

EXPEDITED
AZ CORP COMMISS
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APPR *David [Signature]*
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ARTICLES OF INCORPORATION

OF

PINE COUNTRY HOMEOWNERS ASSOCIATION

KNOW ALL MEN BY THESE PRESENTS:

0834861-6

We, the undersigned, hereby associate ourselves together to form a nonprofit corporation under the laws of the State of Arizona, and for such purpose adopt Articles of Incorporation as follows:

ARTICLE I

Name and Place of Business.

The name of this Corporation shall be Pine Country Homeowners Association ("Corporation"). The principal place of business of this Corporation shall be 4020 N. 20th Street, Suite 302, Phoenix, Arizona 85016, but other offices may be established and maintained at such other places as the Board of Directors may designate from time to time.

ARTICLE II

Purpose.

The primary purpose of this Corporation is to serve as the owners of that certain real and personal property known as The Pine Country Homeowners Association in Navajo County, Arizona, including but not limited to providing for the acquisition, construction, management, maintenance, and operation of certain Common Areas, if deemed necessary, including but not limited to Wastewater Facilities, and to perform such other duties as are imposed upon the Corporation under the Declaration of Restrictions for The High County Pines II Unit I, dated February 23, 1998, as recorded February 24, 1998, as Pages 1 through 20 of Fee # 1998-3138**, records of Navajo County, Arizona, as and if amended (the "Declaration"). This Corporation will not engage in any other business or activity, except as set forth herein and in the Bylaws of the Corporation.

Notwithstanding any other provisions of these Articles, no part of the activities of the Corporation shall be devoted to carrying on propaganda or otherwise attempting to influence legislation and the Corporation shall make no gift, donation or contribution to any institution or organization engaged in such activities. No part of the net earnings of the Corporation shall inure to any private member or individual, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its purposes as set forth in these Articles.

ARTICLE III

Initial Character of Affairs.

The character of affairs which the Corporation initially intends actually to conduct in this State is the common ownership, operation and payment of all capital and operating costs associated with the Corporation's real and personal property located within the area described in the above referenced Declarations.

ARTICLE IV

Powers.

In the conduct of its business, this Corporation, to the extent authorized by its Board of Directors and in accordance with the provision of the Declaration, shall be empowered to do any and all things that a private person or individual might do under the laws of the State of Arizona.

ARTICLE V

Membership.

Each and every Owner, as defined in the Declaration, in accepting a deed, entering into an agreement for sale, or execution of the Declaration agrees to become a Member of the Corporation. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Corporation.

This Corporation shall be a non-stock membership corporation and shall be owned equally by its Members. No stock shall be issued by this Corporation and no dividends or pecuniary profits shall be paid to its Members. All Members entitled to vote shall cast such votes pursuant to the terms and conditions of the Declaration and the Bylaws of this Corporation.

ARTICLE VI

Voting Rights.

The Corporation shall have two (2) class of voting membership as set forth in the Declaration. Members shall be Owners as defined in the Declarations and shall be entitled to one (1) vote for each Lot owned for Class A memberships, and nine (9) votes for each lot owned for Class B memberships, as defined in the Declarations. There shall be no partial memberships, however, memberships may be held jointly in the manner in which the title to each Lot is recorded.

ARTICLE VII

Directors.

The number of Directors of this Corporation shall not be less than three (3) members who shall be elected at each annual meeting of the Members, as defined in the Declaration, of the Corporation as more particularly set forth in these Articles and the Bylaws of this Corporation. Termination of membership in this Corporation shall be in accordance with the Declaration and the Bylaws of this Corporation.

The initial Board of Directors of this Corporation who shall hold office until their successors have been elected and qualified, are as follows:

Gregory G. Horne	4020 N. 20 th Street, Suite 302 Phoenix, Arizona 85016
Edward F. Herold	4020 N. 20 th Street, Suite 302 Phoenix, Arizona 85016
Sean Thomas	4020 N. 20 th Street, Suite 302 Phoenix, Arizona 85016

ARTICLE VIII

Private Property.

The Directors of the Corporation shall not be liable for the debts of the Corporation, and the private property of the Directors of the Corporation shall be forever exempt from corporate debts of any kind whatsoever; provided, however, that nothing contained herein shall limit or restrict any liability, obligation or responsibility of the Owners to each other or to the Corporation as are set forth in the Declaration.

ARTICLE IX

Indemnification.

The Corporation may indemnify any and all present or former directors, officers, employees or agents to the maximum extent permitted by applicable law. Without limiting the generality of the foregoing, the Corporation may indemnify any and all of its directors and officers, or former directors and officers, against expenses incurred by them, including legal fees, or judgments or penalties rendered or levied against any such persons in legal action brought against any such person for actions or omissions alleged to have been committed by such person while acting within the scope of his employment as a director or officer of the Corporation, provided that the Board of Directors shall determine in good faith that such person did not act, fail to act or refuse to act wilfully or with gross negligence or with fraudulent or criminal intent in regard to the matter

involved in the action or omission. The powers of indemnification afforded members, officers, employees and agents of this Corporation under Arizona Revised Statutes § 10-2305 as and if amended, and any other indemnification provided by statute shall not be denied, limited or abridged by the bylaws of this Corporation.

ARTICLE X

Director Liability.

Directors shall not be personally liable to the Corporation or its Members for monetary damages for breach of fiduciary duty as a director, except for liability to the extent provided by applicable law for (i) any breach of the director's duty of loyalty to the Corporation or its Members; (ii) acts or omissions which are not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) any transaction from which the director derived an improper personal benefit; (iv) a violation of Arizona Revised Statutes § 10-2550, as and if amended; and (v) a violation of Arizona Revised Statutes § 10-2326, as and if amended. If Arizona law is subsequently amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by Arizona law.

ARTICLE XI

Dissolution.

The Corporation may be dissolved by affirmative vote of Members having not less than seventy-five percent (75%) of the total votes permitted to be cast by the Members at an election held for such purpose. Upon dissolution of the Corporation, other than incident to a merger or consolidation, the assets of the Corporation shall be dedicated to a public service corporation, a municipality or other appropriate public agency to be used for purposes similar to those for which this Corporation was created or such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to similar purposes as outlined herein.

ARTICLE XII

Incorporator.

The name and address of the Incorporator is as follows:

Gregory G. Horne

4020 N. 20th Street, Suite 302
Phoenix, Arizona 85016

ARTICLE XIII

Statutory Agent.

Richard L. Sallquist, c/o Sallquist & Drummond, P.C., 2525 E. Arizona Biltmore Circle, Suite 117, Phoenix, Arizona 85016, who has been a bona fide resident of the State of Arizona for at least three (3) years, is hereby appointed Statutory Agent of this Corporation upon whom all notices and process, including Summons, may be served. The Board of Directors may revoke the appointment of such Agent at any time and shall have the power to fill any vacancy.

ARTICLE XIV

Duration.

The duration of this Corporation shall be perpetual.

ARTICLE XV

Fiscal Year.

The fiscal year of the Corporation shall be the calendar year and begin on the first day of January of every year, except that the first fiscal year of the Corporation shall begin at the date of incorporation. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should corporate practice subsequently dictate.

ARTICLE XVI

Bylaws.

The Board of Directors shall have the power and authority to enact Bylaws and amendments thereto which are not inconsistent with the provisions hereof and not inconsistent with the Declaration.

ARTICLE XVII

Amendments.

These Articles shall not be amended to contain any provision which would be contrary to or inconsistent with the Declaration as in effect from time to time and any provisions of or purported amendment to these Articles which is contrary to or inconsistent with the Declaration shall be void to the extent of such inconsistency.

These Articles may be amended by the affirmative vote of Owners holding at least seventy-five percent (75%) of the total voting power in the Corporation at a meeting of the Members. Written documentation of any amendment to these Articles, duly signed and acknowledged by the

president or vice president and attested by the secretary or assistant secretary of the Corporation shall be filed with the Arizona Corporation Commission.

ARTICLE XVIII

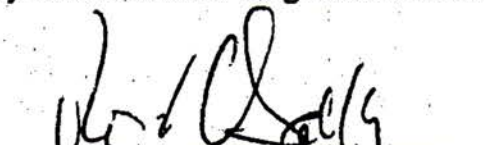
Interpretation.

To the extent that these Articles shall be contrary to or inconsistent with provisions of the Declaration, these Articles shall be considered superseded by such provisions.

IN WITNESS WHEREOF, the undersigned Incorporators of this Corporation have executed these Articles of Incorporation this 11 day of March, 1998.


GREGORY G. HORNE

I hereby accept my appointment as statutory agent of Pine Country Homeowners Association and hereby consent to act in that capacity until removal or resignation is submitted in accordance with the Arizona Revised Statutes.


RICHARD L. SALLQUIST

VIRGINIA
STATE OF ~~ARIZONA~~)
FAIRFAX) ss.
County of ~~Maricopa~~)

The foregoing instrument was acknowledged before me this 11 day of March, 1998, by GREGORY G. HORNE.


Notary Public

My Commission Expires:

JUNE 30, 1998