

EXPEDITED

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RECORDS DEPARTMENT  
OF THE STATE OF AZ  
FILED

ARTICLES OF INCORPORATION

2000 APR -7 P 4:47

OF

*B. J. Kelly*  
*4/7/00*

COYOTE CREEK HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND PERPETUAL DURATION

The name of the corporation is Coyote Creek Homeowners Association, hereafter called the "Corporation". The Corporation is a non-profit corporation under Arizona law, A.R.S. §10-3101, et seq., and A.R.S. §33-1801, et seq. The period of duration shall be perpetual.

ARTICLE II

STATUTORY AGENT

CT Corporation System, whose address is 3225 North Central Avenue, Suite 1601, Phoenix, Arizona 85012, is the statutory agent of this Corporation.

ARTICLE III

ADDRESS OF THE CORPORATION

The address of the known place of business of the Corporation is 14901 E. Old Spanish Trail, Vail, Arizona 85641.

ARTICLE IV

PURPOSE AND POWERS OF THE CORPORATION

This Corporation does not contemplate pecuniary gain or profit to the Members thereof, and the specific purposes for which it is formed are to promote the health, safety and welfare of its Members and to provide for architectural control of the subdivision in Pima County, Arizona known as Coyote Creek (the "Properties") and maintenance and preservation of certain Common Areas and other areas of responsibility of the Corporation. The subdivision is governed by the Declaration of Covenants, Conditions and Restrictions for Coyote Creek (the "Declaration") recorded in the office of the Pima County Recorder, and any capitalized terms not otherwise defined herein shall have the meanings assigned to them by the Declaration.

The Corporation shall have the power to participate in mergers and consolidations with other corporations organized for the same purposes or annex additional residential property, streets, roadways or alleys. Consolidation or annexation, except as provided in the Declaration, shall have the assent of at least two-thirds of the votes of each class of Members at a quorum of Members voting in person or by proxy.

The Corporation shall not carry on any activities not permitted to be carried on by a homeowners association exempt from Federal Income Tax under Section 528 of the Internal Revenue Code of 1986 or the corresponding provisions of any future United States Revenue Law.

#### ARTICLE V MEMBERSHIP

Membership shall be determined as provided in the Declaration. Each Owner of a Lot within the Properties shall be entitled to membership, and membership shall be appurtenant to such ownership.

#### ARTICLE VI VOTING RIGHTS

The Members' voting rights shall be determined as provided in the Declaration. There shall be two (2) classes of membership, Class A and Class B. The Class B shall be the Declarant and Developer, and the Class A shall be all other Lot Owners. Declarant and Developer shall have one (1) membership for each Lot owned within the Properties and seven (7) votes for each membership, all as set forth in the Declaration. Class A Members shall have one (1) vote for each Lot owned.

No Class A Member shall have any votes or be entitled to exercise any voting rights until the Turnover Date, and no meetings of Class A Members shall be required until that time. The Turnover Date is the first to occur of (i) the day on which title to greater than ninety percent (90%) Lots in the Properties is conveyed to third party purchasers (other than Declarant or Developer) or (ii) such date as Declarant by written instrument allows the Class A members to succeed to voting rights, all as set forth in the Declaration.

#### ARTICLE VII INITIAL BUSINESS

The character of business that the Corporation initially intends actually to conduct in this state is the operation of a homeowners association and the maintenance of such Common Areas and other properties as may be described in the Declaration as areas of responsibility of the Corporation.

**ARTICLE VIII  
BOARD OF DIRECTORS**

The affairs of this Corporation shall be managed by a Board of Directors of not less than three (3) persons. The number and term of Board members shall be provided in the Bylaws of the Corporation. The names and addresses of the persons elected to serve as Directors until the next annual meeting of Members or until their successors are elected and qualified are:

Peter G. Backus  
14901 E. Old Spanish Trail  
Vail, Arizona 85641

Martin Bowen  
14901 E. Old Spanish Trail  
Vail, Arizona 85641

Timothy Pennington  
14901 E. Old Spanish Trail  
Vail, Arizona 85641

**ARTICLE IX  
ORIGINAL INCORPORATORS**

The original incorporator is Peter G. Backus, 14901 E. Old Spanish Trail, Vail, Arizona 85641.

**ARTICLE X  
DISSOLUTION**

The Corporation may be dissolved only in accordance with the provisions of the Declaration and in accordance with the Arizona law. Any dissolution shall be approved in writing by the holders of not less than seventy-five (75%) percent of the total votes of Members entitled to vote and, upon dissolution, other than incident to a merger or consolidation, the assets shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Corporation was created. In the event that such dedication is refused acceptance, the assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust, or other organization to be devoted to such similar purposes.

**ARTICLE XI  
LIMITATION OF DIRECTORS' LIABILITY**

The personal liability of the directors to the Corporation for monetary damage for any action taken or any failure to take any action as a director is eliminated to the fullest extent permitted by A.R.S. § 10-3202(B)(1), as it may hereafter be amended or renumbered, or the analogous provision of any future Arizona nonprofit corporation code.

## ARTICLE XII INDEMNIFICATION

The Corporation may indemnify any person against liability and expenses, including without limitation, attorneys' fees, judgements, fines and amounts paid in settlement, actually and reasonably suffered or incurred by reason of the fact that he/she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other entity, in all circumstances in which, and to the extent that, such indemnification is permitted by A.R.S. §§ 10-3851 and 10-3856, as such provisions may hereafter be amended or renumbered, or the analogous provision of any future Arizona nonprofit corporation code. Any indemnification hereunder shall be made by the Corporation only as authorized by the Board of Directors pursuant to A.R.S. § 10-3855, as it may hereafter be amended or renumbered, or the analogous provision of any future Arizona nonprofit corporation code.

The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or was serving at the request of the Corporation as a director or officer, against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such whether or not the Corporation would have had the power to indemnify him against such liability under this Article.

The indemnification herein above permitted shall not be exclusive of any rights to which any director or officer of the Corporation may otherwise be entitled by law, including mandatory indemnification under A.R.S. § 10-3852.

## ARTICLE XIII AMENDMENT

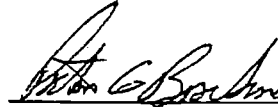
These Articles may be amended by the affirmative vote of at least three fourths (3/4) of the votes entitled to be cast, but no amendment may conflict with the Declaration or affect any reserved rights or privileges or exemptions of the Declarant, and amendments shall first be proposed by the Board of Directors to the extent required by law. Amendment of the Corporation Bylaws may be made by the Board of Directors of the Corporation, subject to amendment or repeal by the vote of not less than three fourths (3/4) of each Class of Members voting at a meeting at which a quorum of members is present. Declarant reserves the absolute right of its own volition, and without any other consent, to amend these Articles should such amendment be required in order to achieve compliance with the regulations of FHA, VA or the Federal National Mortgage Association.

ARTICLE XIV  
CONFLICTS

In the case of any conflict between the terms hereof and the Declaration, the Declaration shall always control, and in the case of a conflict with the Bylaws, these Articles of Incorporation shall control.

DATED: April 6, 2000.

INCORPORATOR:



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Peter G. Backus

**ARTICLES OF AMENDMENT  
TO  
THE ARTICLES OF INCORPORATION OF  
COYOTE CREEK HOMEOWNERS ASSOCIATION**

Pursuant to the provisions of §§ 10-11006, Arizona Revised Statutes, the undersigned corporation adopts the Amendments to its Articles of Incorporation set forth below:

1. The name of the corporation is Coyote Creek Homeowners Association.
2. The Amendments adopted are:
  - (a) Article VI shall read as follows:

**ARTICLE VI  
VOTING RIGHTS**

The Members' voting rights shall be determined as provided in the Declaration. There shall be two (2) classes of membership, Class A and Class B. The Class B shall be the Declarant and Developer, and the Class A shall be all other Lot Owners. Declarant and Developer shall have three (3) membership for each Lot owned within the Properties and three (3) votes for each membership, all as set forth in the Declaration. Class A Members shall have one (1) vote for each Lot owned.

Declarant reserves the right until the Transition Date to appoint a majority of the directors of the Corporation, without prejudice to the right of Declarant to elect the remainder. The Transition Date is the first to occur of (i) the day on which title to greater than seventy-five (75%) Lots in the Properties is conveyed to third party purchasers (other than Declarant or Developer), (ii) such date as Declarant by written instrument waives its right to appoint a majority of the Directors, or January 1, 2012.

- (b) Article XIII shall read as follows:

**ARTICLE XIII  
AMENDMENT**

These Articles may be amended by the affirmative vote of Owners casting at least three-fourths (3/4) of the votes entitled to be cast by Members present in person or by proxy at a meeting of Members at which a quorum is present, but no amendment may conflict with the Declaration or affect any reserved rights or

privileges or exemptions of the Declarant, and amendments shall first be proposed by the Board of Directors to the extent authorized by law. Any amendment during such time as Declarant is a Member of the Association shall require the consent of Declarant. Amendment of the Corporation Bylaws may be made by the Board of Directors of the Corporation, subject to amendment or repeal by the vote of not less than three-fourths (3/4) of each Class of Members voting at a meeting at which a quorum of members is present. Declarant reserves the absolute right of its own volition, and without any other consent, to amend these Articles and the Bylaws should such amendment be required in order to achieve compliance with the regulations of FHA, VA or the Federal National Mortgage Association.

3. Each of the amendments set forth above was adopted \_\_\_\_\_, 2002.

4. These Articles of Amendment, and the terms hereof, were unanimously approved by the Board of Directors of the Corporation, and upon recommendation to the voting members of the Corporation, were unanimously approved by act of the members, all in accordance with A.R.S §10-11030.

IN WITNESS WHEREOF, I have executed these Bylaws this \_\_\_\_ day of \_\_\_\_\_, 2002.

By \_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

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