

STATE OF ARIZONA  
ACC/FAX  
DATE FILED

MAY 23 2003

ARTICLES OF INCORPORATION

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OF

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BY Michelle A. Scottsdale

-1078955-6

SCOTTSDALE SIERRA HILLS HOMEOWNERS' ASSOCIATION

(A Non-Profit Corporation)

Pursuant to Title 10, Chapters 24-40 of the Arizona Revised Statutes, the undersigned hereby adopt the following Articles of Incorporation.

ARTICLE I

NAME OF THE ASSOCIATION

The name of the corporation shall be SCOTTSDALE SIERRA HILLS HOMEOWNERS' ASSOCIATION (the "Association").

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ARTICLE II

NONPROFIT CORPORATION

The Association is organized as a nonprofit Association pursuant to Title 10, Chapters 24-40, of the Arizona Revised Statutes. The Association shall have no stock, and no dividends or pecuniary profits shall be declared or paid to its members, directors or officers. All income and earnings of the Association shall be used to further the purposes and objectives of the Association. Nothing contained herein, however, shall prohibit payments by the Association to members, directors or officers as reasonable compensation or reimbursement for services rendered to the Association.

ARTICLE III

PRINCIPAL PLACE OF BUSINESS

The Association's principal place of business is located at 7730 East Greenway Road, Suite 101, Scottsdale, Arizona 85260, but it may establish other places of business and other offices at such other places as the Board of Directors may from time to time determine.

ARTICLE IV

DEFINED TERMS/CONFLICTING PROVISIONS

Unless the context otherwise requires, capitalized terms used in these Articles of Incorporation without definition shall have the meanings specified for such terms in that certain Declaration of Covenants, Conditions, and Restrictions for Scottsdale Sierra Hills, recorded in the Office of the Recorder of Maricopa County, Arizona (the "Declaration"), the terms and provisions of which are incorporated into these Articles of Incorporation by this reference as if set forth herein.

In the event of any conflict or inconsistency between the Declaration and these Articles, the Declaration shall control.

## ARTICLE V

### PURPOSE, POWERS AND DUTIES

The primary business and purpose of the Association is to serve as the "Association" as that term is defined and used in A.R.S. § 33-1801, *et seq.* and as the "Association" as that term is defined and used in the Declaration. In furtherance of said purpose, the Association shall have the powers and shall perform the duties and obligations granted to and imposed upon it by the "Community Documents" (as defined in A.R.S. § 33-1802). In addition, subject to the provisions of the Declaration, the Association shall have and may exercise any and all of the powers, rights and privileges now or hereafter granted to nonprofit Associations by Title 10, Chapters 24-40, of the Arizona Revised Statutes, as the same may be amended or revised. The specific primary purpose for which this Association is formed is to provide for the protection, improvement, alteration, maintenance, repair, replacement, administration and operation of the "Property" situated in the City of Scottsdale, County of Maricopa, State of Arizona and more particularly described in the Declaration, and to promote the health, safety and welfare of all members and owners in connection with their respective use, occupancy and ownership of the Property. The Association shall have all legal powers necessary to carry out its obligations under the Declaration and Bylaws and these Articles.

## ARTICLE VI

### MEMBERSHIP AND VOTING RIGHTS

The Corporation will have members ("Members"). The membership in the Association shall consist exclusively of all of the owners of separately owned lots within the Property. The voting and other rights and privileges of members, and their liability for assessments and other charges, shall be as set forth in the Community Documents.

## ARTICLE VII

### BOARD OF DIRECTORS

The control and management of the affairs of the Association shall be vested in a Board of Directors, Members of which shall be considered as the Board of Directors under the Declaration consisting of not less than three (3) nor more than seven (7) Members. Each Director (other than the Directors appointed by Declarant) shall be a Member of the Association or the spouse of a Member (or if a Member is a corporation, partnership, limited liability company or trust, a director may be an officer, partner or beneficiary of such Member). The names and addresses of the initial Members are as follows:

<u>Name</u>	<u>Address</u>
Michael Earl	7730 East Greenway Road, Suite 101 Scottsdale, Arizona 85260
Robert Page	7730 East Greenway Road, Suite 101 Scottsdale, Arizona 85260
Lori Haverland	7730 East Greenway Road, Suite 101 Scottsdale, Arizona 85260

The Bylaws of the Association shall prescribe the terms of office and manner of election of directors, and the number of directors which shall be no less than the number of Directors required by the Declaration.

#### ARTICLE VIII

##### OFFICERS

The affairs of the Association shall be administered by officers elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members of the Association, or at other meetings called for such purpose. The officers shall consist of a President, Vice-President, Secretary, Treasurer and other officers as required, each of which shall serve at the pleasure of the Board of Directors.

#### ARTICLE IX

##### INCORPORATORS

The name and address of the incorporator is SCOTTSDALE SIERRA HILLS, L.L.C., an Arizona limited liability company, with an address of 7730 East Greenway Road, Suite 101, Scottsdale, Arizona 85260. All powers, duties and responsibilities of the incorporator shall cease at the time of filing of these Articles of Incorporation with the Arizona Corporation Commission.

#### ARTICLE X

##### NO PERSONAL LIABILITY

The directors, officers and members of the Association shall not be individually liable for the Association's debts or other liabilities. The private property of such individuals shall be exempt from any corporate debts or other liabilities. A director of the Association shall not be personally liable to the Association or its members, if any, for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Association or its members, if any, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under the Arizona nonprofit corporation act as if may be amended from time to time, or (iv) for any transaction from which the director derived any

improper personal benefit. If the Arizona Revised Statutes are hereafter amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Association shall be eliminated or limited to the fullest extent permitted by the Arizona Revised Statutes, as so amended. Any repeal or modification of this Article shall not adversely affect any right or protection of a director of the Association existing at the time of such repeal or modification.

## ARTICLE XI

### INDEMNIFICATION

The Association shall indemnify any past or present Director and/or Officer, committee member, employee or agent against expenses, including without limitation, attorneys' fees, judgments, fines and amounts incurred while acting within the scope of his or her authority as a Director, officer, committee member, employee or agent of the Association; 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 with regard to the matters involved in this action.

## ARTICLE XII

### DISSOLUTION

No person shall possess any property right in or to the property or assets of the Association. The Association may be dissolved as provided in the Bylaws. Upon dissolution, all assets remaining after payment of any outstanding liabilities shall be distributed as provided in the Community Documents.

## ARTICLE XIII

### FISCAL YEAR END

The Association shall have its fiscal year end on the last day of December.

## ARTICLE XIV

### AMENDMENTS

These Articles of Incorporation may be amended as provided in Arizona Revised Statutes Sections 10-11001 through 11004, as the same may be amended or revised. Except where approval of the Members is required by statute, amendment shall require assent of Members representing at least 51% of the total votes of the Association.



The Association hereby appoints BG Service Corporation, an Arizona corporation, 4800 North Scottsdale Road, Suite 6000, Scottsdale, Arizona 85251. All notices and processes, including service of summons, may be served upon said statutory agent and, when so served, shall be lawful, personal service upon this Association. The Board of Directors may, at any time, appoint another agent for such purpose, and filing of such other appointment shall revoke this or any other previous appointment of such agent.

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles on this 22 day of May, 2003.

**INCORPORATOR:**

SCOTTSDALE SIERRA HILLS, L.L.C.  
an Arizona limited liability company

By: 

Its: MANAGING MEMBER

**CONSENT TO ACT AS STATUTORY AGENT**

The undersigned, BG Service Corporation, an Arizona corporation, having been designated to act as Statutory Agent of SCOTTSDALE SIERRA HILLS HOMEOWNERS' ASSOCIATION, hereby consents to act in that capacity until removal or resignation is submitted in accordance with the Arizona Revised Statutes.

BG SERVICE CORPORATION, an Arizona corporation

By: Paul E. Gilbert  
Paul E. Gilbert, Vice President