66-2/3% of the votes entitled to be cast at a meeting called for that purpose.

17. **FHA/VA APPROVAL:** As long as there is a "Class B" membership, the following actions will require the prior written approval of the Federal Housing Administration or The Veterans Administration: annexation of additional properties, merger and consolidation, mortgaging of common area, dedication of common area, dissolution, amendment of these Articles, and amendment of the Corporation's Bylaws..

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18. **INSURANCE:** Association to obtain and maintain in force the following policies of insurance: 1) fire and extended coverage insurance on access, gated entry and landscape easements, the amount of insurance to be not less than 100% of the aggregate full insurable value; 2) general comprehensive public liability insurance against claims for personal or bodily injury, death or property damage, with limits with regard to injury or death of not less than \$500,000.00 per person and \$1,000,000.00 per occurrence; and with limits of no less than \$500,000.00 per occurrence in respect to property damage, insuring against liability for bodily injury, or with respect to property, easements or common area, under its jurisdiction. The liability insurance shall name and separately protect, as insured, each owner and the Association; 3) such other insurance, including director and officer insurance (errors and omissions), and worker's compensation liability insurance to the extent necessary to comply with any applicable law, faithful performance and fidelity bonds to insure the Association against any loss from malfeasance or dishonesty of any employee or other person charged with the management or possession of any Association funds, or other property, and such indemnity and other bonds as the Board shall deem necessary or expedient to carry out the Association's functions.

19. **TRANSFER OF MEMBERSHIP:** In the event of a transfer of title on a lot, the new buyer shall assume the rights, privileges, and obligations of the previous owner. The seller of a lot/house may not request a return of any funds, fees or assessments paid into the Association.

IN WITNESS WHEREOF, the undersigned have executed these Articles of Incorporation as of this 9 day of Jun, 2005.



Chris Anderson
Chris Anderson
10645 E. Hillview
Mesa, AZ 85207

Audrey L. Ryan
May 22, 2007

3154892.1 January 19, 2005
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ACCEPTANCE AND CONSENT TO ACT AS
STATUTORY AGENT OF
ENCANTO PASEO HOMEOWNERS ASSOCIATION

I, ROGER C. DECKER, having been designated to act as Statutory Agent of
ENCANTO PASEO HOMEOWNERS ASSOCIATION hereby consent to act in that
capacity until removed or until my resignation is submitted in accordance with the
Arizona Revised Statutes.

DATED this 28 day of April, 2005.



Roger C. Decker

3165264.1 \ April 28, 2005
102163-00001

02/29/2005 10:16 FAX

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ARIZONA CORPORATION COMMISSION
CORPORATIONS DIVISION

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

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

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NONPROFIT
CERTIFICATE OF DISCLOSURE
A.R.S. Section 10-3202 D.

Encanto Pased Homeowners Association
EXACT CORPORATE NAME

- A. Has any person serving either by election or appointment as officer, director, trustee, or incorporator in the corporation:
1. Been convicted of a felony involving a transaction in securities, consumer fraud or embezzlement in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
 2. 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. 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 federal or state securities laws of that jurisdiction?
 - (b) Involved the violation of the consumer fraud laws of that jurisdiction?
 - (c) Involved the violation of the antitrust or restraint of trade laws of that jurisdiction?

Yes _____ No X

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

1. Full name and prior name(s) 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.

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 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 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, court or agency and the file or cause number of the case.

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

Under penalties of law, the undersigned incorporator/officer declares 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 declare as indicated above. THE SIGNATURE(S) MUST BE DATED WITHIN THIRTY (30) DAYS OF THE DELIVERY DATE.

BY [Signature] DATE 2/28/05 BY [Signature] DATE _____
TITLE _____ TITLE _____

BY _____ DATE _____ BY _____ DATE _____
TITLE _____ 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 executed by any two executive officers or directors

CP: 0001 - Non-Profit
Rev: 1/99

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[Signatures]