

ARTICLES OF INCORPORATION
OF THE
PORTAL PINE CREEK CANYON UNIT 3
HOMEOWNERS' ASSOCIATION

The undersigned, as incorporators, have this date voluntarily associated themselves together for the purpose of forming a private non-profit membership corporation under and by virtue of the laws of the State of Arizona, and do hereby adopt the following Articles of Incorporation:

ARTICLE I

Name

The name of the Corporation shall be PORTAL PINE CREEK CANYON UNIT 3 HOMEOWNERS ASSOCIATION.

ARTICLE II

Reference to Declarations

Reference is made to those certain Declarations of Covenants, Conditions and Restrictions of PORTAL PINE CREEK CANYON UNIT 3 HOMEOWNERS ASSOCIATION recorded, respectively, on October 26, 1981, in Docket 550, pages 465 to 478, inclusive, records of Gila County, Arizona. Those Declarations as amended from time to time as therein provided, are incorporated herein by reference.

ARTICLE III

Business and Purpose

Section 1. The initial and primary purpose of the Corporation is to constitute the council of homeowners and to serve as the governing body for all "Owners" of "Lots" (as defined in the Declarations) hereinafter sometimes collectively referred to as the "Properties" (as defined in the Declarations) formed by STEPHEN A. KORNER, as owner of the Second Beneficial interest in Commonwealth Title of Arizona, in PORTAL PINE CREEK CANYON UNIT 3 HOMEOWNERS ASSOCIATION hereinafter sometimes referred to as

“Declarants”, as owner of the following described real property, and the improvements therein, situated in Maricopa County, Arizona.

Lot Numbers 1—198, (One through One Hundred Ninety Eight): Approximately the East half (E $\frac{1}{2}$) of the Southeast quarter (SE $\frac{1}{4}$) of Section Twenty-four (24), Township Twelve (12) North, Range Eight (8), of the Gila and Salt River Base and Meridian, Gila County, A according to the plat of records in the office of the Gila County Recorder in Map File No. 586 through 586-C.

Section 2. The Corporation is organized for the conduct of any or all lawful affairs for which corporations may be incorporated under the provisions of Title 10, Chapter 5, Arizona Revised Statutes, except that educational, religious, charitable, literary and scientific purposes, within the meaning of Section 501(c) (3) of the Internal Revenue Code of 1954, as amended.

Section 3. The Corporation is not organized for the purpose of gaining pecuniary profit. No corporate dividends shall be declared or paid and all Corporations of the earnings shall be used exclusively for this corporate purposes. No part of the net earnings of the Corporation, if any, shall be distributable to any member, director or officer or to any other person.

Section 4. The Corporation initially intends, to the extent permitted by applicable law, to serve as the governing body for all of the Owners of Lots in the PORTAL PINE CREEK CANYON UNIT 3 HOMEOWNERS ASSOCIATION for the maintenance, repair, replacement, administration and operation of the Common Area within the Properties.

ARTICLE IV

Place of Business

The principal place and office for the transaction of activities of the Corporation shall be initially located in _____ Arizona, although the permanent known place of business shall be _____. Other offices may be established and maintained within the State of Arizona at such places as the Board of Directors may designate and where meetings of members of the Corporation and the Board of Directors may be held.

ARTICLE V

Membership

Section 1. The Corporation shall be a non-stock corporation and shall be controlled by its members, who shall constitute the council of homeowners, and no dividends or pecuniary profits shall be paid to its members. No certificates of membership shall be issued, an membership shall be evidenced by an official list of said members, which list shall be kept by the Secretary of the Corporation.

Section 2. The number and qualifications of members of the Corporation, the different classes of memberships, if any, voting and other rights and privileges of members, and their liability, for Assessments (as defined in the Declarations) and method of collection thereof and transfer or termination of membership shall be as set forth in the Declarations.

ARTICLE VI

Board of Directors and Officers

Section 1. The business and affairs of the Corporation shall be conducted by a Board of Directors in accordance with the Declarations, these Articles and the By-Laws. The Board of Directors, who shall serve without compensation for their services to the Corporation, shall initially consist of at least five (5) Directors may be increased as provided in the By-Laws. The term of a Director, other than a Director serving in his or her capacity as an initial Director, shall be for one (1) year from taking office.

Section 2. Until the first annual meeting of the members to be held as provided in the By-Laws, and until their successors are elected and qualified at said time, the following five (5) persons shall constitute the initial Board of Directors of the Corporation, which initial Board of Directors may be subsequently expanded as provided in the By-Laws:

James Abbett
Cain Couey
Steve Iverson
Fred Gamble
Joan Smith

Section 3. Vacancies on the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum, or by a sole remaining director. The term of any director so chosen, shall be for the

un-expired term of his or her predecessor. Except for the initial Directors, Directors must be members of the Corporation.

Section 4. The number of directors constituting a quorum for the purpose of transacting the business of the Board shall be fixed by the By-Laws but in no event may a quorum consist of less than one-third (1/3) of the total number of directors.

Section 5. The principals officers of the Corporation shall be a President, a Vice President, a Secretary and a Treasurer. The officers shall be elected by, and in case of the President from, the Board of Directors. The initial officers of the Corporation shall be elected by the Board of Directors at the first meeting of said Board of Directors following incorporation of the Corporation.

Section 6. The power to adopt, amend and repeal the By-Laws and the Properties Rules (as defined in the Declarations), shall be by a 75% vote of the members. The Board of Directors shall have the power to elect officers, agents and committees, (with such members, powers and authority as they may confer) , and the exercise on behalf of the Corporation, directly or through its agents and officers, to the extent permitted by law, the powers of the Corporation set forth in the Declarations, these Articles of Incorporation and the By-Laws.

ARTICLE VII

Maximum Indebtedness

The total amount of indebtedness or liability, direct or contingent, to which the Corporation may subject itself at any one time shall not exceed the greater of Twenty-five Thousand Dollars (\$25,000.00) or the Corporation's gross receipts for the previous fiscal year, unless authorization to incur a greater amount is made by the affirmative 2/3 vote of a majority of the members of the Corporation.

ARTICLE VIII

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. 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; provided, however that the foregoing shall not limit or affect the personal liability owed by a member directly to the Corporation; nor shall the foregoing limit or otherwise affect the Corporation's recourse against a member's property, including his or her Unit for any indebtedness owed to the Corporation.

ARTICLE IX

Inter-dealing

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 this Corporation, or any other corporation or other entity of which they 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 this Corporation or such members or directors as shall be present at any meeting at which action is taken upon any such transaction, contract or act. Neither shall any such officer, director or member be accountable or otherwise responsible to this Corporation for or in connection with any such action, contract or transaction or for any gains or profits realized by them by reason of the fact that they or any other corporation or other entity of which they are an officer, director, member or shareholder is interested in any such transaction, contract or act. Any such officer, director or member, if they are a director, after making full disclosure of their interest, may be counted in determining the existence of a quorum at any meeting of the Board of Directors of this Corporation which shall authorize or take action upon any such transaction, contract or act, and they may vote at any such meeting to authorize, adopt, ratify or approve any such transaction, contract or act to the same extent as if they or any other corporation or other entity of which they are an officer, director, member or shareholder, were not interested in such transaction, contract or act.

ARTICLE X

Statutory Agent

Dan R. Morris, whose address is 7902 North Black Canyon Highway, Suite #200, Phoenix, Arizona 85051, is hereby appointed the statutory agent of the Corporation, to accept and acknowledge service of all necessary process or processes, in any action, suit or proceedings that may be brought against the Corporation in any court located in the State of Arizona, and for all purposes

required by law. The Board of Directors of the Corporation may revoke this appointment of agent at any time and shall have the power to fill any vacancy in such position.

ARTICLE XI

Amendments

These Articles of Incorporation may be amended at a lawfully held meeting of the members by the affirmative vote of the members holding not less than 75% of the voting power in the Corporation.

ARTICLE XII

Conflicts

These Articles of Incorporation are intended to comply with the provisions set forth in the Declarations. In case any of the provisions of these Articles of Incorporation conflict with the provisions of said Declarations, and such conflict is not resolved by express language herein which refers to such conflict, the provisions of said Declarations shall control.