AZ CORPORATION COMMISSION
FILED

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FILE NO. 1965844-4

AZ Corp. Commission
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ARTICLES OF INCORPORATION
OF
PARADISE COVE AT THE ISLANDS HOMEOWNERS' ASSOCIATION

The undersigned, as the incorporator, has this date set his hand hereto for the purpose of forming a private nonprofit corporation under and by virtue of the laws of the State of Arizona, and hereby adopts the following Articles of Incorporation:

ARTICLE I

Name

The name of the Corporation is "**Paradise Cove At the Islands Homeowners' Association**".

ARTICLE II

Definitions

The capitalized words and terms used herein which are defined in the Declaration of Covenants, Conditions, Restrictions and Easements For Paradise Cove At The Islands, as amended from time to time (the "Declaration"), to be recorded in the official records of Maricopa County, Arizona, shall be deemed to have the same definitions and meanings as in the Declaration.

ARTICLE III

Duration and Members

The Corporation shall exist perpetually. The Corporation will have members. Every Owner of a Lot shall be a member of the Corporation ("Member").

ARTICLE IV

Arizona Known Place of Business

The Business Address of the Corporation in Arizona is: 890 West Elliot Road, Suite 101, Gilbert, Arizona 85233

ARTICLE V
Purposes

The Corporation is not organized for the purpose of gaining any pecuniary profit. No part of the income or profit or net earnings of the Corporation, if any, shall inure to the benefit of any

member, director or officer nor to any other person or entity other than by acquiring, constructing, or providing management, maintenance and care of the Corporation's property and other than by a rebate of excess membership dues, fees or assessments. The Corporation has been formed for the purpose of assuring and monitoring the maintenance, preservation, and use of the Common Areas of the Property and Lots by the Owners located within that certain community and subdivision in Maricopa County, Arizona known as "Paradise Cove At The Islands", as described in the Declaration and for the assessment of expenses, for the payment of losses, for the disposition of casualty insurance proceeds, to enforce the terms and provisions of the Declaration and for other matters as provided in the Declaration, these Articles of Incorporation, and the Bylaws of the Corporation. The Corporation's purposes and affairs shall include any lawful business. Without limiting the generality of the foregoing, to the extent authorized by its Board of Directors and in accordance with the provisions of the Declaration, the Corporation shall be empowered:

(a) To accept such properties, improvements, rights, and interests as may be conveyed, leased, assigned, or transferred to the Corporation; to assume such obligations and duties as may be contained in any lease assigned or transferred to the Corporation; to maintain, operate and otherwise manage the Common Areas, including recreational areas and facilities now or hereafter constructed on the Common Areas; to pay all taxes and assessments, if any, which may properly be levied against properties of the Corporation; to repair, rehabilitate and restore all buildings, structures and improvements on the Common Areas; to insure the Common Areas and the Property and all building and structures thereon as required by the Declaration and against such other risks as the Board of Directors shall determine; to make assignments and assessments for maintenance and operating charges as the Board of Directors shall determine in accordance with the Declaration and the Bylaws of the Corporation and to enforce the collection of such assessments; to impose liens against individual Lots to secure the payment of obligations due from the Owner thereof, and to collect, sue, foreclose or otherwise enforce, compromise, release, satisfy and discharge such demands and liens in accordance with the Declaration; to enforce any and all covenants, restrictions and agreements applicable to the Property; to pay all maintenance, operating and other costs and to do all things and acts which in the sole discretion of the Board of Directors shall be deemed to be in the best interests of the Members or for the peace, comfort, safety or general welfare of the Members, all in accordance with the Declaration; to make and amend rules and regulations respecting the use of the Common Area and the Property; and to do all things necessary or appropriate to carry out and to enforce the terms and provisions of the Declaration.

(b) To purchase or otherwise acquire title to Lots or to hold and exercise options to purchase the same, and to lease Lots in the Corporation's name as lessee and to sell and lease or to grant options to lease and purchase Lots and, if the Corporation becomes the owner or lessee of a Lot, to perform all the obligations of an owner or lessee thereof and to assume and agree to pay any mortgage constituting a lien upon the Lot.

(c) To develop, construct, purchase, lease, own, improve, maintain, operate and hold real and personal property of every kind and description; to sell, convey, and lease such property; and to mortgage, assign and pledge or otherwise encumber such property.

(d) To borrow money, and to issue notes, bonds, and other evidences of indebtedness in furtherance of any or all of the objects and purposes of the corporation, and to secure the same by mortgage, trust deed, pledge or other lien on or security interest in property of the Corporation.

(e) To enter into, perform, and carry out leases and contracts of any kind necessary to or in connection with or incidental to the accomplishment of any one or more of the objects and purposes of the corporation.

(f) To lend or invest its working capital and reserves.

(g) To act as surety or guarantor, agent, trustee, broker or in any other capacity when appropriate to the fulfillment and the furtherance of its objects and purposes.

(h) To procure all types and kinds of insurance as shall be deemed to be in the best interests of the Corporation.

(i) In general, to do and perform such acts and things and to transact such business in connection with the foregoing objects and purposes as may be necessary and required.

ARTICLE VI

Character of Affairs

The character of affairs which the Corporation initially intends actually to conduct in Arizona is the fulfillment of all its duties and responsibilities and the exercise of all its rights and powers under the Declaration.

ARTICLE VII

Membership Classes of Members; Voting Rights

(a) The Members of the Corporation shall be the Owners of Lots, as provided in the Declaration and as shall be set forth in the Bylaws.

(b) The corporation shall have two (2) classes of voting membership:

Class A. Class A Members shall be all Owners except Declarant, so long as any Class B Membership is outstanding. Class A Members shall be entitled to one (1) vote for each Lot owned on each matter to be decided. When more than one Person holds an interest in any Lot, all such Persons shall be Members and shall collectively hold the voting rights for the Lot. If only one of the multiple Owners of the Lot is present at a meeting of the Association in person or by proxy (or after the period of Declarant control, by absentee ballot), that Owner is entitled to cast the vote allocated to that Lot. In all other cases, the

multiple Owners shall, prior to each meeting of the Association, provide the Association with a written statement, signed by all such multiple Owners, designating one Person who shall have the right to cast the single vote assigned to the Lot owned by such multiple Owners. In no event shall more than one (1) vote be cast with respect to any Lot owned by a Class A Member.

Class B. The Class B Member ("Class B Member") shall be the Declarant. The Class B Member shall be entitled to four (4) votes for each Lot owned. The Class B membership shall cease and terminate and be converted to Class A membership upon the earlier of (i) when the votes entitled to be cast by Class A Members equal the votes entitled to be cast by the Class B Member, or (ii) when the Declarant notifies the Association in writing that it relinquishes its Class B membership. Thereafter, the Declarant shall be a Class A Member with respect to all Lots Declarant owns. If and so long as any Class B membership is outstanding, the Class A Members shall not be entitled to cast any vote with respect to the election of Directors.

If any lender to whom the Declarant has assigned, or hereafter assigns, as security all or substantially all of its rights under the Declaration succeeds to the interests of the Declarant by virtue of said assignment, the voting rights of the Declarant as provided in the Declaration shall not be terminated thereby, and such lender shall hold the Declarant's memberships and voting rights on the same terms as they were held by the Declarant pursuant to the Declaration.

ARTICLE VIII

Statutory Agent

S. A. One, Ltd., 235 East Rhea Road, Tempe, Arizona 85284, is hereby appointed the initial statutory agent of the corporation for the State of Arizona.

ARTICLE IX

Board of Directors and Officers

The business, property and affairs of the Corporation shall be managed, controlled and conducted by a Board of Directors. The number of directors, who shall serve without compensation, shall not be less than one (1) nor more than five (5), as shall be specified in the Bylaws. The initial Board of Directors shall consist of two (2) directors. Each director shall be a Member or the spouse of a Member (or if a Member is a corporation, limited liability company, partnership or trust, a director may be an officer, member, manager, partner, trustee or beneficiary of such Member). If a director shall cease to meet such qualifications during his term, he will thereupon cease to be a director and his place on the Board of Directors shall be deemed vacant. The names of the directors who shall act until the first annual meeting or until their successors are duly chosen and qualified are:

Name	Address
Thomas S. Klein	1061 E. Calle Monte Vista Tempe, Arizona 85284
Larry Les	5986 Hunter Creek Crescent Chilliwack, British Columbia V2R 1A6 Canada

Vacancies on the Board of Directors caused by any reason shall be filled by a vote of the majority of the remaining directors even though less than a quorum, or by the remaining director if there be only one, and each person so elected shall be a director until his/her successor is duly appointed and shall qualify. Any director may be removed from office, with cause, by a majority vote of the Board of Directors at any regular or special meeting of the Board of Directors called for that purpose.

The Board of Directors shall have the power to adopt Bylaws of the Corporation, which may be changed or amended as provided in such Bylaws. The Corporation shall hold of the annual meeting of the Members at the time stated on or fixed in accordance with the Bylaws.

A director to the Corporation shall not be liable for money damages for any action taken or any failure to take any action as a director, except liability for any of the following:

(a) The amount of financial benefit received by a director to which the director is not entitled.

(b) An intentional infliction of harm on the Corporation.

(c) A violation of A.R.S. § 10-3833.

(d) An intentional violation of criminal law.

The principal officers of the Corporation shall be a President, one or more Vice Presidents, a Secretary and a Treasurer all of whom shall be elected by the Board of Directors. Any one person may hold two or more offices at the same time.

ARTICLE X

Private Property

The Members, directors and officers of the Corporation shall not be individually or personally liable for the debts or other liabilities of the Corporation and the private property of the Members, directors and officers of the Corporation shall be forever exempt from corporate debts or liabilities of any kind whatsoever.

ARTICLE XI

Interdealing

No transaction, contract or act of the Corporation shall be either void or voidable or in any other way affected or invalidated by reason of the fact that any officer, director or Member of the Corporation, or any other corporation or other entity of which he may be an officer, director, member or shareholder, is in any way interested in such transaction, contract or act, provided the interest of such officer, director or member is disclosed to or known by the members of the Board of Directors of the Corporation or such directors as shall be present at any meeting at which action is taken upon any such transaction, contract or act. Nor shall any such officer, director or member be accountable or otherwise responsible to the Corporation for, or in connection with, any such action, contract or transaction or for any gains or profits realized by him by reason of the fact that he, or any other corporation or other entity of which he is an officer, director, member or shareholder, is interested in any such transaction, contract or act. Any such officer, director or member, if he is a director, after making full disclosure of his interest may be counted in determining the existence of a quorum at any meeting of the Board of Directors of the Corporation which shall authorize or take action upon any such transaction, contract or act, and he may vote at any such meeting to authorize, adopt, ratify or approve any such transaction, contract or act to the same extent as if he, or any other corporation or other entity of which he is an officer, director, member or shareholder, were not interested in such transaction, contract or act.

ARTICLE XII

Indemnification

To the fullest extent permitted by law, Declarant (including its managers, members and agents), every director and every officer of the Corporation, every member of the architectural committee, if any, and each Member (to the extent a claim may be brought against any Member by reason of its appointment, removal or control over members of the Board of Directors or the architectural committee, if any) shall be indemnified by the Corporation, and every other Person serving as an employee or direct agent of the Corporation, or on behalf of the Corporation as a member of a committee or otherwise, may, in the discretion of the Board of Directors, be indemnified by the Corporation, against all expenses (as defined in A.R.S. § 10-3850(3) and liability (as defined in A.R.S. § 10-3850(4)) (including, but not limited to, attorneys' fees), reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having served in such capacity on behalf of the Corporation (or in the case of any Member by reason of having appointed, removed or controlled or failed to control members of the Board of Directors or the architectural committee, if any), or any settlement thereof, whether or not he is a director, officer or member of the architectural committee, if any or serving in such other specified capacity at the time such expenses are incurred, provided that the Board of Directors shall determine, in good

faith, that the Person to be indemnified hereunder did not act, fail to act, or refuse to act with gross negligence or fraudulent or criminal intent in the performance of his duties and is not liable for any acts specified in (a), (b), (c) or (d) of the second to the last paragraph in Article IX. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such Persons may be entitled at law or otherwise. Notwithstanding anything to the contrary expressed herein, the Board of Directors shall have the right to refuse indemnification as to expenses in any instance in which the person or entity to whom indemnification would otherwise have been applicable shall have incurred expenses without approval by the Board of Directors which are excessive and unreasonable in the circumstances and are so determined by the Board of Directors, and as to expenses, judgments, or penalties in any instance in which such person or entity shall have refused unreasonably to permit the Corporation, at its own expense and through counsel of its own choosing, to defend him or it in the action or to compromise and settle the action. The Corporation shall also indemnify the employees and direct agents of the Corporation in the same manner and with the same limitations as provided above with respect to directors and officers.

ARTICLE XIII

Amendments

Until Declarant's Class B membership terminates as provided for in the Declaration and these Articles of Incorporation, the right to amend these Articles of Incorporation is reserved to Declarant. Thereafter, these Articles of Incorporation may be amended with or without a meeting of the Members by the affirmative vote of Declarant, as long as Declarant owns any lot, and at least fifty one percent (51%) of the voting power of the Corporation after the Board of Directors has first adopted a resolution setting forth the proposed amendment and directing that it be submitted to a vote by the Members; provided, however, that as to the amendment of any provision of these Articles which specifies voting and quorum requirements for any action under such provision, the voting and quorum requirements of that provision shall apply also to any amendment of such provision. These Articles of Incorporation shall not be amended to contain any provisions which would be contrary to or inconsistent with the Declaration or the Master Association Documents and any provisions of or purported amendment to these Articles of Incorporation which is contrary to or inconsistent with the Declaration or the Master Association Documents shall be void to the extent of such inconsistency.

ARTICLE XIV

Priority of Declaration

The provisions of the Declaration and the Master Association Documents shall have priority over these Articles of Incorporation, and any provision hereof which is contrary to or inconsistent with the Declaration or the Master Association Documents shall be void to the

extent of the inconsistency. The provisions of these Articles of Incorporation shall have priority over the Bylaws of the Corporation and any provision of the Bylaws which is contrary to or inconsistent with these Articles of Incorporation shall be void to the extent of the inconsistency.

ARTICLE XV

Incorporator

The name and address of the incorporator are as follows:

Name	Address
Thomas S. Klein	1061 E. Calle Monte Vista Tempe, Arizona 85284

By checking the box marked "I accept" below, I acknowledge under penalty of perjury that this document together with any attachments is submitted in compliance with Arizona law.

X - I Accept

Thomas S. Klein, Incorporator

Dated: November 17, 2014

DO NOT WRITE ABOVE THIS LINE; RESERVED FOR ACC USE ONLY.

STATUTORY AGENT ACCEPTANCE

Please read Instructions M002i

1. **ENTITY NAME** – give the **exact** name in Arizona of the corporation or LLC that has appointed the Statutory Agent (this must match exactly the name as listed on the document appointing the statutory agent, e.g., Articles of Organization or Article of Incorporation):

   Paradise Cove At The Islands Homeowners' Association

2. **STATUTORY AGENT NAME** – give the exact name of the Statutory Agent appointed by the entity listed in number 1 above (this will be *either* an individual or an entity). *NOTE* - the name must match **exactly** the statutory agent name as listed in the document that appoints the statutory agent (e.g. Articles of Incorporation or Articles of Organization), including any middle initial or suffix:

   S. A. One, Ltd.

3. **STATUTORY AGENT SIGNATURE:**

   By the signature appearing below, the individual or entity named in number 2 above accepts the appointment as statutory agent for the entity named in number 1 above, and acknowledges that the appointment is effective until the appointing entity replaces the statutory agent or the statutory agent resigns, whichever occurs first.

   The person signing below declares and certifies *under penalty of perjury* that the information contained within this document together with any attachments is true and correct, and is submitted in compliance with Arizona law.

Signature	James F. Byrne, Jr Printed Name	11/18/2014 Date

REQUIRED – check only one:

☐ **Individual as statutory agent:** I am signing on behalf of myself as the individual (natural person) named as statutory agent.	☒ **Entity as statutory agent:** I am signing on behalf of the entity named as statutory agent, and I am authorized to act for that entity.

Filing Fee: none (regular processing) Expedited processing – not applicable. All fees are nonrefundable - see Instructions.	Mail: Arizona Corporation Commission - Corporate Filings Section 1300 W. Washington St., Phoenix, Arizona 85007 Fax: 602-542-4100

Please be advised that A.C.C. forms reflect only the **minimum** provisions required by statute. You should seek private legal counsel for those matters that may pertain to the individual needs of your business.
All documents filed with the Arizona Corporation Commission are **public record** and are open for public inspection.
If you have questions after reading the Instructions, please call 602-542-3026 or (within Arizona only) 800-345-5819.

DO NOT WRITE ABOVE THIS LINE; RESERVED FOR ACC USE ONLY.

CERTIFICATE OF DISCLOSURE

Read the Instructions C003i

1. ENTITY NAME – give the exact name of the corporation in Arizona:

Paradise Cove At The Islands Homeowners' Association

2. A.C.C. FILE NUMBER (if already incorporated or registered in AZ): _____

Find the A.C.C. file number on the upper corner of filed documents OR on our website at: http://www.azcc.gov/Divisions/Corporations

3. Check only one of the following to indicate the type of Certificate:

- ☒ Initial (accompanies formation or registration documents)
- ☐ Annual (credit unions and loan companies only)
- ☐ Supplemental to COD filed _____ (supplements a previously-filed Certificate of Disclosure)

4. FELONY/JUDGMENT QUESTIONS :

Has any person (a) who is currently an officer, director, trustee, or incorporator, or (b) who controls or holds over ten per cent of the issued and outstanding common shares or ten per cent of any other proprietary, beneficial or membership interest in the corporation been:

4.1	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 signing of this certificate?	☐ Yes	☒ No
4.2	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 signing of this certificate?	☐ Yes	☒ No
4.3	Subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the signing of this certificate, involving any of the following: a. The violation of fraud or registration provisions of the securities laws of that jurisdiction; b. The violation of the consumer fraud laws of that jurisdiction; c. The violation of the antitrust or restraint of trade laws of that jurisdiction?	☐ Yes	☒ No
4.4	If any of the answers to numbers 4.1, 4.2, or 4.3 are **YES**, you **MUST** complete and attach a Certificate of Disclosure Felony/Judgment Attachment form C004.		

5. BANKRUPTCY QUESTION:

5.1	Has any person (a) who is currently an officer, director, trustee, incorporator, or (b) who controls or holds over twenty per cent of the issued and outstanding common shares or twenty per cent of any other proprietary, beneficial or membership interest in the corporation, served in any such capacity or held a twenty per cent interest in **any other corporation** (not the one filing this Certificate) on the bankruptcy or receivership **of the other corporation**?	☐ Yes	☒ No
5.2	If the answer to number 5.1 is **YES**, you **MUST** complete and attach a Certificate of Disclosure Bankruptcy Attachment form C005.		

IMPORTANT: If within 60 days of the delivery of this Certificate to the A.C.C. any person not included in this Certificate becomes an officer, director, trustee or person controlling or holding over ten per cent of the issued and outstanding shares or ten per cent of any other proprietary, beneficial or membership interest in the corporation, the corporation must submit a SUPPLEMENTAL Certificate providing information about that person, signed by all incorporators or by a duly elected and authorized officer.

SIGNATURE REQUIREMENTS:	
Initial Certificate of Disclosure:	This Certificate must be signed by all incorporators. If more space is needed, complete and attach an Incorporator Attachment form C084.
Foreign corporations:	This Certificate may be signed by a duly authorized officer or by the Chairman of the Board of Directors.
Credit Unions and Loan Companies:	This Certificate must be signed by any 2 officers or directors.

Thomas S. Klein
Name

1061 East Calle Monte Vista
Address 1

Address 2

Tempe | AZ | 85284
City | State | Zip

UNITED STATES
Country

SIGNATURE – *see Instructions C003i:*

By typing or entering my name and checking the box marked "I accept" below, I acknowledge *under penalty of perjury* that this document together with any attachments is submitted in compliance with Arizona law.

☒ I ACCEPT

Signature

Thomas S. Klein — 11-17-2014
Printed Name — Date

REQUIRED – check only one:

- ☒ **Incorporator** - I am an incorporator of the corporation submitting this Certificate.
- ☐ **Officer** - I am an officer of the corporation submitting this Certificate
- ☐ **Chairman of the Board of Directors** - I am the Chairman of the Board of Directors of the corporation submitting this Certificate.
- ☐ **Director** - I am a Director of the credit union or loan company submitting this Certificate.

Name

Address 1

Address 2

City | State | Zip

Country

SIGNATURE – *see Instructions C003i:*

By typing or entering my name and checking the box marked "I accept" below, I acknowledge *under penalty of perjury* that this document together with any attachments is submitted in compliance with Arizona law.

☐ I ACCEPT

Signature

Printed Name — Date

REQUIRED – check only one:

- ☐ **Incorporator** - I am an incorporator of the corporation submitting this Certificate.
- ☐ **Officer** - I am an officer of the corporation submitting this Certificate
- ☐ **Chairman of the Board of Directors** - I am the Chairman of the Board of Directors of the corporation submitting this Certificate.
- ☐ **Director** - I am a Director of the credit union or loan company submitting this Certificate.

Filing Fee: None All fees are nonrefundable - see Instructions.	Mail: Arizona Corporation Commission - Corporate Filings Section 1300 W. Washington St., Phoenix, Arizona 85007 Fax: 602-542-4100

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