

ARIZONA CORPORATION COMMISSION
INCORPORATING DIVISION
Phoenix Address: 2222 West Encanto Blvd.
Phoenix, Arizona 85009

CERTIFICATE OF DISCLOSURE
A.R.S. Sections 10-128 & 10-128.01

Tucson Address: 403 West Congress Street
Tucson, Arizona 85701

7D
2/18

Check Appropriate Box(es) "A", "B", or "C"

THE UNDERSIGNED CERTIFY THAT:

Tonto Hills Improvement Association
EXACT CORPORATE NAME

- A. No person serving either by election or appointment as officers, directors, incorporators and persons controlling, or holding more than 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation:
1. Have 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.
1. Have been convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or restraining the trade or monopoly in any state or federal jurisdiction within the seven year period immediately preceding the execution of this certificate.
3. Have 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 where 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 laws of trade laws of that jurisdiction.

- B. For any person or persons who have been or are subject to one or more of the statements in Items A.1 through A.3 above, the following information "MUST" be attached.
1. Full name and prior names used.
2. Full birth name.
3. Present home address.
4. Prior addresses (for immediate preceding 7 year period).
5. Date and location of birth.
6. Social Security number.
7. The nature and description of each conviction or judicial action, the date and location, the court and public agency involved and the file or cause number of the case.

- C. No person (a) serving either by election or appointment as an officer, director, trustee or incorporator of the corporation or, (b) major stockholder possessing or controlling any proprietary, beneficial or membership interest in the corporation, has 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?
- YES NO
- 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.
2. Full name, including alias and address of each person involved.
3. State(s) in which the corporation:
- (a) Was incorporated.
- (b) Has transacted business.
4. Dates of corporate operation.
5. A description of the bankruptcy, receivership or charter revocation, including the date, the court or agency involved and the file or cause number of the case.

Under penalties of law, the undersigned 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.

BY *Julie Lewitz* DATE: 2/18/80 BY *Patricia Smith* DATE: 2/18/80
TITLE: Incorporator TITLE: Incorporator
Fiscal Year End: March 1

(Revised 2/79)

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AZ. CORP. COMMISSION
FOR THE STATE OF AZ.
FILED

ARTICLES OF INCORPORATION
OF
TONTA HILLS IMPROVEMENT ASSOCIATION
(A Non-Profit Corporation)

SEP 29 9 24 AM '80
APPR. *Jennifer Walsh*
DATE APPROVED FILE # 132667
FEB 11 1981
DATE _____ TIME _____

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, voluntarily associated ourselves together at a meeting held at The Carefree Inn, Carefree, Arizona, at 7:00 o'clock p. m. on September 3, 1980, 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 Article 16, Chapter 1, 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 (hereinafter referred to as *OK* "the Association") shall be TONTA HILLS IMPROVEMENT ASSOCIATION.
2. Purpose: The Association is organized and shall be operated pursuant to the general non-profit corporation laws of the State of Arizona, and as a property owners association, as that term is defined in Section 528 of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law).
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):

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a. To organize and operate a civil organization in such manner as the Board of Directors may deem best, exclusively for the promotion of the common good and social welfare of the owners and resident in Tonto Hills, a development in Maricopa County, Arizona, consisting of the following described subdivision set forth on plats of record in the office of the Recorder of Maricopa County, Arizona, in the books of maps and at the pages set forth below:

Subdivision Tonto Hills, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, in Book 93 of Maps, page 5.

b. To perform all matters to be performed by the Improvement Association and Architectural Control Committee, as such terms are used in that certain Declaration (hereinafter referred to as "the Declaration") recorded in Docket 3561, Page 201, and Docket 3667, Page 259, of the records of the Maricopa County, Arizona, Recorder.

Such initial intention shall in no manner whatever limit the character of the activities and businesses in which the Association may ultimately engage, provided, however, the Association shall engage only in activities and businesses which may be engaged in by entities described in (and then, only to the extent permitted by) Section 528 of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law).

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

5. Statutory Agent: The name and address of the initial statutory agent of the Association is John M. O'Hara, 777 W. Southern, Mesa, Arizona 85202.

6. Known Place of Business: The known place of business of the Association shall be P. O. Box 2039, Carefree, Arizona 85377, but different and other offices and places for conducting business may be established from time to time by the board.

7. Board of Directors: The business and affairs of the Association shall be conducted by a Board of Directors (herein referred to as "the board"). The first annual meeting of the members of the Association shall be held on March 1, 1981, or at such other time as the initial board shall designate, and thereafter the annual meeting of the members shall be held on the first Wednesday of March in each year, or such other time as the board may designate. Until said first annual meeting of the members and until their successors are elected and qualified, the following six persons, elected by the property owners at a meeting held on September 3, 1980, shall constitute the board of the Association:

Chris Morgart
P. O. Box 967
Carefree, AZ 85377

Bette Shenk
P. O. Box 1272
Carefree, AZ 85377

Patricia Smillie
P. O. Box 934
Carefree, AZ 85377

Paul Burroway
P. O. Box 1185
Carefree, AZ 85377

Tom Langel
P. O. Box 1022
Carefree, AZ 85377

Julie Lewitz
P. O. Box 2080
Carefree, AZ 85377

Otherwise, the number of persons to serve on the board shall be fixed by the Bylaws of the Association but in no event shall it be less than three. No person shall be eligible for election as a director who is not

at the time of election a member of the Association.

8. Quorum: A quorum at a meeting of the board shall consist of two-thirds (2/3) of the number of the directors then serving.

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

Julie Lewitz
P. O. Box 2080
Carefree, AZ 85377

Patricia Smillie
P. O. Box 934
Carefree, AZ 85377

10. Net Earnings: No part of the net earnings of the Association shall inure 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, both real and personal of the Association, after rebate to members of excess membership dues, fees and assessments (and not net earnings) shall be dedicated to an appropriate public agency or utility to be devoted to purposes as nearly as is practicably the same as those to which they were required to be devoted by the Association.

11. Members: There shall be one membership for each lot in the Tonto Hills subdivision, according to the Declaration and the plat recorded in Book 93 of Maps, Page 5 of the Records of the Maricopa County, Arizona, Recorder. Each such membership shall be held by the current owner (as evidenced by a recorded document) of the lot or, in the case of

any valid and outstanding recorded agreement of sale with respect to a lot, the purchaser under such contract. The owner, or purchaser under an outstanding recorded agreement of sale of a lot shall automatically, upon becoming an owner or purchaser, as evidenced by a recorded document, be a member of the Association and shall remain a member of the Association until the member shall have conveyed his title to the lot (and the conveyance document has been recorded), or until such time as such member shall have executed, delivered and recorded a contract for the sale of the lot or such members' right, title and interest therein, at which time such members' membership in the Association shall cease automatically.

12. Amendments: The Articles may be amended by following the procedure hereinafter set out. Any amendment of these Articles may be proposed in writing at any legal meeting of the members called for such purpose, and if approved by two-thirds (2/3) of the members present at such meeting, such amendments shall have been adopted.

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

14. Fiscal Year: The fiscal year of the Association shall run from March 1 through February 28 of each year.

15. Indemnification of Officers, Directors, Employees and Agents: Subject to the further provisions hereof, the Association shall indemnify

