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AZ. CORP COMMISSION  
FOR THE STATE OF AZ.  
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JUN 25 4 54 PM '89

ARTICLES OF INCORPORATION  
OF  
FOOTHILLS CLUB WEST COMMUNITY ASSOCIATION

APPR Sonia Suen  
DATE APPR 7/19/89 FILED  
TERM \_\_\_\_\_  
DATE \_\_\_\_\_ TIME \_\_\_\_\_

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KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, voluntarily associated ourselves together at a meeting held at 4820 South Mill Avenue, Tempe, Arizona, 85282, at 10:00 o'clock a.m. on July 24, 1989, for the purpose of forming a private, non-profit corporation, the object of which is not pecuniary profit, having the purpose hereinafter set out, under and pursuant to Chapter 5, Title 10 of the Arizona Revised Statutes, and for the further purpose of electing directors for said corporation. We do hereby adopt the following Articles of Incorporation:

1. Name: The name of the corporation shall be FOOTHILLS CLUB WEST COMMUNITY ASSOCIATION (hereinafter referred to as the "Association").

2. Purpose: The Association is organized and shall be operated for the purposes set forth for the "Association" in that certain Declaration of Covenants, Conditions and Restrictions for Foothills Club West (the "Declaration") recorded on July 21, 1989, at Recorder's No. 89-337438 in the office of the Maricopa County, Arizona Recorder, including, but not limited to, the acquisition, construction, management, maintenance and care of association property, provided, however, that the foregoing shall not be construed as a limitation on the activities and businesses in which the Association may ultimately engage. (Except as expressly set forth herein, capitalized terms shall have the meanings assigned to them in the Declaration.)

3. Business: The Association initially intends to engage in the following activities (which shall be construed as the character of the non-profit business which the Association initially intends to conduct in the State of Arizona):

a. Provide for the acquisition, construction, management, maintenance and care of association property; and

b. Perform all matters to be performed by the "Association," as that term is used in the Declaration.

1 Such initial intention shall in no manner whatever limit the  
2 character of the activities and businesses in which the  
Association may ultimately engage.

3 4. Authorized Stock: The Association shall have no  
4 capital stock.

5 5. Statutory Agent: The name and address of the  
6 initial statutory agent of the Association is C. Randall Bain,  
2901 North Central Avenue, P. O. Box 400, Phoenix, Arizona  
85001-0400.

7 6. Known Place of Business. The known place of  
8 business of the Association shall be 4820 South Mill Avenue,  
9 Tempe, Arizona 85282, but different and other offices and  
places for conducting business, both within and without the  
State of Arizona, may be established from time to time by the  
Board.

10 7. Board of Directors; Annual Meetings of Members:  
11 The business and affairs of the Association shall be conducted  
12 by a Board of Directors (herein referred to as the "Board").  
13 The annual meetings of the Members of the Association shall be  
14 held on the first Wednesday of March in each year, commencing  
15 with Wednesday, March 7, 1990, or such other time as the Board  
shall designate. The following three persons, elected by the  
incorporators at a meeting held on July 24, 1989, at Tempe,  
Arizona, shall constitute the Board and shall serve in such  
capacity until their successors are elected and qualified:

16 Brian Baehr  
4820 South Mill Avenue  
17 Tempe, Arizona 85282

18 Jerry Schulz  
4820 South Mill Avenue  
19 Tempe, Arizona 85282

20 Mark Borushko  
4820 South Mill Avenue  
21 Tempe, Arizona 85282

22 Otherwise, the number of persons to serve on the Board shall be  
23 fixed by the Bylaws but in no event shall it be less than three  
24 or more than seven; further, each member of the Board shall be  
25 elected for such term as shall be fixed by the Bylaws,  
26 provided, however, that in no event shall any change in the  
length of such term effected by an amendment to the Bylaws be  
applied so as to shorten the term being served by any member of  
the Board at the time such amendment is adopted. No person  
shall be eligible for election as a director who is not at the

1 time of election a Member of the Association, except such  
2 persons as may be designated by the Declarant or by a  
3 corporate, partnership or other non-individual Owner. If,  
4 after election: (a) any director except for a director  
5 designated by the Declarant or by a corporate, partnership or  
6 other non-individual Owner ceases to be a Member, he or she  
7 shall thereupon cease to be a director and his or her office  
8 shall become vacant; or (b) a corporation, partnership or other  
9 non-individual entity ceases to be a Member, any director  
10 serving by virtue of having been designated for election by  
11 such corporation, partnership or other non-individual entity  
12 shall thereupon cease to be a director and his or her office  
13 shall become vacant.

14  
15 8. Quorum: A quorum at a meeting of the Board shall  
16 consist of one-half (1/2) of the number of directors then  
17 serving (except that if three (3) directors are then serving, a  
18 quorum shall be two (2), and if one (1) director is then  
19 serving, a quorum shall be one (1)). Except as may otherwise  
20 be provided by applicable law or by the Declaration (and, in  
21 particular, except with respect to the imposition of Special  
22 Assessments or certain increases in the Maximum Annual  
23 Assessment with respect to which a quorum at a meeting of  
24 Members is to be determined as provided in the Declaration), a  
25 quorum at a meeting of Members shall consist of Members holding  
26 ten percent (10%) of the votes in each class of Members  
(whether represented in person or by valid proxy).

9. Incorporators: The names and addresses of the  
incorporators of the Association are:

Brian Baehr  
4820 South Mill Avenue  
Tempe, Arizona 85282

William Dougherty  
4820 South Mill Avenue  
Tempe, Arizona 85282

10. Net Earnings: No part of the net earnings of the  
Association shall inure (other than by acquiring, constructing  
or providing management, maintenance and care of association  
property, and other than by a rebate to Members of excess  
membership dues, fees and assessments (and not net earnings))  
to the benefit of or be distributable to any Member, director  
or officer of the Association, or to any private individual,  
except that reasonable compensation may be paid for services  
rendered to or for the Association and other payments and  
disbursements may be made in furtherance of one or more of its  
purposes. Upon the dissolution of the Association, the assets

1 of the Association, whether real or personal, after rebate to  
2 Members of excess membership dues, fees and assessments (and  
3 not net earnings), shall be dedicated to an appropriate public  
4 agency or utility to be devoted to purposes as nearly as is  
5 practicable the same as those to which they were required to be  
6 devoted by the Association.

7 11. Members: The Members of the Association and  
8 their voting rights shall be determined in the manner set forth  
9 in the Declaration.

10 12. Amendments: The Articles and Bylaws may only be  
11 amended by following the procedure hereinafter set out and by  
12 complying, to the extent applicable, with the Declaration. The  
13 Board shall adopt a resolution setting forth the proposed  
14 amendment and directing that it be submitted to a vote at a  
15 meeting of Members, which may be either an annual or a special  
16 meeting, and if approved by Members holding (either personally  
17 or by valid proxy) the Applicable Percentage (defined below) of  
18 the votes eligible to be cast on the amendment (including votes  
19 otherwise eligible to be cast but not represented personally or  
20 by valid proxy at such meeting), such amendment shall have been  
21 adopted, provided, however, that a copy of any such proposed  
22 amendment or a summary of the changes to be effected shall have  
23 been given to each Member in good standing at least ten (10)  
24 days prior to said meeting of the Members. For purposes  
25 hereof, the "Applicable Percentage" shall mean, in the case of  
26 an amendment to the Articles, sixty-seven percent (67%), and in  
the case of an amendment to the Bylaws, fifty-one percent  
(51%). Any number of amendments may be submitted and voted  
upon at any one meeting. Notwithstanding the foregoing but  
subject to Section 11.21 of the Declaration, so long as the  
Class B membership is in existence, the following actions shall  
require the prior approval of the Federal Housing  
Administration and the Veterans Administration: (a) amendment  
of these Articles or the Bylaws; (b) dissolution of the  
Association; (c) merger or consolidation of the Association  
with any other entity; (d) dedication by the Association of any  
or all of the Common Area; and (e) annexation of any additional  
properties to the Property (except where such annexation is in  
accordance with a plan of annexation or expansion previously  
approved by such agencies).

13. Private Property: Private property of the  
incorporators, Members, directors and officers of the  
Association shall be forever exempt from all corporate debts of

1 any kind whatsoever, provided, however, that nothing contained  
2 in this Article shall limit the liability of Members' property  
3 for payment of Assessments levied by the Association.

4 14. Fiscal Year: The fiscal year of the Association  
5 shall run from January 1 through December 31 of each year.


6 15. Indemnification of Officers, Directors, Employees  
7 and Agents: Subject to the further provisions hereof, the  
8 Association shall indemnify any and all of its existing or  
9 former directors, officers, employees and agents against all  
10 expenses incurred by them and each of them, including but not  
11 limited to, legal fees, judgments, penalties and amounts paid  
12 in settlement in any legal action brought or threatened against  
13 any of them for or on account of any action or omission alleged  
14 to have been committed while acting within the scope of his or  
15 her service as a director, officer, employee or agent of the  
16 Association, whether or not any action is or has been filed  
17 against them and whether or not any settlement or compromise is  
18 approved by a court. Indemnification shall be made by the  
19 Association whether the legal action brought or threatened is  
20 by or in the right of the Association or by any other person.  
21 Whenever any existing or former director, officer, employee or  
22 agent shall report to the president of the Association or the  
23 chairman of the board that he or she has incurred or may incur  
24 expenses, including, but not limited to, legal fees, judgments,  
25 penalties and amounts paid in settlement or compromise in a  
26 legal action brought or threatened against him or her for or on  
account of any action or omission alleged to have been  
committed by him or her while acting within the scope of his or  
her service as a director, officer, employee or agent of the  
Association, the Board shall, at its next regular meeting or at  
a special meeting held within a reasonable time thereafter,  
determine in good faith whether, in regard to the matter  
involved in the action or contemplated action, such person  
acted, failed to act or refused to act willfully or with gross  
negligence or with fraudulent or criminal intent. If the Board  
determines 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 or contemplated action, indemnification shall be  
mandatory and shall be automatically extended as specified  
herein, provided, however, that the Association 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  
Association, at its own expense and through counsel of its  
choosing, to defend him or her in the action. The  
indemnification provided by this Article 15 is not exclusive of  
any other rights to indemnification provided by Section 10-1005

1 of Arizona Revised Statutes (or the corresponding provision of  
2 any future Arizona Nonprofit Corporation Act) or otherwise  
3 provided by law.

4 16. Director Liability: A director of the  
5 Association shall not be personally liable to the Association  
6 or its Members for monetary damages for breach of fiduciary  
7 duty as a director. This article shall not eliminate or limit  
8 the liability of a director for any conduct described in  
9 clauses (a) through (e), inclusive, of Section 10-1029(A)(8),  
10 Arizona Revised Statutes. If the Arizona Revised Statutes are  
11 amended to authorize further elimination or limitation of the  
12 liability of a director, then the liability of a director of  
13 the Association shall be eliminated or limited to the fullest  
14 extent permitted by the Arizona Revised Statutes as so  
15 amended. Any repeal or modification of this article shall not  
16 increase the liability of a director of the Association arising  
17 out of acts or omissions occurring before the repeal or  
18 modification becomes effective.

19 IN WITNESS WHEREOF, for the purpose of forming the  
20 Association under the laws of the State of Arizona, we, the  
21 undersigned incorporators, have executed these Articles of  
22 Incorporation as of July 24, 1989.

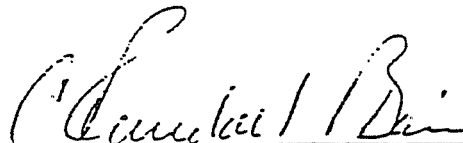
23  
24   
25 \_\_\_\_\_  
26 Brian Baehr

  
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William Dougherty

ACCEPTANCE OF STATUTORY AGENT

1  
2 C. Randall Bain, having been appointed to serve as  
3 statutory agent for Foothills Club West Community Association,  
4 hereby accepts said appointment and agrees to serve in that  
5 capacity until replaced by the Association in accordance with  
6 A.R.S. § 10-1009(A) and (B), or until the effective date of any  
7 resignation submitted by the undersigned in accordance with  
8 A.R.S. § 10-1009(C).  
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C. Randall Bain

