AZ Corp. Commission

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THE RECORD REPORTER

~ SINCE 1914 ~

2025 N THIRD ST #160, PHOENIX, AZ 85004-1425
Telephone (602) 417-9900 / Fax (602) 417-9910

Publishing for Maricopa and Pima Counties

RECEIVED

DEC 0 8 2014

ARIZONA CORP. COMMISSION
CORPORATIONS DIVISION

KATHY BYRNE
BYRNE & SHAW PLLC / EMAIL
235 E RHEA RD
TEMPE, AZ - 85284

RR# 2694774

AFFIDAVIT OF PUBLICATION

Reference #:

Notice Type: AI - ARTICLES OF INCORPORATION

Ad Description: PARADISE COVE AT THE ISLANDS HOMEOWNERS' ASSOCIATION 19658444

I, Cathy I. Fisher, am authorized by the publisher as agent to make this affidavit. Under oath, I state that the following is true and correct.

THE RECORD REPORTER is a newspaper of general circulation published Monday, Wednesday and Friday except legal holidays, in the County of Maricopa (also publishing for Pima County), State of Arizona. The copy hereto attached is a true copy of the advertisement as published on the following dates:

12/08/2014, 12/10/2014, 12/12/2014

State Of Arizona)
)ss.
County Of Maricopa)

Subscribed and sworn to before me on the 8th day of December, 2014

HEATHER CLAYTON
Notary Public—Arizona
Maricopa County
Expires 07/31/2016

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

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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 assigned, or hereafter assigns, an 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:
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 of 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 instances 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 of 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 of 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 provisions 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:

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

/s/ Thomas S. Klein, Incorporator
Dated: November 17, 2014

12/8, 12/10, 12/12/14

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