

ARTICLES OF INCORPORATION
OF
PONDEROSA TRAILS UNIT 8 COMMUNITY ASSOCIATION

The undersigned hereby voluntarily sets forth the following statements for the purpose of forming a non-profit corporation under and pursuant to the laws of the State of Arizona and for that purpose hereby adopts these Articles of Incorporation.

ARTICLE I

Name

The name of the Corporation shall be: Ponderosa Trails Unit 8 Community Association.

ARTICLE II

Purpose

The purpose for which the Corporation is organized is the transaction of any and all lawful business for which corporations may be incorporated under the laws of the State of Arizona as the same may be amended from time to time, including but not limited to, acquiring, constructing, operating, managing and maintaining the common areas for the benefit of the community known, or to be known, as Ponderosa Trails Unit 8 (the "Community"), subject to a Declaration of Covenants, Conditions, Restrictions, Reservations and Easements now or hereafter recorded in the records of the County Recorder, Coconino County, Arizona (the "Declaration"), these Articles of Incorporation and the Bylaws of the Corporation, and establishing, levying, collecting and dispersing the assessments and other charges imposed under the Declaration and enforcing the use and other restrictions imposed on various parts of the Community.

The Corporation is organized exclusively for the purpose stated herein and shall not carry on any activities not permitted for a corporation exempt from federal income tax under § 528(a) of the Internal Revenue Code of 1986, as amended. No substantial part of the Corporation's activities shall be to carry on propaganda or attempt to influence legislation, nor shall the Corporation participate in, or intervene in, any political campaign for any candidate for public office, including the publishing or distribution of statements. No part of the net earnings of the Corporation shall benefit or be distributable to its directors, officers or other private persons, except that the Corporation may pay reasonable compensation for services and make payments in furtherance of its purposes.

ARTICLE III

Membership

The Corporation shall have members. As more particularly provided in the Declaration, each person or entity who is a record Owner of any Lot is entitled to membership and voting rights in the Corporation. Membership is appurtenant to, and inseparable from, ownership of the Lot (as defined in the Declaration). The designation of the classes of members, the manner of election and appointment and the qualifications and rights of the members of each class shall be fixed by the Declaration and the Bylaws.

ARTICLE IV

Board Of Directors

The initial board of directors shall consist of three (3) directors. The names and addresses of the persons who are to serve as the initial directors until the first annual meeting of the members or until their successors are elected and qualify are:

Name	Address
Richard Lake	3726 South Wildwest Trail Flagstaff, Arizona 86001
Rob O'Leary	3726 South Wildwest Trail Flagstaff, Arizona 86001
Chad Rhoton	3726 South Wildwest Trail Flagstaff, Arizona 86001

Thereafter, the number of persons to serve on the Board of Directors shall be fixed by the Declaration.

ARTICLE V

Indemnification

The Corporation shall indemnify any person against expenses, including without limitation, attorneys' fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in all circumstances in which, and to the extent that, such indemnification is specifically permitted and provided for by the laws of the State of Arizona as then in effect.

ARTICLE VI

Limitation of Director Liability

No director of the Corporation shall be personally liable to the Corporation or its members for monetary damages for breach of fiduciary duty as a director; provided, however, that this Article VI shall not eliminate or limit the liability of a director to the extent provided by applicable law for the following:

- (a) The amount of a financial benefit received by a director to which the director is not entitled;
- (b) An intentional infliction of harm on the corporation or its members, if any;
- (c) A violation of Arizona Revised Statutes Section 10-3833; or
- (d) An intentional violation of criminal law.

The limitation of liability provided herein shall continue after a director has ceased to occupy such position as to acts or omissions occurring during such director's term or terms of office, and no amendment or repeal of this Article VI shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal. To the full extent now or hereafter permitted by law, the Corporation shall indemnify and advance expenses of its directors for liability, as defined in Section 10-3850 of the Arizona Nonprofit Corporation Act, to any person for any action taken, or any failure to take any action as a director, except liability for any action or failure to take action set forth in this Article VI for which a director may be personally liable to the corporation or its members, if any.

ARTICLE VII

Devolution of Assets on Dissolution

On dissolution for any reason, provision shall be made for the payment of all liabilities and, thereafter, to dispose of all assets of the Corporation only for one or more exempt purposes within the meaning of § 528 of the Internal Revenue Code of 1986 as amended, to a public body or a nonprofit organization with similar purposes.

ARTICLE VIII

Governmental Approval

Notwithstanding anything to the contrary contained in these Articles of Incorporation, annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dissolution and amendment of the Articles of Incorporation shall require the prior approval of HUD(FHA) or Veterans Administration so long as there is a Class B Membership, if HUD(FHA) or Veterans Administration has previously approved these Articles of Incorporation.

ARTICLE IX

Amendment

These Articles of Incorporation may be amended only with the approval of both (a) the Owners of at least two-thirds of the Lots, and (b) Declarant so long as there is a Class B Membership; except that Declarant, without approval of the Owners, may amend these Articles of Incorporation as may be requested or required by HUD(FHA), VA, FHLMC or FNMA, or any government agency which requests such amendment as a condition of approving the Articles, or any federally chartered lending institution which requests such amendment as a condition to lending funds upon the security of the Lots.

ARTICLE X

Statutory Agent

The name and address of the Corporation's initial statutory agent is Gallagher & Kennedy Service Corporation, 2575 East Camelback Road, Phoenix, Arizona 85016.

ARTICLE XI

Known Place of Business

The address of the Corporation's known place of business is 3726 South Wildwest Trail, Flagstaff, Arizona 86001.

ARTICLE XII

Discrimination Not Permitted

In rendering its functions and in exercising its purposes, the Corporation shall not practice or permit discrimination on the basis of sex, age, race, national origin, religion or physical handicap or disability.

ARTICLE XIII

Incorporator

The name and address of the incorporator is:

James B. Connor, Esq.
Gallagher & Kennedy, P.A.
2575 East Camelback Road
Phoenix, Arizona 85016

ARTICLE XIV

Conflict With Declaration

In the event any provision of this instrument is inconsistent with or more permissive than any provision of the Declaration dealing with the same subject, the Declaration shall control and this instrument shall be interpreted accordingly.

DATED: _____, 2005.

Incorporator:

James B. Connor, Esq.

CONSENT OF STATUTORY AGENT

Gallagher & Kennedy Service Corporation, an Arizona corporation, having been designated to act as statutory agent of Ponderosa Trails Unit 8 Community Association, hereby consents to act in that capacity until removed or until resignation is submitted in accordance with the Arizona Revised Statutes.

GALLAGHER & KENNEDY SERVICE
CORPORATION, an Arizona corporation

By: _____
Keri K. Adickes
Its: Assistant Secretary