

FEB 17 2005

FILE NO. 113-411-5

ARTICLES OF INCORPORATION  
OF

THE COTTAGES AT SIERRA VERDE COMMUNITY ASSOCIATION

In compliance with the requirements of A.R.S. § 10-3201, *et seq.*, as amended, the undersigned, who is a person capable of contracting, states as follows:

1. Name. The name of the corporation is The Cottages at Sierra Verde Community Association (the "Association")

2. 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 the Cottages at Sierra Verde recorded in the records of Maricopa County, Arizona, as amended from time to time

3. Known Place of Business. The street address of the known place of business for the Association is 3150 South 48<sup>th</sup> Street, Suite 100, Phoenix, Arizona 85040.

4. Statutory Agent. C. Timothy White, whose address is Greenberg Traung LLP, 2375 East Camelback Road, Suite 700, Phoenix, Arizona 85016, is hereby appointed and designated as the initial statutory agent for the Association.

5. Character of Business of the Association. The character of business that the Association initially intends to conduct is to provide for the ownership, management, maintenance and care of the Common Area and other property owned by the Association or property placed under its jurisdiction including Areas of Association Responsibility, and to exercise and perform such other powers and duties as are imposed on or granted to the Association by the Project Documents. In furtherance of, and in order to accomplish the foregoing objects and purposes, the Association may transact any or all lawful business for which corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time

6. Membership and Voting Rights. The Association will have members. 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

7. Board of Directors. The number of directors constituting the initial Board of Directors shall be three (3). The names and addresses 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 as follows Dennis Kirkland, 3150 South 48<sup>th</sup> Street, Suite 100, Phoenix, Arizona 85040, Kip Gilleland, 3150 South 48<sup>th</sup> Street, Suite

100, Phoenix, Arizona 85040, and Brian Connolly, 3150 South 48<sup>th</sup> Street, Suite 100, Phoenix, Arizona 85040.

8. Limitation on Liability of Directors. The personal liability of a director of the Association to the Association or its Members for monetary damages for any action taken, or failure to take any action, as a director is hereby eliminated to the extent permitted by the Arizona Revised Statutes, as they may be amended from time to time.

9. Indemnification. To the extent it has the power to do so under the Arizona Revised Statutes, as they may be amended from time to time, the Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Association, by reason of the fact that he or she is or was a Member, director, officer, employee or agent of the Association or is or was serving at the request of the Association as a member, director, officer, employee or agent of another corporation, partnership, joint venture, limited liability company, trust or other enterprise, against expenses, including attorneys' fees, and against judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith or failed to act and such failure to act was in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interest of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Indemnification of any such person shall be made in accordance with the procedures set forth in the Arizona Revised Statutes.

10. Amendment of Articles and Bylaws

(a) These Articles may be amended by Members representing at least seventy-five percent (75%) of the total authorized votes entitled to be cast by Members of the Association; provided, however, that the Declarant, so long as the Declarant owns any Lot, and thereafter, the Board, without a vote of the Members and without the consent of any First Mortgagee, may amend these Articles in order to conform these Articles 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 is required by law or requested by the Declarant or the Association. So long as the Declarant owns any Lot, any amendment to these Articles must be approved in writing by the Declarant.

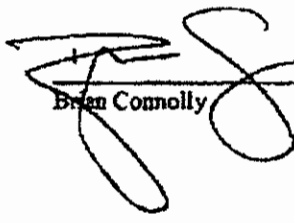
(b) The Board shall adopt the initial Bylaws of the Association. The Bylaws may be amended by Members representing at least seventy-five percent (75%) of the total authorized votes entitled to be cast by Members of the Association; provided, however, that the Declarant, so long as the Declarant owns

any Lot, and thereafter, the Board, without a vote of the Members and without the consent of any First Mortgagee, 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 is required by law or requested by the Declarant or the Association. So long as the Declarant owns any Lot, any amendment to the Bylaws must be approved in writing by the Declarant

11. Dissolution. The Association may be dissolved with the assent given in writing and signed by Members representing not less than seventy-five percent (75%) of the authorized votes in each class of 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. 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.

12. Incorporator. The name and address of the incorporator are: Brian Connolly, 3150 South 48<sup>th</sup> Street, Suite 100, Phoenix, Arizona 85040.

Dated this 11 day of February, 2005.

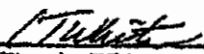
  
\_\_\_\_\_  
Brian Connolly

STATE OF ARIZONA  
NOTICE OF ACCEPTANCE  
OF APPOINTMENT OF STATUTORY AGENT  
OF  
THE COTTAGES AT SIERRA VERDE COMMUNITY ASSOCIATION

TO: Arizona Corporation Commission  
1300 West Washington Street  
Phoenix, Arizona 85007

Please be advised that C. Timothy White, Esq., Greenberg Traurig, LLP, 2375 E. Camelback Road, Suite 700, Phoenix, Arizona 85016, a resident of the State of Arizona for a period in excess of three years, hereby accepts and acknowledges appointment as statutory agent for service of process upon The Cottages at Sierra Verde Community Association, an Arizona limited liability company, and consents to act in that capacity until removal or resignation.

DATED: February 11, 2005.

  
C. Timothy White  
Greenberg Traurig, LLP  
2375 East Camelback Road, Suite 700  
Phoenix, Arizona 85016

ARIZONA CORPORATION COMMISSION  
CORPORATIONS DIVISION

Phoenix Address: 1300 West Washington  
Phoenix, Arizona 85007-7209

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

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

THE COTTAGES AT 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 pretense, or conversion of trade or property 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 securities or trademark or 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 the matter of case |
| 3. Present home address  |   |
| 4. Home addresses (for conviction or proceeding 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 an interest in any corporation which has been placed in bankruptcy or receivership or had its charter revoked, or administered or supervised 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. Date 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. Year(s) in which the corporation: <ol style="list-style-type: none"> <li>(a) was incorporated</li> <li>(b) has conducted business</li> </ol> |  |

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

Under penalties of law, the undersigned incorporator(s) 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 2/10/05 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 10 incorporators, please attach remaining signatures on a separate sheet of paper)

If within thirty days, any person becomes an officer, director, or trustee and the person was not included in this disclosure, the certificate must first be amended; certificate signed by all incorporators, or if officers have been elected, by a duly authorized officer.

FOREIGN CORPORATIONS: MUST BE SIGNED BY AT LEAST ONE DULY AUTHORIZED OFFICER OF THE CORPORATION.

Form 2001 - Non Profit  
Rev. 1-02

PHX 602.47795.001