

UNRECORDED
COMMISSION
FILED

2003 SEP 10 P 1 33

Ken Jittle

9/10/2003

ARTICLES OF INCORPORATION
OF

SIERRA VERDE COMMUNITY ASSOCIATION,
an Arizona nonprofit corporation

- 1094087-3

The undersigned hereby voluntarily set forth the following statements for the purpose of forming a non-profit corporation under and pursuant to the laws of the State of Arizona, and for that purpose hereby adopt these Articles of Incorporation

ARTICLE I
NAME

The name of the corporation is Sierra Verde Community Association (the "Association")

ARTICLE II
DURATION

The Association shall exist perpetually

ARTICLE III
PURPOSE OF THE ASSOCIATION

The object and purpose for which this Association is organized is to provide for the management, maintenance, operation, replacement and repair of the Common Area and to 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 nonprofit corporations may be incorporated under federal and state law

ARTICLE IV
CHARACTER OF BUSINESS

The character of the business which the Association intends to conduct in Arizona is to provide for the management, maintenance, operation, replacement and repair 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 V
STATUTORY AGENT

Jeffrey Erhart, whose address is 649 North Third Avenue, Phoenix, Arizona 85003 and who has been a bona fide resident of the State of Arizona for more than three (3) years last past, is hereby appointed and designated as the initial statutory agent for the Association

ARTICLE VI
BOARD OF DIRECTORS

The number of Directors constituting the initial Board of Directors shall be three (3) The names of the initial Directors of the Association who shall serve until the first annual meeting of the members or until their successors are elected and qualified are Thomas R. Blake, Jr, N Kelly House, and Lynne M Dugan The address of all of the initial directors is 6710 North Scottsdale Road, Suite 100, Scottsdale, Arizona 85253

ARTICLE VII
INCORPORATOR

The name and address of the incorporator of the Association is Thomas R. Blake, 6710 North Scottsdale Road, Suite 100, Scottsdale, Arizona 85253

ARTICLE VIII
LIMITATION ON LIABILITY OF DIRECTORS

To the fullest extent allowable under federal and state law, no Director of the Association shall be personally liable to the Association or its members for monetary damages for breach of fiduciary duty as a Director, except liability for any of the following

- (i) Any breach of the Director's duty of loyalty to the Association or its members,
- (ii) Acts or omissions which are not in good faith and which involve intentional misconduct or a knowing violation of law,
- (iii) A violation of state law prohibitions regarding issuance of shares of stock, payments of dividends, or distributions of income or profit,
- (iv) Any transaction from which the Director derived an improper personal benefit,
- (v) A violation of state laws regarding transactions with the Director that are void or voidable because of conflicts of interest

ARTICLE IX
KNOWN PLACE OF BUSINESS

The known place of business of the Association shall be located at 6710 North Scottsdale Road, Suite 100, Scottsdale, Arizona 85253

ARTICLE X

MEMBERSHIP AND VOTING RIGHTS

Membership in the Association shall be limited to Owners of Lots. Each Owner shall have such rights, privileges and votes in the Association as are set forth in the Project Documents. Every person or entity who is a record owner of any Lot is entitled to membership and voting rights in the Association. Membership is appurtenant to, and inseparable from, ownership of a Lot.

ARTICLE XI

BYLAWS

The Board of Directors 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 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. So long as there is a Class B membership in the Association, any amendment of the Bylaws must be approved by the Veterans Administration ("VA") or the United States Department of Housing and Urban Development ("HUD"). HUD or VA approval of an amendment to the Bylaws shall be deemed given if (a) application for approval is made in writing together with written certification complying with HUD/VA guidelines stating that the Bylaws, as amended, will continue to comply with applicable HUD/VA requirements and (b) HUD and/or VA does not remove the Property from its list of approved projects or otherwise object to the application within thirty days following such application.

ARTICLE XII

OFFICERS

The following persons shall be the initial officers of the Association and shall hold the positions opposite their names until the first annual meeting of the Association or until their successors have been elected and qualified:

Thomas R. Blake, Jr.	-	President
N. Kelly House	-	Vice-President
Lynne M. Dugan	-	Secretary/Treasurer

ARTICLE XIII

DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by Owners representing not less than two-thirds (2/3) of the authorized votes of each class of the Association.

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, as the Board of Directors shall determine In the event that such dedication is refused acceptance, such assets shall be granted, conveyed, or assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purpose as the Board of Directors shall determine

ARTICLE XIV
AMENDMENTS

These Articles may be amended only with the consent of Members owning not less than two thirds of the total Lots

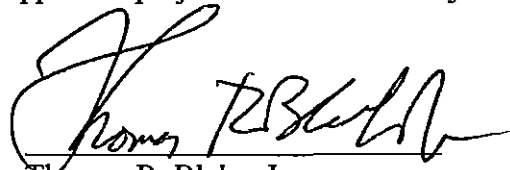
ARTICLE XV
DEFINED TERMS

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 Sierra Verde In the event of a conflict or inconsistency between these Articles and the Declaration, the provisions of the Declaration shall control

ARTICLE XVI
FHA/VA APPROVAL

So long as there is a Class B membership, the following actions will require the prior approval of HUD or VA annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dedication of Common Area, and dissolution and amendment of these Articles HUD or VA approval of an amendment to these Articles shall be deemed given if (a) application for approval is made in writing together with written certification complying with HUD/VA guidelines stating that the Articles, as amended, will continue to comply with applicable HUD/VA requirements and (b) HUD and/or VA does not remove the Property from its list of approved projects or otherwise object to the application within thirty days following such application

Dated this 4th day of September, 2003


Thomas R. Blake, Jr

STATUTORY AGENT CONSENT

The undersigned, having been designated to act as Statutory Agent for Sierra Verde Community Association, hereby consents to act in that capacity until removed or resignation is submitted

Date September 13, 2003

Jeffrey Ehart

A handwritten signature in black ink, appearing to read "JEHART", is written over a horizontal line. The signature is cursive and stylized.

ARIZONA CORPORATION COMMISSION
CORPORATIONS DIVISION

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

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

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

Sierra Verde Community 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 antitrust 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 fraud or registration provisions of the securities laws of that jurisdiction?; or
 - (b) Involved the violation of the consumer fraud laws of that jurisdiction?; or
 - (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 | 6. Social Security number. |
| 2. Full birth name | 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 |
| 3. Present home address. | |
| 4. Prior addresses (for immediate preceding 7-year period) | |
| 5. Date and location of birth. | |

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 | 4. Dates of corporate operation |
| 2. Full name, including alias and address of each person involved. | 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 |
| 3. State(s) in which the corporation. <ol style="list-style-type: none"> (a) Was incorporated (b) Has transacted business | |

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

Under penalties of law, the undersigned incorporators/officers declare 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 9-9-03 BY _____ DATE _____
TITLE INCORPORATOR TITLE _____

BY _____ DATE _____ BY _____ DATE _____
TITLE _____ TITLE _____

DOMESTIC CORPORATIONS ALL INCORPORATORS MUST SIGN THE INITIAL CERTIFICATE OF DISCLOSURE. (If more than four Incorporator 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