

ARTICLES OF INCORPORATION

OF

SCOTTSDALE SHADOWS V, INC.

The undersigned, as incorporators, have this date voluntarily associated themselves together for the purpose of forming a private nonprofit membership corporation under and by virtue of the laws of the State of Arizona, and do hereby adopt the following Articles of Incorporation:

ARTICLE I

Name

The name of the corporation is SCOTTSDALE SHADOWS V, INC.

ARTICLE II

Definitions

The words and terms used herein shall be deemed to have the same definitions and meanings as in the Declaration of Horizontal Property Regime and Declaration of Covenants, Conditions and Restrictions for Scottsdale Shadows V, which was recorded in the Office of the County Recorder of Maricopa County, Arizona, on April 3, 1978, in Docket 12813, pages 87 et seq., as amended by instrument recorded at Docket 12915, pages 1442 et seq. Such Declaration, as so amended or as hereafter amended from time to time, is hereinafter termed the Declaration.

ARTICLE III

Duration

The corporation shall exist perpetually.

ARTICLE IV

Purposes

The corporation does not contemplate pecuniary gain or profit to the Members thereof, and the Members shall have no individual interest in the profits of the corporation, if any. The specific purpose for which the corporation is formed is to fulfill all the duties and responsibilities, and to exercise all the rights, powers and prerogatives, of the Association as set forth in the Declaration and to act as and constitute the counsel of co-owners and the governing body of and for Scottsdale Shadows V, a horizontal property regime existing by virtue of the Declaration upon the following described real property:

That portion of the Southeast quarter of the Northeast quarter of Section 23, Township 2 North, Range 4 East of the G&SRB&M more particularly described as follows:

COMMENCING at the Southwest corner of the Southeast quarter of the Northeast quarter of said Section 23; thence South 89 degrees 59 minutes 55 seconds East (an assumed bearing) along the South line of the Southeast quarter of the Northeast quarter of said Section 23 for a distance of 356.20 feet; thence North 00 degrees 00 minutes 05 seconds East, a distance of 156.65 feet; thence North 44 degrees 59 minutes 54 seconds West a distance of 40.00 feet; thence North 45 degrees 00 minutes 06 seconds East, a distance of 739.01 feet to the true point of beginning; thence North 44 degrees 59 minutes 54 seconds West a distance of 275.33 feet; thence North 45 degrees 00 minutes 06 seconds East, a distance of 319.32 feet to a point which marks the beginning of a curve concave Southerly, the center of which bears South 44 degrees 59 minutes 54 seconds East a distance of 62.50 feet; thence Northeasterly along the arc of said curve through a central angle of 90 degrees 00 minutes 00 seconds, a distance of 98.18

feet; thence South 44 degrees 59 minutes 54 seconds East, a distance of 150.34 feet to a point which marks the beginning of a curve concave Westerly, the center of which bears South 45 degrees 00 minutes 06 seconds West, a distance of 62.50 feet, thence Southeasterly along the arc of said curve through a central angle of 90 degrees 00 minutes 00 seconds, a distance of 98.18 feet; thence South 45 degrees 00 minutes 06 seconds West a distance of 319.32 feet to the true point of beginning.

In furtherance of such purpose, the corporation shall be authorized and empowered to perform all acts and do all things provided for or contemplated in or permitted by the Declaration or which a private person or individual might perform or do under the laws of the State of Arizona, including but not limited to the following:

(a) To accept such properties, improvements, rights, and interests as may be conveyed, leased, assigned, or transferred to the corporation; to assume such obligations and duties as may be contained in any lease assignment or transferred to the corporation; to maintain, operate, and otherwise manage all buildings, structures, improvements, landscaping, parking areas, walks, common elements, common areas, recreational areas and facilities now or hereafter on said property; to pay all taxes and assessments, if any, which may properly be levied against properties of the corporation; to repair, rehabilitate and restore all buildings, structures and improvements on said property; to insure said property and all buildings and structures thereon against such risks as the Board of Directors shall determine; to make assignments and assessments for maintenance and operating charges as the Board of Directors

shall determine in accordance with the Declaration and the By-Laws of the corporation and to enforce the collection of such assessments; to 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; to pay all maintenance, operating and other costs and to do all things and acts which in the sole discretion of the Board of Directors shall be deemed to be in the best interests of the Members of the corporation or for the peace, comfort, safety or general welfare of the Members of the corporation, all in accordance with the Declaration; and to do all things necessary or appropriate to carry out and to enforce the terms and provisions of the Declaration.

(b) To purchase or otherwise acquire title to Units or to hold and exercise options to purchase the same, and to lease Units in the corporation's name as lessee and to sell and lease or to grant options to lease and purchase Units; and, if the corporation becomes the Owner or lessee of a Unit, to perform all of the obligations of an Owner or lessee thereof and to assume and agree to pay any Mortgage constituting a lien upon the Unit.

(c) To develop, construct, 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.

(d) To 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 corporation, and to secure the same by mortgage, trust deed, pledge or other lien on or security interest in property of the corporation.

(e) To enter into, perform, and carry out leases and contracts of any kind necessary to or in connection with or incidental to the accomplishment of any one or more of the objects and purposes of the corporation.

(f) To make refunds of excess payments from Members, as provided in the Declaration or the By-Laws.

(g) To lend or invest its working capital and reserves with or without security.

(h) 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.

(i) To represent the interests of whatsoever kind and nature of SCOTTSDALE SHADOWS V and the Unit Owners therein in connection with the membership in Recreational Center, Inc.

(j) To procure all types and kinds of insurance as shall be deemed to be in the best interests of the corporation.

(k) 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 or as may be deemed appropriate by the Board of Directors from time to time.

#### ARTICLE V

##### Character of Business

The character of business which the corporation initially intends actually to conduct in Arizona is the fulfillment of all its duties and responsibilities and the exercise of all its rights, powers and prerogatives under the Declaration.

#### ARTICLE VI

##### Membership; Classes of Members; Voting Rights

Other than its Members, the corporation shall have no shareholders, and no capital stock shall be authorized or issued. The Members of the corporation shall be the Owners of Units, as provided in the Declaration. Each Owner shall be a Member of the corporation as soon and so long as he shall be an Owner. Such membership shall automatically terminate when an Owner ceases for any reason to be an Owner, and the new Owner shall likewise automatically succeed to such membership in the corporation. A membership in the corporation shall not be transferred, pledged or alienated in any way, except upon the sale of the Unit to which it appertains (and then only to such purchaser) or by intestate succession, testamentary disposition, foreclosure of a mortgage of record or other legal process transferring fee simple title to such Unit (and then only to the Person to whom such fee simple title is transferred). Notwithstanding the foregoing, in the event that an Owner has granted an irrevocable proxy or otherwise pledged or alienated the voting right of his

Unit regarding special matters to a Mortgagee as additional security, only the vote of such Mortgagee will be recognized in regard to such special matters, if a copy of such proxy or other instrument pledging or alienating such vote has been filed with the Board of Directors. In the event that more than one such instrument has been filed, the Board of Directors shall recognize the rights of the first Mortgagee to so file, regardless of the priority of the Mortgages themselves. Any attempt to make a prohibited transfer of a membership is void and will not be recognized by or reflected upon the books and records of the corporation. In the event the Owner of any Unit should fail or refuse to transfer the membership registered in his name to the purchaser of such Unit, the corporation shall have the right to record a transfer upon the books of the corporation and issue a new membership to the purchaser, and thereupon the old membership outstanding in the name of the seller shall be null and void as though the same had been surrendered.

The corporation shall have two classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the Declarant under the Declaration and, except as hereafter provided in the case of election of directors, shall be entitled to one vote for each Unit owned, which vote shall be weighted as to all matters in accordance with the percentage of the undivided ownership of the Common Elements of Scottsdale Shadows V appurtenant thereto. When more than one Person holds an interest in any Unit, all such Persons shall be Members. The voting

for such Unit shall be exercised as such Persons among themselves determine, but in no event shall more than one vote be cast with respect to any Class A Unit.

Class B. The Class B member shall be the Declarant under the Declaration, who shall be entitled to three (3) votes for each Unit owned, which vote shall be weighted as to all matters in accordance with the percentage of the undivided ownership of the Common Elements appurtenant thereto. Each such vote may be cast in such proportions on any matter as such Declarant may determine. Class B memberships shall cease and be converted to Class A memberships, without further act or deed, upon the happening of any of the following events:

(a) Upon the sale or other disposition of any Unit by such Declarant, other than in connection with an assignment by such Declarant of all or substantially all of its rights under the Declaration (including a pledge or assignment by such Declarant to any lender as security), with respect to the Unit or Units so sold or otherwise disposed of; or

(b) With respect to all remaining Class B memberships, upon the first to occur of the following:

(i) Within One Hundred Twenty (120) days following the first date when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership, or



(ii) On January 1, 1984, unless such Declarant shall have then commenced or completed construction of Building 5-B of Scottsdale Shadows V or other Building in accordance with paragraph 34 of the Declaration or shall have applied for or been granted a permit therefor, in which event the provisions of subparagraph (i) shall apply; provided, however, that if the Class B memberships have ceased due to the provisions of subsection (i) of this subsection (b), such Class B memberships, and the relative rights of the Class A and the Class B memberships, shall be reinstated as to all Units in such Building 5-B, and as to all Units in Building 5-A whether or not then owned by such Declarant, upon the completion of Building 5-B and the sale and occupancy of the first Unit therein, and such Class B memberships shall remain in full force and effect until the provisions of such subsection (i) have again been fulfilled.

If any lender to whom such Declarant has or may hereafter assign, as security, all or substantially all of its rights under the Declaration succeeds to the interests of such Declarant by virtue of said assignment, the Class B memberships shall not be terminated thereby, and such lender shall hold the Class B memberships on the same terms as they were held by such Declarant. So long as any Class B membership

remains outstanding, the Class A memberships shall not be entitled to cast any vote with respect to the election of directors.

The first annual meeting of the Members of the corporation shall be held within thirty (30) days after the initial conversion of all the Class B memberships to Class A memberships, as above provided, or at such earlier time as the Board of Directors shall designate. The dates of subsequent annual meetings shall be as provided in the By-Laws of the corporation.

#### ARTICLE VII

##### Statutory Agent

The name of the corporation's initial statutory agent is Hamilton E. McRae III, and his address is 111 West Monroe, Phoenix, Arizona 85003. The initial statutory agent is an individual who has been a resident of this state for three (3) years.

#### ARTICLE VIII

##### Directors

The affairs of the corporation shall be managed by a board of not less than three (3) directors, as determined from time to time by the By-Laws and amendments thereto. The initial board of directors shall consist of three (3) directors. The directors shall have all applicable qualifications required by paragraph 4.2 of the Declaration. Until the first annual meeting of the Members and until their successors are elected and shall qualify, the following persons, who were elected at a meeting of the incorporators held at 10:00 a.m., Monday,

Feb. 12, 1979, at 111 West Monroe, Phoenix, Arizona, and their replacements, shall constitute the Board of Directors of the corporation:

<u>Name</u>	<u>Address</u>
Carl R. Spiekerman	3240 East Camelback Road Phoenix, Arizona 85018
Wayne C. Spiekerman	7820 East Camelback Road Scottsdale, Arizona 85251
Vernon S. Schweigert	P. O. Box 32418 Phoenix, Arizona 85064

Commencing with the first annual meeting, the Board of Directors shall be elected annually for a term of one (1) year, or until their successors are elected and qualified, by the Members at the annual meeting of the Members of the corporation, and such Members shall be entitled to cumulate their votes in the manner provided by Section 10, Article XIV of the Constitution of the State of Arizona.

The Board of Directors shall have the power to adopt By-Laws, to amend or repeal the same, to fill vacancies occurring in the Board of Directors, and to elect officers, agents and committees, with such members, powers and authority as they may confer.

#### ARTICLE IX

##### Incorporators

The name and address of each incorporator is as follows:

<u>Name</u>	<u>Address</u>
Carl Spiekerman	3240 East Camelback Road Phoenix, Arizona 85018
Hamilton E. McRae III	111 West Monroe Phoenix, Arizona 85003
James R. Huntwork	111 West Monroe Phoenix, Arizona 85003

ARTICLE X

Known Place of Business

The initial known place of business of the corporation shall be 3240 East Camelback Road, Phoenix, Arizona 85018.

ARTICLE XI

Amendments

These Articles of Incorporation shall not be amended to contain any provisions which would be contrary to or inconsistent with the Declaration as in effect from time to time, and any provision of or purported amendment to these Articles of Incorporation which is contrary to or inconsistent with the Declaration as in effect from time to time shall be void to the extent of such inconsistency.

ARTICLE XII

Exemption of Private Property

The private property of the members, officers and directors of the corporation shall be forever exempt from corporate debts, obligations and liabilities.

ARTICLE XIII

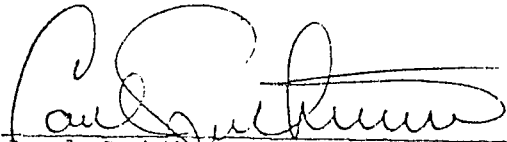
Indemnification

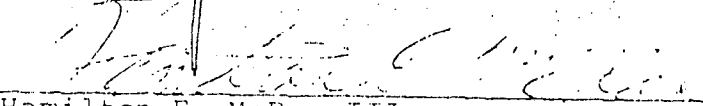
The corporation shall indemnify all of its directors and officers, and its former directors and officers, to the maximum extent authorized by law, against expenses incurred by them, including without limitation legal fees, and judgments and penalties rendered or levied against them or any of them in any legal

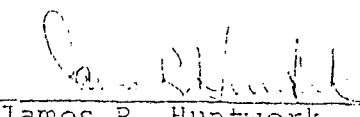
action brought against any such person for acts or omissions alleged to have been committed by any such person while acting within the scope of his employment as a director or officer of the corporation, provided that the Board of Directors shall determine in good faith that such person did not act, fail to act, or refuse to act willfully or with gross negligence, or with fraudulent or criminal intent in regard to the matter involved in the action, and provided further that no such indemnification shall be available with respect to liabilities under the Securities Act of 1933, and provided further that the corporation shall have the right to refuse indemnification in any instance in which the person to whom indemnification would otherwise have been applicable shall have unreasonably refused to permit the corporation, at its own expense and through counsel of its own choosing, to defend him in any such legal action. Whenever any such present or former director or officer shall report to the President of the corporation or the Chairman of the Board of Directors that he has incurred or may incur any such expenses, the Board of Directors shall, at its next regular or at a special meeting held within a reasonable time thereafter, determine in good faith whether such person acted, failed to act, or refused to act willfully, with gross negligence or with fraudulent or criminal intent in regard to the matter involved in the action. If the Board of Directors determines in good faith that such person did not act, fail to act or refuse to act wilfully or with gross negligence or with fraudulent or

criminal intent in regard to the matter involved in the action, indemnification shall be mandatory and shall be automatically extended as specified herein, except as otherwise provided hereinbefore. Nothing contained herein is intended to limit any right of indemnification provided by Arizona Revised Statutes, Section 10-005, or other applicable law.

IN WITNESS WHEREOF, for the purpose of forming a corporation under the laws of the State of Arizona, we, the undersigned, constituting the incorporators of this corporation, have executed these Articles of Incorporation this 12<sup>th</sup> day of February, 1978.

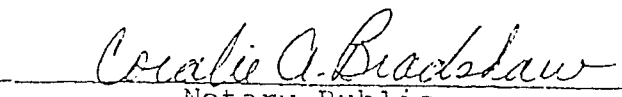
  
\_\_\_\_\_  
Carl Spiekerman

  
\_\_\_\_\_  
Hamilton E. McRae III

  
\_\_\_\_\_  
James R. Huntwork

STATE OF ARIZONA     )  
                                  ) ss.  
County of Maricopa    )

The foregoing instrument was acknowledged before me this 12 day of February, 1978, by CARL SPIEKERMAN.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:  
3-9-81

STATE OF ARIZONA     )  
                                  ) ss.  
County of Maricopa    )

The foregoing instrument was acknowledged before me this  
12<sup>th</sup> day of February, 1978, by HAMILTON E. MCRAE III.

Cecilia A. Bradshaw  
Notary Public

My Commission Expires:

3-9-81

STATE OF ARIZONA     )  
                                  ) ss.  
County of Maricopa    )

The foregoing instrument was acknowledged before me this  
12<sup>th</sup> day of February, 1978, by JAMES R. HUNTWORK.

Cecilia A. Bradshaw  
Notary Public

My Commission Expires:

3-9-81

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ARIZONA COMMISSION OF BUSINESS  
REGULATORY DIVISION

FILED

FEB

8:40 A.M.

At Jennings, Strouss & Salmon

111 W. Monroe St.

Phx, Az 85003

Sue Lish

G. C. Anderson, Jr.

SECRETARY