

**ARTICLES OF INCORPORATION
OF
CHAPARRAL PINES COMMUNITY ASSOCIATION, INC.
(An Arizona Nonprofit Corporation)**

Article 1. Name. The name of the corporation is Chaparral Pines Community Association, Inc. ("Association").

Article 2. Nonprofit Corporation. The Association is formed as a nonstock, nonprofit corporation under the laws of the State of Arizona.

Article 3. Principal Office. The mailing address of the initial principal office of the Association is 500 Chaparral Pines Drive, Payson, Arizona 85541.

Article 4. Definitions. All capitalized terms used herein which are not defined shall have the same meaning as set forth in the Declaration of Covenants, Conditions and Restrictions for Chaparral Pines, recorded or to be recorded in the Land Records of Gila County, Arizona ("Declaration").

Article 5. Purposes. The purposes for which the Association is organized are:

(a) to be and constitute the Association to which reference is made in the Declaration, to perform all obligations and duties of the Association, and to exercise all rights and powers of the Association, as specified therein, in the By-Laws, and as provided by law; and

(b) to provide an entity for the furtherance of the interests of the Owners of Units subject to the Declaration.

Article 6. Powers. The powers of the Association shall include and be governed by the following provisions:

(a) The Association shall have all of the common law and statutory powers conferred upon nonprofit corporations under Arizona law and all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles, the By-Laws, or the Declaration, including, without limitation, the power:

(i) to fix, collect, and enforce payment, by any lawful means, of assessments and other charges to be levied against the Units;

(ii) to manage, control, operate, maintain, repair, and improve property subject to the Declaration and any other property for which the Association by rule, regulation, covenant, or contract has a right or duty to provide such services;

(iii) to enforce covenants, conditions, or restrictions affecting any property to the extent the Association may be authorized to do so under the Declaration or By-Laws;

(iv) to engage in activities which will actively foster, promote, and advance the common interests of all Owners of Units subject to the Declaration.

(v) to buy or otherwise acquire, sell, dedicate for public use, or otherwise dispose of, mortgage, or otherwise encumber, exchange, lease, own, hold, use, operate, and otherwise deal in and with real, personal, and mixed property of all kinds and any right or interest therein for any purpose of the Association, subject to such limitations as may be set forth in the Declaration or By-Laws;

(vi) to borrow money for any purpose, subject to such limitations as may be contained in the Declaration or By-Laws;

(vii) to enter into, make, perform, or enforce contracts of every kind and description, and to do all other acts necessary, appropriate, or advisable in carrying out any purpose of the Association, with or in association with any other association, corporation, or other entity or agency, public or private;

(viii) to act as agent, trustee, or other representative of other corporations, firms, or individuals, and as such to advance the business or ownership interests in such corporations, firms, or individuals;

(ix) to adopt, alter, and amend or repeal such By-Laws as may be necessary or desirable for the proper management of the affairs of the Association; provided, however, such By-Laws may not be inconsistent with or contrary to any provisions of the Declaration; and

(x) to provide any and all supplemental municipal services to the real property subject to the Declaration as may be necessary or proper.

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other rights and powers which may now or hereafter be permitted by law; the powers specified in each of the paragraphs of this Article are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph of this Article.

(b) The Association shall make no distributions of income to its Members, directors, or officers.

Article 7. Members.

(a) The Owner of each Unit shall be a Member of the Association and shall be entitled to vote in accordance with the terms of the Declaration and the By-Laws.

The Association shall have two classes of membership, Class "A" and Class "B." The Class "A" Members shall be all Owners, except the Class "B" Members, if any. The Class "B" Members shall be the Declarant. The Class "B" Member's rights are specified in the Declaration and By-Laws. The manner of exercising voting rights shall be as set forth in the Declaration and in the By-Laws of the Association.

(b) Change of membership in the Association shall be established by recording in the Land Records of Gila County, Arizona, a deed or other instrument establishing record title to real property subject to the Declaration. Upon such recordation, the owner designated by such instrument shall become a Member of the Association and the membership of the prior owner shall be terminated.

(c) The share of a Member in the privileges, rights and assets of the Association cannot be assigned, hypothecated, or transferred in any manner, except as an appurtenance of its Unit.

Article 8. Dissolution. In the event of dissolution, liquidation or winding up of the Association, subject to the Declaration, the Association's assets remaining after payment, or provisions of payment, of all

known debts and liabilities of the Association shall be divided among and distributed to the Members thereof in accordance with their respective rights therein.

Article 9. Directors.

(a) The affairs of the Association shall be conducted, managed, and controlled by a Board of Directors. The initial Board shall consist of three directors. The number of directors may be increased in accordance with the By-Laws.

(b) The names and addresses of the members of the initial Board, who shall hold office until their successors are elected and qualified, or until removed, are as follows:

Leeann Spangler
6822 N. 11th Pl.
Phoenix, AZ 85014

Craig Swartwood
6000 E. Skyway
Payson, AZ 85541

Thomas Popa
8610 E. Clydesdale
Scottsdale, AZ 85258

Each of the foregoing persons has consented to be a director.

(c) The method of election, removal, and filling of vacancies on the Board of Directors and the term of office of directors shall be as set forth in the By-Laws.

(d) The Board may delegate its operating authority to such corporations, individuals, and committees as it, in its discretion, may determine.

Article 10. By-Laws. The By-Laws of the Association shall be adopted by the Board of Directors and may be altered, amended, or rescinded in the manner provided in the By-Laws.

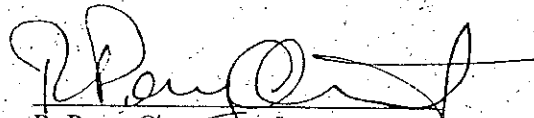
Article 11. Liability of Directors, Officers and Committee Members. To the fullest extent that Arizona law, as it exists on the date thereof or as it may hereafter be amended, permits the limitation or elimination of the liability of directors, officers and committee members, no director, officer or committee member of the Association shall be personally liable to the Association or its Members for monetary damages for breach of duty of care or other duty as a director, officer or committee member. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director, officer or committee member of the Association for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

Article 12. Amendments. Amendments to these Articles of Incorporation may be adopted by the approval of Voting Members representing 2/3 of the total Class "A" votes in the Association, and the consent of the Declarant, so long as Declarant owns any property described on Exhibits "A" or "B" to the Declaration; provided, no amendment may be in conflict with the Declaration, and provided, further, no amendment shall be effective to impair or dilute any rights of Members that are governed by such Declaration.

Article 13. Incorporator. The name of the incorporator of the Association is R. Perry Overstreet and such incorporator's address is 8320 N. Hayden Road, Suite C-115, Scottsdale, AZ 85258.

Article 14. Statutory Agent. The Association hereby appoints Leeann Spangler, who is now and has been for more than three years past, a bona fide resident of the State of Arizona, as its lawful statutory agent upon whom all notices and processes, including service of summons, may be served, and which when served, shall be lawful, personal service upon this corporation. The Board may, at any time, appoint another agent for such purpose and the filling of such appointment shall revoke this or any other previous appointment of such agent.

IN WITNESS WHEREOF, the undersigned has executed these Articles of Incorporation this 9th day of January, 1996.


R. Perry Overstreet, Incorporator

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