



ARIZONA CORPORATION COMMISSION

January 15, 1993

The Carefree Mountain Estates Community Association

We are pleased to notify you that your Articles of Incorporation were filed on January 15, 1993.

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 September 30, 1993. A preprinted Annual Report Form will be mailed to you during that month.

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,

Sonia Greer
Examiner Technician
Corporations Division
Arizona Corporation Commission

INC: 04

Rev. (1/88)

1200 WEST WASHINGTON, PHOENIX, ARIZONA 85007 / 402 WEST CONGRESS STREET, TUCSON, ARIZONA 85701

DOMESTIC

EXPEDITED
AZ CORP COMMISSION
FILED

ARTICLES OF INCORPORATION

JAN 15 2 54 PM '93

OF

THE CAREFREE MOUNTAIN ESTATES COMMUNITY ASSOCIATION

APPR [Signature]
DATE APPR 1/15/93
TERM _____
DATE _____ TIME _____

KNOW ALL MEN BY THESE PRESENTS:

600489

We, the undersigned, have this day associated ourselves together for the purpose of forming a nonprofit association in accordance with Arizona Revised Statutes § 10-1029, and for that purpose do hereby adopt these Articles of Incorporation.

ARTICLE I

NAME OF THE ASSOCIATION

The name of the association shall be THE CAREFREE MOUNTAIN ESTATES COMMUNITY ASSOCIATION (the "Association").

ARTICLE II

DEFINED TERMS/CONFLICTING PROVISIONS

Capitalized terms used in these Articles of Incorporation without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions, and Restrictions for the Association recorded on January 8, 1993, in the Office of the Recorder of Maricopa County, Arizona, as Document No. 93-12236 (the "Declaration"), the terms and provisions of which are incorporated into these Articles of Incorporation by this reference as if set forth herein. In the event of any conflict or inconsistency between the Declaration and these Articles, the Declaration shall control.

ARTICLE III

PURPOSE AND POWERS

The purpose for which the Association is organized is the transaction of any and all lawful business for which nonprofit associations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time; provided, however, that such business shall conform with the tax exempt organization requirements of Section 528 of the Internal Revenue Code of 1986, as amended. The Association does not contemplate pecuniary profit, gain or private advantage for the incorporators, directors, officers, Association or its Members, and the specific primary purpose for which this Association is formed is to provide for the protection, improvement, alteration, maintenance, repair, replacement, administration and operation of that certain property situated in the Town of Carefree, County of Maricopa, State of Arizona, as more particularly described in the Declaration, the

assessment of expenses, payment of losses, disposition of casualty insurance proceeds, and other matters as provided in the Declaration, and to promote the health, safety and welfare of all 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.

ARTICLE IV

INITIAL BUSINESS

The character of business that the Association initially intends to actually conduct is the administration of the Association.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS

Membership in the Association, voting and other rights and privileges of Members, and their liability for dues and assessments and the method of collection thereof, shall be as set forth in the Declaration, the Rules and Regulations promulgated pursuant thereto, and the Bylaws of the Association.

ARTICLE VI

PRINCIPAL PLACE OF BUSINESS

The Association's principal place of business shall be 6991 East Camelback Road, Suite B-111, Scottsdale, Arizona 85251.

ARTICLE VII

STATUTORY AGENT

The name and address of the initial Statutory Agent for the Association is SLF Statutory Agents, Inc., an Arizona corporation, One Arizona Center, Eleventh Floor, 400 East Van Buren Street, Phoenix, Arizona 85004.

ARTICLE VIII

INCORPORATOR

The name and address of the incorporator is Larry B. Gordon, 6991 East Camelback Road, Suite B-111, Scottsdale, Arizona 85251.

All powers, duties and responsibilities of the incorporator shall cease at the time of filing of these Articles of Incorporation with the Arizona Association Commission.

ARTICLE IX

BOARD OF DIRECTORS/OFFICERS

The number of persons to serve on the Board of the Association will be fixed by the Bylaws of the Association. The initial Board of Directors of the Association shall consist of three (3) directors. Each director, except for directors elected by RJL Properties, Inc. in accordance with paragraph 2.5.2 of the Declaration, shall be a Member of the Association or the spouse of a Member. The persons who shall serve as directors until the next annual meeting of the Association or until their successors are elected and qualify in accordance with the terms of paragraph 3.5 of the Declaration are:

Larry B. Gordon
6991 East Camelback Road, Suite B-111
Scottsdale, Arizona 85251

Carl H. Larson
6991 East Camelback Road, Suite B-111
Scottsdale, Arizona 85251

David P. Blouin
6991 East Camelback Road, Suite B-111
Scottsdale, Arizona 85251

The initial officers of the Corporation and their respective positions shall be:

Larry B. Gordon	President
Anne H. Murphy	Secretary/Treasurer

ARTICLE X

DISSOLUTION

The Association may be dissolved by the adoption of a resolution to dissolve by the Board of Directors, which resolution to dissolve shall be adopted by a Majority of Members then entitled to vote at an election held for such purpose. Majority of Members (as defined in the Declaration) shall mean the Members holding more than fifty percent (50%) of the total votes entitled to be cast with respect to a given matter. Upon any dissolution of the Association, other than incident to a merger or a consolidation, the assets of the Association shall be dedicated, granted, conveyed, or assigned to any nonprofit corporation, association, trust, or other organization designated by the members approving the dissolution as being the entity that will thereafter perform the duties and obligations of the Association under the Declaration.

ARTICLE XI

AMENDMENTS

These Articles of Incorporation may be amended by an affirmative vote of two-thirds (2/3) of all Members of the Association then entitled to vote at any meeting called for such purpose.

ARTICLE XII

LIABILITY OF DIRECTORS

In accordance with Arizona Revised Statutes § 10-1029A.8., the Directors of the Association shall not be liable for monetary damages to the Association or its members for breach of fiduciary duty as a Director except as follows:

(a) Any breach of the Director's duty of loyalty to the Association or its members;

(b) Acts or omissions which are not in good faith or which involve intentional misconduct or a knowing violation of law;

(c) A violation of Arizona Revised Statutes Section 10-1026;

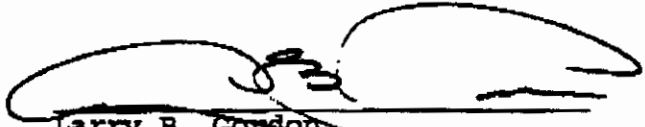
(d) Any transaction from which the Director derived an improper personal benefit; or,

(e) A violation of Arizona Revised Statutes Section 10-1097.

provided, however, that the foregoing limitation of liability should not be effective with respect to any act or omission occurring prior to the filing of these Articles of Incorporation by the Arizona Corporation Commission. If the Arizona General Corporation Law hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Association, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by the amended Arizona General Corporation Law. Any repeal or modification of this Article by the members of the Association shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the Association existing at the time of such repeal or modification.

IN WITNESS WHEREOF, the undersigned incorporator has hereunto set his hand this 15 day of December, 1992.

INCORPORATOR:


Larry B. Gordon

CONSENT TO ACT AS STATUTORY AGENT

SLF Statutory Agents, Inc., having been designated to act as Statutory Agent of THE CAREFREE MOUNTAIN ESTATES COMMUNITY ASSOCIATION, hereby consents to act in that capacity until removal or resignation is submitted in accordance with the Arizona Revised Statutes.

SLF Statutory Agents, Inc.,
an Arizona corporation

By: 