

# Vistoso Community Association

## Articles of Incorporation

(2/1/87)

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## Amendments to the Articles of Incorporation

(8/30/89)

These documents create the non-profit Arizona Corporation known as the Vistoso Community Association. The 1989 Amendment simply restates a section of the Articles related to the indemnification of Directors and Officers.

In the event there is a conflict between the Articles, the By-Laws and the CC&R's, the Articles of Incorporation have a higher level of authority than the Association By-Laws, and a lower level authority than the Covenants, Conditions and Restrictions.

Revised 9/1/94

**Section 1**

STATE OF ARIZONA  
ARTICLES OF AMENDMENT  
TO THE  
ARTICLES OF INCORPORATION  
OF  
VISTOSO COMMUNITY ASSOCIATION

Pursuant to the provisions of A.R.S. §10-1035, the undersigned corporation adopts the following articles of amendment to its articles of incorporation:

FIRST: The name of the corporation is Vistoso Community Association.

SECOND: The document attached hereto as Exhibit "A" sets forth an amendment to the articles of incorporation which was adopted by the members of the corporation on August 30, 1989 in the manner prescribed by A.R.S. §10-1034.

THIRD: The amendment was duly adopted by an act of the members.

DATED: November 20, 1989.

VISTOSO COMMUNITY ASSOCIATION

By:   
Jay Ellingson, President


By:   
Kay Etheridge, Secretary

EXHIBIT "A"

Article VII of the Articles of Incorporation of Vistoso Community Association is hereby amended in its entirety to read as follows:

Subject to the limitations set forth in Section 10-1005(C), Arizona Revised Statutes, the corporation shall indemnify any and all of its existing and former directors, officers and committee members (including, but not limited to, existing and former members of the Architectural and Landscaping Review Committee) against all expenses incurred by them and each of them, including but not limited to legal fees, judgments, penalties, and amounts paid in settlement or compromise, which may arise or be incurred, rendered or levied in any legal action brought or threatened against any one of them for or on account of any act or omission alleged to have been committed by such person while acting within the scope of his or her employment as a director, officer or committee member of the corporation, whether or not any action is or has been filed against the person and whether or not any settlement or compromise is approved by a court. Except as otherwise required by Section 10-1005, Arizona Revised Statutes, whenever such a director, officer or committee member shall report to the President of the corporation or to the Board that he or she has incurred or may incur such expenses, 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 (i) acted, failed to act, or refused to act in good faith, or in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, or (ii) with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Upon an affirmative determination by the Board with respect to the foregoing, indemnification shall be mandatory and shall be automatically extended as specified herein to the extent permitted by Section 10-1005, Arizona Revised Statutes, provided, however, 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 or her in the action. No director shall have any personal liability to the corporation or its shareholders for a breach of fiduciary duty as a director, provided that this release of liability shall not apply to any of the following:

(a) Any breach of the director's duty of loyalty to the corporation or its shareholders.

(b) Acts or omissions which are not in good faith or which involve intentional misconduct or a knowing violation of law.

(c) A violation of A.R.S. §10-1026.

(d) Any transaction from which the director derived an improper personal benefit.

(e) A violation of A.R.S. §10-1097.

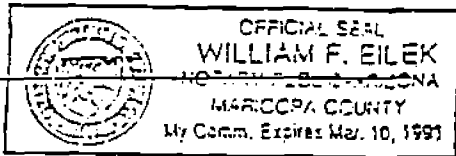
ACKNOWLEDGMENTS

STATE OF ARIZONA )  
 ) ss  
County of Maricopa )

The foregoing instrument was acknowledged before me this 3rd day of November, 1989 by Jay Ellingson, President of Vistoso Community Association, an Arizona nonprofit corporation, on behalf of the corporation.

William F. Eilek  
Notary Public

My commission expires:

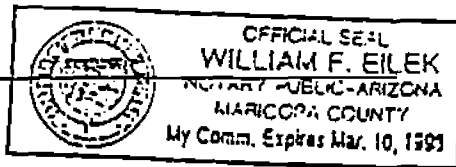


STATE OF ARIZONA )  
 ) ss  
County of Maricopa )

The foregoing instrument was acknowledged before me this 3rd day of November, 1989 by Kay Etheridge, Secretary of Vistoso Community Association, an Arizona nonprofit corporation, on behalf of the corporation.

William F. Eilek  
Notary Public

My commission expires:



ARTICLES OF INCORPORATION

OF

VISTOSO COMMUNITY ASSOCIATION

Feb 17 2 51 PM '87

1-800-345-5319

APPR  
DATE APR 11 FILED  
TERM 2-2-88  
DATE 2-11-87 TIME 3:25

*Amended*  
DATE 11-4-87

ARTICLE I

193965-8 NAME

DATE \_\_\_\_\_ The name of the corporation, which is a nonprofit corporation, is Vistoso Community Association.

ARTICLE II

PURPOSES

The primary purposes for which the corporation is formed are: (i) to act as the "Association" in accordance with and subject to that certain Restated Declaration of Covenants, Conditions, Restrictions and Easements for Rancho Vistoso, recorded in Docket \_\_\_\_\_, page \_\_\_\_\_, in the official records of Pima County, Arizona, as the same may be amended from time to time (the "Declaration"); (ii) to acquire, construct, manage, maintain, preserve and care for the Common Areas of Rancho Vistoso; (iii) to perform all of the duties and obligations and to exercise all of the powers and privileges of the Association as set forth in the Declaration; and (iv) to do all other things and exercise all powers and rights of a corporation which are lawful and consistent with the foregoing purposes and the nonprofit character of the corporation, including but not limited to the purposes set forth in Section 10-1005(A), Arizona Revised Statutes. Unless otherwise expressly provided herein, all capitalized terms used herein shall have the meanings set forth in the Declaration. Notwithstanding any other provisions of these Articles, if the corporation elects to qualify under Section 501(c)(4) of the Internal Revenue Code of 1954, as amended (the "Code"), the corporation shall not conduct or engage in any activity which would or could result in the revocation of its status as a corporation qualified under Section 501(c)(4) of the Code. The corporation does not contemplate securing any gain or profit to the Members of the corporation; the Members shall have no individual interest in the profits of the corporation, if any; and no part of the net earnings of the corporation, if any, shall inure (other than by acquiring, constructing or providing management, maintenance and care of association property, and other than by a rebate of excess Special Use Fees or Assessments) to the benefit of any Member of the corporation or other individual.

ARTICLE III

INITIAL ACTIVITY

The character of the business the corporation intends to conduct initially shall be to act as a property owners'

association performing the duties, and exercising the rights, of the Association set forth in the Declaration.

#### ARTICLE IV

##### MEMBERSHIP

The corporation shall be a non-stock corporation and shall be owned by all of its Members. No dividends or pecuniary profits shall be paid to the corporation's Members. Membership in the corporation shall be limited to Owners (including but not limited to persons who acquire title by means of a sheriff's deed as the result of a mortgage foreclosure, a trustee's deed as the result of the non-judicial foreclosure of a deed of trust, or a deed in lieu of the foreclosure of any mortgage or deed of trust), including Declarant for so long as Declarant is a Class A or Class B Member. All of the Owners, including Declarant for so long as Declarant is a Class A or Class B Member, shall be Members of the corporation. An Owner's Membership in the corporation shall cease and terminate immediately upon the Owner's ceasing to be an Owner. Membership shall be appurtenant to, and may not be separated from ownership of, a Lot or Parcel. Neither Membership in the corporation nor a Member's share, right, title or interest in and to the funds and assets of the corporation can be transferred, assigned or hypothecated except as an appurtenance to the Member's ownership of a Lot or Parcel. Membership may be evidenced by an official list of Owners, which list shall be kept by the secretary of the corporation. Termination of Membership in the corporation shall be in accordance with the Declaration and the Bylaws of the corporation.

The corporation shall have two classes of Members. The Class A Members shall consist of all Owners except Declarant until the conversion of Declarant's Class B Membership to Class A Membership pursuant to Section 7.3.2 of the Declaration (subject to the possible reinstatement of Declarant's Class B Membership pursuant to Section 14.2 of the Declaration, if applicable). A Class A Member shall have the number of votes provided in Section 7.1 of the Declaration. The Class B Member shall be Declarant. The Class B Member shall have the number of votes provided in Section 7.3.2 of the Declaration (subject to adjustment as provided in Sections 7.7 and 14.2 of the Declaration, if applicable). The Class B Membership shall automatically cease and be converted to Class A Membership as provided in Section 7.3.2 of the Declaration (subject to the possible reinstatement of Declarant's Class B Membership pursuant to Section 14.2 of the Declaration, if applicable).



Other limitations, privileges, obligations and rights of Membership in the corporation are set forth in the Declaration.

## ARTICLE V

### BOARD OF DIRECTORS

The affairs of the corporation shall be conducted by a Board of Directors. The initial Board and each Board thereafter for so long as there is a Class B Member shall consist of three Members or other persons. Commencing with the first annual meeting of the Members when there is no longer a Class B Member, the Board shall consist of, and the voting Members shall elect, seven directors, all of whom must be Members (or individuals designated by corporate, partnership or other non-individual Members). The number of directors shall be subject to increase as provided in the Bylaws. The term of each director shall be for one year until there is no longer a Class B Member. Thereafter, the initial terms of the directors shall be four directors for a one-year term and three directors for a two-year term, thus establishing a staggered board. In succeeding years, each director shall be elected for a two-year term. Until the first meeting of the Members when there is no longer a Class B Member, and until their successors are designated or elected and qualified, Declarant shall have the right to appoint all directors. The following three persons shall constitute the initial Board of Directors of the corporation:

1. Conley Wolfswinkel  
1201 South Alma School  
Mesa, Arizona 85202;
2. Jay Ellingson  
1201 South Alma School  
Mesa, Arizona 85202; and
3. Judy Windisch  
1201 South Alma School  
Mesa, Arizona 85202.

## ARTICLE VI

### NO PERSONAL LIABILITY

The private property of the Members, directors and officers of the corporation shall be forever exempt from the corporation's debts, obligations and liabilities, except as otherwise provided herein or in the Bylaws.

## ARTICLE VII

### INDEMNIFICATION OF DIRECTORS AND OFFICERS

Subject to the limitations set forth in Section 10-1005(B), Arizona Revised Statutes, the corporation shall indemnify any and all of its existing and former directors, officers and committee members (including, but not limited to, existing and former members of the Architectural and Landscaping Review Committee) against all expenses incurred by them and each of them, including but not limited to legal fees, judgments, penalties, and amounts paid in settlement or compromise, which may arise or be incurred, rendered or levied in any legal action brought or threatened against any one of them for or on account of any act or omission alleged to have been committed by such person while acting within the scope of his or her employment as a director, officer or committee member of the corporation, whether or not any action is or has been filed against the person and whether or not any settlement or compromise is approved by a court. Except as otherwise required by Section 10-1005(B)(4), Arizona Revised Statutes, whenever such a director, officer or committee member shall report to the President of the corporation or to the Board that he or she has incurred or may incur such expenses, 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 (i) acted, failed to act, or refused to act in good faith, or in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, or (ii) with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Upon an affirmative determination by the Board with respect to the foregoing, indemnification shall be mandatory and shall be automatically extended as specified herein to the extent permitted by Section 10-1005(3), Arizona Revised Statutes, provided, however, 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 or her in the action.

## ARTICLE VIII

### CONFLICT WITH DECLARATION AND OTHER LIMITATIONS

To the extent that any part or provision of these Articles is contrary to or inconsistent with provisions of the Declaration, the terms and provisions of the Declaration shall prevail. As set forth in the Declaration, the corporation is

subject to certain limitations. No amendment hereof, nor any action taken by the corporation pursuant hereto, shall be contrary to, or in conflict with, the limitations set forth in the declaration, and any such amendment or action shall be void to the extent of such inconsistency.

## ARTICLE IX

### APPROVALS REQUIRED

For so long as there is a Class B Member, the following actions will require the prior approval of the VA or the FHA to the extent such organizations are involved in making or guaranteeing loans secured by Lots and Parcels in Rancho Vistoso, unless such agencies have waived such requirements: (i) annexation of additional properties into Rancho Vistoso (other than automatic annexation as provided in the Declaration); (ii) mergers and consolidation; (iii) mortgaging of Common Areas; (iv) dedication of Common Areas; (v) change in the configuration of the Common Areas; (vi) dissolution of the corporation; and (vii) amendment of these Articles.

## ARTICLE X

### AMENDMENTS

Subject to the provisions of Article VIII hereof, the Members may, at any duly noticed and convened regular or special meeting called for such purpose, amend, alter or repeal any provision of these Articles by the affirmative vote of three-quarters of the votes then entitled to be cast at such election. Anything in this Article to the contrary notwithstanding, Declarant reserves the right to amend these Articles as may be requested or required by the FHA, VA or any other Agency with whom Declarant elects to do business as a condition precedent to such Agency's approval of these Articles, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Lot or Parcel or purchasing loans secured thereby. Any such amendment shall be effected by Declarant filing with the Arizona Corporation Commission, in accordance with applicable law, a Certificate of Amendment duly executed by Declarant specifying the Agency or the lending institution requesting the amendment and setting forth the requested or required amendment(s). Filing of such a Certificate shall be deemed conclusive proof of the Agency's or institution's request or requirement and such Certificate, when filed, shall be binding upon all of the Covered Property and all persons having an interest therein. It is the desire of Declarant to retain control of the Association and the Association's activities during the period of planning and development of the Covered Property. If any

amendment requested or required pursuant to the provisions of this Article deletes, diminishes or alters such control, Declarant shall have the right to prepare, provide for and adopt as an amendment hereto, other and different control provisions which shall be binding upon the Covered Property and Owners without a vote of the Owners.

## ARTICLE XI

### BYLAWS

The initial Bylaws shall be adopted by the Board herein designated. Amendments, alterations and repeal of the Bylaws may be made only as provided in the Bylaws. The Bylaws and any amendments or alterations thereto shall be valid only if consistent with the Declaration and these Articles.

## ARTICLE XII

### KNOWN PLACE OF BUSINESS

The known place of business of the corporation shall be 1201 South Alma School, Mesa, Arizona 85202, or such other place as may be designated from time to time by the Board. In addition, 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.

## ARTICLE XIII

### STATUTORY AGENT

Becky L. Burnham, Esq., 222 North Central Avenue, Suite 670, Phoenix, Arizona 85004, who has been a bona fide resident of the State of Arizona for at least three years, is hereby appointed the initial statutory agent of the corporation upon whom all notices and process, including summonses, may be served. The Board may revoke the appointment of such agent at any time, and shall have the power to fill any vacancy.

## ARTICLE XIV

### DISSOLUTION

Upon dissolution of the corporation, or the winding up of its affairs, the assets of the corporation shall be distributed exclusively to one or more other corporations or organizations having purposes substantially similar to those of the corporation and, if the corporation shall have elected to qualify under Section 501(c)(4) of the Code, to charitable, religious, scientific, literary or educational organizations

which would then qualify under the provisions of Section 501(c)(4) of the Code, as the Board shall then elect. Subject to and in accordance with the restrictions imposed by the Declaration and by the VA or the FHA (to the extent such organizations are involved in making loans secured by Lots or Parcels in Rancho Vistoso), the corporation may be dissolved with the written consent of not less than two-thirds of each class of Members then entitled to vote.

ARTICLE XV

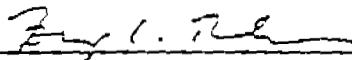
INCORPORATORS

The names and addresses of the incorporators are:

Becky L. Burnham  
222 North Central Avenue  
Suite 670  
Phoenix, Arizona 85004; and

Shawn E. Tobin  
222 North Central Avenue  
Suite 670  
Phoenix, Arizona 85004.


IN WITNESS WHEREOF, we have hereunto set our hands  
this 1st day of February, 1987.

  
\_\_\_\_\_  
Becky L. Burnham

  
\_\_\_\_\_  
Shawn E. Tobin

ACCEPTANCE OF APPOINTMENT  
BY STATUTORY AGENT

Pursuant to the provisions of Section 10-1008, Arizona Revised Statutes, the undersigned hereby acknowledges and accepts appointment as statutory agent of the above named corporation, effective this 1st day of February, 1987.

  
\_\_\_\_\_  
Seck<sup>s</sup> L. Burnham