

EXPEDITED
AZ CORP COMMISSIO
FILED

ARTICLES OF INCORPORATION

JUL 19 1 32 PM '95

CAYMAN SQUARE HOMEOWNERS ASSOCIATION

APPR *Cheryl Lee*
DATE APR 7-19-95
TERM _____
DATE _____
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KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, have this day associated ourselves for the purpose of forming a corporation under the laws of the State of Arizona, and for that purpose do hereby adopt the following Articles of Incorporation.

1. Name. The name of this corporation (hereinafter "Association") is CAYMAN SQUARE HOMEOWNERS ASSOCIATION.

2. Duration. The period of duration of the Association shall be perpetual.

3. Principal Place of Business. The principal office for the transaction of business of the Association is located in Maricopa County, Arizona.

4. Statutory Agent. The name and address of the initial Statutory Agent for the Association are:

J. Gregory Lake
Grant, Williams, & Lake, P.C.
Suite 2150 Norwest Tower
3300 N. Central Avenue
Phoenix, Arizona 85012

5. Nonprofit Corporation. This Association is organized as a nonprofit corporation under the laws of the State of Arizona.

6. Purpose and Powers. This Association does not contemplate the distribution of gains, profits or dividends to its Members. The specific primary purposes for which it is formed are to provide for the acquisition, construction, management, operation, administration, maintenance, repair, improvement, preservation and architectural control of the Common Area, and all other areas and adjacent to for which the Association has such responsibilities within that certain tract of property situated in the Town of Gilbert, Maricopa County Arizona, which is more particularly described in that certain Declaration of Covenants, Conditions and Restrictions (the "Declaration") which was recorded on the 30th day of June, 1994, as Document No. 94-0510304, in the office of the Maricopa County Recorder, and to promote the health, safety, and welfare of all of the residents within the above described Property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for this purpose, all according to the Declaration.

In furtherance of said purposes, this Association shall have the powers to:

a. Perform all of the duties and obligations of the Association as set forth in the Declaration;

b. Fix, levy, collect and enforce Assessments Charges and fines as set forth in the Declaration and Bylaws;

c. Pay all expenses and obligations incurred by the Association in the conduct of its business, including without limitation, all licenses, taxes or governmental charges levied or imposed against the Common Area;

d. Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

e. Grant non-exclusive easements over the Common Area to any Person for purposes beneficial to the Members;

f. Borrow money and, only with the assent (by vote or written consent) of two-thirds (2/3) of each class of Members, mortgage, pledge, deed of trust or hypothecate any or all of its personal or real property as security for money borrowed or debts incurred;

g. Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, provided that any merger or consolidation shall have the assent by vote or written consent of two-thirds (2/3) of each class of Members; and

h. Have and exercise any and all powers, rights and privileges which a corporation organized under the Arizona Nonprofit Corporation Act (A.R.S. # 10-1001 et seq.) may now or hereafter have or exercise.

7. Membership Voting Rights. The number and qualifications of Members of the Association, the different classes of Membership, if any, the property, voting and other rights and privileges of Members, their liability for Assessments and the method of collection thereof shall be as set forth in the Declaration and the Bylaws.

8. Board of Directors. The affairs of this Association shall be managed by a Board of not less than three (3) nor more than five (5) Directors (the exact number and qualifications of which shall be fixed by the Bylaws, or amendments thereof, duly adopted by the Members or by the Board of Directors). The number of Directors may

be changed by amendment to the Bylaws. The initial Board of Directors, the members of which shall serve until their successors are elected or appointed according to the Bylaws, is as follows:

Norman Nicholls
Fulton Homes Corp.
4625 S. Wendler Drive, Suite 204
Tempe, Arizona 85282

Mr. Ira Fulton
Fulton Homes Corp.
4625 S. Wendler Drive, Suite 204
Tempe, Arizona 85282

Lorie Nicholls
Fulton Homes Corp.
4625 S. Wendler Drive, Suite 204
Tempe, Arizona 85282

9. Elimination of Director Liability. As set forth in the Arizona Nonprofit Corporation Act, each Director shall be immune from civil liability and shall not be subject to suit indirectly or by way of contribution for any act or omission resulting in damage or injury if said Director was acting in good faith and within the scope of his official capacity (which is any decision, act or event undertaken by the Association in furtherance of the purpose or purposes for which it is organized), unless such damage or injury was caused by willful and wanton or grossly negligent conduct of the Director. Without limiting the foregoing, it is the intention of this paragraph to provide for the Directors the full benefits and immunities created by or available under the provision of A.R.S. # 10-1016(D) and 10-1029(A)(8), as the same may be expanded or modified in the future.

10. Dissolution. In the event of dissolution, liquidation or winding up of the Association (other than incident to a merger or consolidation), the Association shall pay or adequately provide for the debts and obligations of the Association and otherwise comply with the Arizona Nonprofit Corporation Act. The Directors or Persons in charge of the liquidation shall dedicate the assets of the Association to an appropriate public agency to be used for purposes similar to those for which this Association was created or if such dedication is refused acceptance, than such assets may be granted, transferred or conveyed to any nonprofit corporation, association, trust or other organization devoted to similar purposes. If such actions are not feasible, said Directors or other Persons in charge of the liquidation shall divide the remaining assets among the Members in accordance with their respective rights therein as set forth in the Declaration, except as otherwise required by law.

11. Amendments. These Articles may be amended by the vote or written assent of Members representing sixty-seven percent (67%) of the total voting power of each class of Membership in the Association, provided however, that the percentage of the voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision.

12. FHA/VA Approval. As long as there is Class B Membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration if either of those agencies has approved the development plan of the Project: annexation of additional property, mergers and consolidations, mortgaging of Common Area, dedication of Common Area and dissolution and amendment of these Articles.

13. Incorporators. The Incorporators and their names and addresses are:

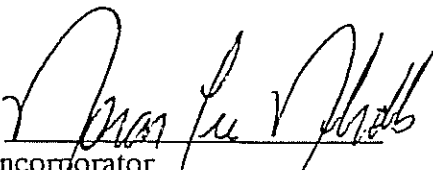
Norman Nicholls
Fulton Homes Corp.
4625 S. Wendler Dr., #204
Tempe, Arizona 85282

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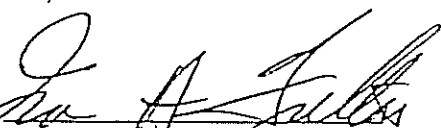
Lorie Nicholls
Fulton Homes Corp.
4625 S. Wendler Dr., #204
Tempe, Arizona 85282

14. Definitions. All initially capitalized terms used herein without definition shall have the meanings set forth for such terms in the Declaration.

IN WITNESS WHEREOF, for the purpose of forming this Association under the laws of the State of Arizona, we, the undersigned, constituting the Incorporators of this Association, have executed these Articles of Incorporation this 1st day of July, 1994.

By 
Incorporator

By 
Incorporator

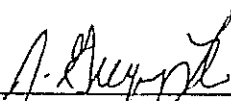
By 
Incorporator

To: ARIZONA CORPORATION COMMISSION
INCORPORATING DIVISION
1200 West Washington Street
Phoenix, Arizona 85007

Re: CAYMAN SQUARE HOMEOWNERS ASSOCIATION
Consent to appointment as Statutory Agent

The undersigned, having been designated to act as Statutory Agent, hereby consents to act in the capacity until renewal or resignation in accordance with Arizona Revised Statutes.

By



J. Gregory Lake, Esq.
Suite 2150 Norwest Tower
3300 North Central Avenue
Phoenix, Arizona 85012

ARTICLE IX**GENERAL****SECTION 1: EFFECT OF DECLARATION AND REMEDIES**

The declarations, limitations, easements, covenants, conditions and restrictions contained herein shall run with the land and shall be binding on all persons purchasing (or whose title is acquired by foreclosure, deed in lieu thereof, trustee's sale or otherwise) or occupying any Lot in the Project after the date on which this Declaration is recorded. In the event of any violation or attempted violation of these covenants, conditions, and restrictions, they may be enforced by an action brought by the Association, Committee or by the Owner or Owners (not in default) of any Lot or Lots in the Project or by Declarant, at law or in equity. Declarant has no duty to take action to remedy any such default. Remedies shall include but not be limited to damages, injunctive relief and/or any and all other rights or remedies pursuant to law or equity and the prevailing party shall be entitled to collect all costs incurred and reasonable attorneys' fees sustained in commencing and/or defending and maintaining such lawsuit. Any breach of these covenants, conditions and restrictions, or any remedy by reason thereof, shall not defeat nor affect the lien of any mortgage or deed of trust made in good faith and for value upon the Lot in question and the breach of any of these covenants, conditions and restrictions may be enjoined, abated or remedied by appropriate proceedings, notwithstanding the lien or existence of any such mortgage or deed of trust.

All instruments of conveyance of any interest in any Lot shall contain (and if not, shall be deemed to contain) a reference to this Declaration and shall be subject to the declarations, limitations, easements, covenants, conditions and restrictions herein as fully as though the terms and conditions of this Declaration were therein set forth in full; provided, however, that the terms and conditions of this Declaration shall be binding upon all persons affected by its terms, whether express reference is made to this Declaration or not in any instrument of conveyance. No private agreement of any adjoining property owners shall modify or abrogate any of these restrictive covenants, conditions and restrictions.

SECTION 2: PLURALS; GENDER

Whenever the context so requires, the use of the singular shall include and be construed as including the plural and the masculine shall include the feminine and neuter.

SECTION 3: SEVERABILITY

Invalidity of any one or more of these covenants, conditions and restrictions or any portion thereof by judgment or court order shall in no way affect the validity of any of the other provisions and the same shall remain in full force and effect.

SECTION 4: TRANSFER BY DECLARANT

Wherever Declarant is granted certain rights and privileges hereunder, Declarant shall have the right to fully or partially assign and transfer any of such rights and privileges as to the Lots which it owns to any other Developer as evidenced by a written instrument recorded in the office of the Maricopa County Recorder which describes in detail the particular Declarant's right or rights being assigned (if less than all such Declarant rights) and said instrument shall state that, in such case, the assignee is a co-Declarant or if Declarant has assigned all its rights in said instrument, it shall state that the assignee is a successor Declarant. If the operation of this Section 4 results in there being more than one Declarant at any one time, all such Declarants shall be co-Declarant holding the rights assigned to them by their original assignor. Upon an assignment by Declarant of its rights hereunder, Declarant shall thereafter have no further liability, responsibility or obligations for future acts or responsibilities of the successor or co-Declarant hereunder and the successor or co-Declarant shall be solely responsible therefor (to the extent of the assignment) and all parties shall look to the successor or co-Declarant therefor. At any time, Declarant may, by a written, recorded notice, relinquish all or any portion of its rights hereunder and all parties shall be bound thereby, except that no Declarant, nor its successors or assigns, may relinquish its Class B Membership without the consent of any other co-Declarant. Notwithstanding anything provided herein to the contrary, if any lender to whom Declarant has assigned or hereafter assigns all or substantially all of the Project as security succeeds to the interests of Declarant by virtue of said assignment, such lender will automatically be successor Declarant hereunder and the Class B Memberships shall not be terminated thereby.

SECTION 5: RIGHTS OF FIRST MORTGAGEES AND INSURERS OR GUARANTORS OF FIRST MORTGAGES

Upon written request to the Association identifying the name and address of the First Mortgagee for any Lot or the insurer or guarantor of any such First Mortgagee or insurer or guarantor of such First Mortgage or insurer or guarantor of such First Mortgage will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Project or any Lot on which there is a First Mortgage held, insured or guaranteed by such First Mortgagee or insurer or guarantor, as applicable;

(b) Any delinquency in the payment of Assessments or Charges owed or other default in the performance of obligations under the Project Documents by an Owner of a Lot subject to a First Mortgage held, insured or guaranteed by such First Mortgagee or insurer or guarantor which remains uncured for a period of sixty (60) days;

(c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and;

(d) Any proposed action which would require the consent of a specified percentage of Eligible First Mortgagees as described in this Declaration.

SECTION 6: MISCELLANEOUS

This Declaration shall remain and be in full force and effect for an initial term of thirty-five (35) years from the date this Declaration is recorded. Thereafter, this Declaration shall be deemed to have been renewed for successive terms of ten (10) years, unless revoked by an instrument in writing, executed and acknowledged by the then Owners of not less than seventy-five percent (75%) of the Lots in the Project, and by "Eligible First Mortgagees" (those First Mortgagees who have filed a written request with the Association requesting notice of certain matters set forth in Section 5 of Article IX of this Declaration) holding First Mortgages on Lots which have at least sixty-seven percent (67%) of the votes of Lots subject to First Mortgages held by Eligible First Mortgagees, which said instrument shall be recorded in the office of the Maricopa County Recorder's Office, Arizona, not earlier than ninety (90) days prior to the expiration of the initial effective period hereof, or any ten (10) year extension. If there is any conflict between any of the Project Documents, the provisions of this Declaration shall prevail. Thereafter, priority shall be given to the Project Documents in the following order: the Plat, Articles, Bylaws and Rules and Regulations of the Association. As long as there is Class B Membership, the following actions require the prior approval of the Federal Housing Administration or the Veterans Administration if either of those agencies has approved the development plan of the Project: annexation of additional properties, dedication of the Common Area, amendment of this Declaration and withdrawal or deannexation of any property from this Declaration.

SECTION 7: AMENDMENTS

At any time, this Declaration may be amended by an instrument in writing, executed and acknowledged by the then Owners of not less than sixty-seven percent (67%) of the Lots in the Project; provided however, that the Declarant, while Class B Membership exists, may amend this Declaration to comply with the guidelines or regulations of any governmental or quasi-governmental agency insuring, guaranteeing or purchasing loans in the Project, without the consent of any other Owner or lienholder including First Mortgagees. The approval of Eligible First Mortgagees on Lots which have at least fifty-one percent (51%) of the votes of Lots subject to First Mortgages held by Eligible First Mortgagees shall be required to add to or amend any "material" provisions of the Project Documents establish, provide for, govern and regulate any of the following:

- (a) voting;
- (b) Assessments, Assessment Liens or subordination of such Liens;

- (c) reserves for maintenance, repair and replacement of the Common Area;
- (d) insurance or fidelity bonds;
- (e) rights to use of or reallocation of interests in the Common Area;
- (f) responsibility for maintenance and repair of the various portions of the Project;
- (g) expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project;
- (h) conversion of Lots into Common Area or Common Area into Lots;
- (i) leasing of Lots;
- (j) imposition of any right of first refusal or similar restriction on the right of a Lot Owner to sell, transfer or otherwise convey his Lot;
- (k) any provisions which are for the express benefit of First Mortgagees, Eligible First Mortgagees or Insurers or Guarantors of First Mortgages on Lots held by Eligible First Mortgagees;
- (l) boundaries of any Lot except as expressly provided in Section 4 of Article VII above;
- (m) a decision by the Association to establish self-management when professional management had been required previously by the Project Documents or an Eligible First Mortgagee;
- (n) restoration or repair of the Project (after hazard damage or partial condemnation) in a manner other than as specified in the Project Documents; and
- (o) any action to terminate the legal status of the Project after substantial destruction or condemnation occurs.

An addition or amendment to the Project Documents shall not be considered "material" if it is for the purpose of correcting technical errors or for clarification only. An Eligible First Mortgagee which receives written request to approve additions or amendments pursuant to this paragraph and which does not deliver or post to the requesting party a negative response within thirty (30) days after such notice was delivered thereto by certified or registered mail, return receipt requested, shall be deemed to have approved such request. The consents required under this Section 7 shall not apply to amendments recorded by Declarant to comply with governmental or quasi-governmental agency regulations as described above.

MARGA WEEKS
CHAIRMAN

RENZ D. JENNINGS
COMMISSIONER

DALE H. MORGAN
COMMISSIONER



JAMES MATTHEWS
EXECUTIVE SECRETARY

ARIZONA CORPORATION COMMISSION

July 19, 1994

RECEIVED

JUL 25 1994

GRANT WILLIAMS
& LAKE

Re: Cayman Square Homeowners Association

We are pleased to notify you that your Articles of Incorporation were filed on July 19, 1994.

You must publish a copy of your Articles of Incorporation WITHIN SIXTY (60) DAYS from the File Date. The publication must be in a newspaper of general circulation in Maricopa County, for three (3) consecutive publications. An affidavit from the newspaper, evidencing such publication, must be delivered to the Commission for filing WITHIN NINETY (90) DAYS from the File Date.

All corporations transacting business in Arizona are required to file an Annual Report with the Commission, no later than the 15th day of the fourth (4th) month following the close of each fiscal year. Your fiscal year end is 12-31. Each year, a preprinted Annual Report Form will be mailed to you during that month.

Your first annual report will be due 4-15-95.

If you have any questions or need further information, please contact us at (602) 542-3135 or Toll Free (Arizona residents only) at 1-800-345-5819.

Very truly yours,

Cheryl Leon
Examiner
Corporations Division
Arizona Corporation Commission