

**ARTICLES OF INCORPORATION
OF
PINNACLE PEAK ESTATES UNIT THREE
HOMEOWNERS' ASSOCIATION**

Recorded: JULY 22, 3:30 PM, 1987 --- 197471-7

KNOW ALL MEN BY THESE PRESENTS:

The undersigned, for the purpose of forming a private, nonprofit corporation, the object of which is not pecuniary profit, having the purpose hereinafter set out, under and pursuant to Chapter 5, Title 10, of the Arizona Revised Statutes, and for the further purpose of electing directors for the corporation, does hereby adopt the following Articles of Incorporation:

1. Name: The name of the corporation (hereinafter referred to as "the Association") shall be PINNACLE PEAK ESTATES UNIT THREE HOMEOWNERS' ASSOCIATION.
2. Purpose: The Association is organized and shall be operated for (a) the purposes set forth for the "Association" in the Corrected Declaration of Covenants, Conditions and Restrictions for Pinnacle Peak Estates Unit Three ("the Declaration") recorded on January 7, 1980, at Docket 14140, Page 278, in the office of the Maricopa County, Arizona, Recorder, and (b) the purpose of acting as a "homeowner's association," as that term is defined in Section 528(c) of the Internal Revenue Code of 1986.
3. Business: The Association initially intends to engage in the following activities (which shall be construed as the character of the nonprofit business which the Association initially intends to conduct in the State of Arizona): perform all functions to be performed by the "Association" as set forth in the Declaration. Such initial intention shall in no manner whatever limit the character of the activities and businesses in which the Association may ultimately engage; provided, however, that the Association shall only engage in such business as will further the exempt purposes set forth in Section 528 of the Internal Revenue Code of 1986 and the regulations promulgated thereunder as they now exist or as they may be hereafter amended from time to time.
4. Authorized Stock: The Association shall have no capital stock.
5. Statutory Agent: The name and address of the initial statutory agent of the Association is Brown Bain, P.A., 222 North Central Avenue, P.O. Box 400, Phoenix, Arizona
6. Known Place Of Business: The known place of business of the Association shall be 9388 East San Salvador, Scottsdale, Arizona 85258, but different and other offices and places for conducting business, both within and without the State of Arizona, may be established from time to time by the board.
7. Board of Directors: Annual Meeting of Members: The business and affairs of the Association shall be conducted by a Board of Directors (herein referred to as "the board"). The following persons shall constitute the initial board of the Association and shall serve in such capacity until the first annual election of directors or until their successors are elected and qualify:

Cary V. Dix
9450 N. 94th Place, #209
Scottsdale, Arizona 85258

Thurman W. Lawrence
8041 East Whispering Wind Drive
Scottsdale, Arizona 85255

Richard L. Frucci
8027 East Whispering Wind Drive
Scottsdale, Arizona 85255

Otherwise, the number of persons to serve on the board shall be fixed by the Bylaws of the Association, but in no event shall it be less than three; further, each member of the board shall be elected for such term as shall be fixed by the Bylaws of the Association,

provided, however, that in no event shall any change in the length of such term effected by an amendment to the Bylaws be applied so as to shorten the term being served by any member of the board at the time such amendment is adopted.

8. Quorum: A quorum at a meeting of the board shall consist of a majority of the directors then serving.

9. Incorporator: The name and address of the incorporator of the Association is:

Howard N. Singer
222 North Central Avenue, Suite 1100
Phoenix, Arizona 85004

The sole duty and responsibility of the Incorporator is to sign and deliver these Articles of Incorporation to the Arizona Corporation Commission for filing. All powers, duties and responsibilities of the Incorporator shall cease at the time of delivery of these Articles of Incorporation to the Arizona Corporation Commission for filing.

10. Net Earnings: No part of the net earnings of the Association shall inure (other than by acquiring, constructing or providing management, maintenance and care of association property, and other than by a rebate to members of excess membership dues, fees and assessments (and not net earnings)) to the benefit of or be distributable to any member, director or officer of the Association, or to any private individual, except that reasonable compensation may be paid for services rendered to or for the Association and other payments and disbursements may be made in furtherance of one or more of its purposes.

11. Members: Each owner of a lot in Pinnacle Peak Estates Unit Three shall automatically be a member of the Association. Membership in the Association shall be appurtenant to the ownership of a lot, and shall be deemed to be automatically transferred to the new lot owner upon the sale of any lot. The voting rights of the members shall be as set out in the Declaration and in the Bylaws.

12. Private Property: Private property of the incorporator, members, directors and officers of the Association shall be forever exempt from all corporate debts of any kind whatsoever, provided, however, that nothing contained in this Article shall limit the liability of members' property for payment of assessments levied by the Association.

13. Fiscal Year: The fiscal year of the Association shall run from January 1 through December 31 of each year.

14. Indemnification of officers, Directors, Employees and Agents: The Association shall indemnify any person who incurs expense by reason of the fact he or she is or was an officer, director, employee or agent of the corporation. This indemnification shall be mandatory in all circumstances in which indemnification is permitted by law.

15. Elimination of Liability of Directors: The liability of directors of the Association is eliminated in all circumstances and to the fullest extent permitted by Chapter 5, Title 10, Arizona Revised Statutes.

IN WITNESS WHEREOF, for the purpose of forming the Association under the laws of the State of Arizona, I, the undersigned incorporator, have executed these Articles of incorporation on July 22, 1987

Howard N. Singer

BROWN BAIN, P.A., having been designated to act as Statutory Agent, hereby consents to act in that capacity until removal or resignation is submitted in accordance with the Arizona Revised Statutes.

BROWN & BAIN, P.A.,
Statutory Agent

by Howard N. Singer