

ARTICLES OF INCORPORATION

OF

THE AERIE CONSERVANCY
(An Arizona Nonprofit Corporation)

In compliance with the requirements of Section 10-3201, et seq., Arizona Revised Statutes, as amended, the undersigned, who is a person capable of contracting, states as follows.:

Article 1. Name. The name of the corporation is The Aerie Conservancy ("Association")

Article 2. Known Place of Business. The initial known place of business of the Association is 7720 N. 16th Street, Suite 310, Phoenix, AZ 85020.

Article 3. 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 The Aerie Conservancy, recorded or to be recorded in the Office of the County Recorder of Yavapai County, Arizona, as such declaration may be amended or supplemented from time to time ("Declaration").

Article 4. Purposes and Character of Affairs. The purposes for which the Association is organized, and the character of affairs which the Association initially intends to actually conduct in Arizona, 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 Bylaws of The Aerie Conservancy, as such bylaws may be amended from time to time ("Bylaws"), and as provided by law;

(b) to serve as the governing body for all of the Owners for the protection, improvement, alteration, maintenance, repair, replacement, administration and operation of the Property, the assessment of expenses, payment of losses, disposition of casualty insurance proceeds, the provision of domestic water to serve the Property, and other matters as provided in the Governing Documents or otherwise necessary or appropriate to the proper functioning of the Association and the Property; and

(c) the transaction of any or all lawful business for which non-profit corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time.

Article 5. 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 Bylaws, or the Declaration, including, without limitation, the power:

(i) to fix, collect, and enforce payment, by any lawful means, of assessments and other charges as set forth in the Declaration;

(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 Bylaws;

(iv) to engage in activities which will actively foster, promote, and advance the common interests of all Owners of Lots 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 Bylaws;

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

(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; and

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

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 6. Members.

(a) Membership in the Association shall be limited to owners of Lots. Each owner shall have such rights, privileges and votes in the Association as are set forth in the Declaration and Bylaws. The provisions of the Declaration and the Bylaws pertaining to membership, classes of members and voting rights of members are incorporated in these Articles by reference.

(b) Change of membership in the Association shall be established by recording in the official records of Yavapai 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. By acquiring fee title to or otherwise becoming the Owner of a Lot, a Person consents to becoming a Member of the Association. No Member shall have the right to resign as a Member of the Association. 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 Lot.

Article 7. Dissolution. Prior to the Transition Date, the Association may be dissolved only upon the consent of the Declarant. Thereafter, the Association may be dissolved upon the written consent or affirmative vote of Owners representing not less than 67% of the authorized votes of the Members. Upon the dissolution of the Association, whether resulting from voluntary action on the part of the Board of Directors, court orders, lapse of time, or otherwise, no part of the remaining assets of the Association, after the discharge of all corporate liabilities, shall inure to the private profit, benefit or advantage of any current or past member, director or officer, but the whole of such remaining assets shall be dedicated by the directors in cash or in kind absolutely and without possibility of reversion, as absolute gifts without return consideration, direct or indirect, in such amounts and proportions as the directors shall determine, to a public agency or utility or to a nonprofit organization to be devoted to purposes similar to those of the Association. The termination of the directors with respect to all such distributions shall be final.

Article 8. Directors and Officers.

(a) The affairs of the Association shall be conducted, managed, and controlled by a Board of Directors initially consisting of three (3) members, who need not be Members of the Association. The number of persons to serve on the Board of Directors thereafter, and the qualifications that a person must meet in order to serve on the Board of Directors, shall be as set forth in the Declaration and the Bylaws. The names and addresses of the persons who are to serve as directors until the first annual meeting of members or until their successors are elected and qualify are:

John Suriano

Communities Southwest
7720 N. 16th Street, Suite 310
Phoenix, AZ 85020

Jami Schulman

Communities Southwest
7720 N. 16th Street, Suite 310
Phoenix, AZ 85020

Jay Pennypacker

Communities Southwest
7720 N. 16th Street, Suite 310
Phoenix, AZ 85020

(b) The persons who are to serve as the initial officers at the pleasure of the board of directors until their successors have been elected and qualify are:

President

Jami Schulman
Communities Southwest
7720 N. 16th Street, Suite 310
Phoenix, AZ 85020

Vice President/
Secretary

Jay Pennypacker
Communities Southwest
7720 N. 16th Street, Suite 310
Phoenix, AZ 85020

Treasurer

John Suriano
Communities Southwest
7720 N. 16th Street, Suite 310
Phoenix, AZ 85020

Article 9. Bylaws. The Bylaws shall be adopted by the Board of Directors and may be altered, amended, or rescinded in the manner provided in the Bylaws.

Article 10. Liability of Directors, Officers and Committee Members. To the fullest extent that Arizona law, as it exists on the date hereof 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, breach of fiduciary duty, 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 11. Indemnification. The Association shall indemnify any Person made a party to any civil suit or criminal, administrative or investigative action, other than an action by or in the right of the Association, by reason of the fact that he is

or was a Member, director, officer, committee member, employee, or agent of the Association against expenses, including attorneys' fees, and judgments, fines and amounts paid in settlement actually and reasonable incurred by him in connection with such action, if he acted, or failed to act, in good faith and he reasonably believed (i) in the case of conduct in an official capacity with the Association, that the conduct was in its best interests, (ii) in all other cases, that the conduct was at least not opposed to its best interests, and (iii) in the case of any criminal action or proceeding, that he had no reasonable cause to believe the conduct was unlawful. Any indemnification of the Members, directors, officers, committee members, employees, or agents of the Association shall be governed by and made in accordance with the provisions of the Arizona Revised Statutes pertaining to nonprofit corporations. Any repeal or modifications of this Article 11 shall be prospective only and shall not adversely affect, defeat or limit the right of any Person to indemnification for any act, or failure to act, occurring prior to the effective date of such repeal or modification.

Article 12. Amendments. These Articles of Incorporation may be amended unilaterally by the Declarant for any reason at any time prior to the Transition Date, and thereafter by the affirmative vote or written consent, or any combination thereof, of Members representing at least 67% of the Members authorized to vote; 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. Statutory Agent. The name and address of the initial statutory agent of the Corporation is CT Corporation System, 3225 N. Central Avenue, Suite 1600, Phoenix, Arizona 85012.

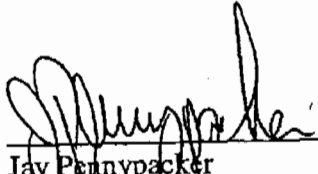
Article 14. Duration. The corporation shall exist perpetually.

Article 15. Assessments and Fees. Each Member shall be obligated to pay Assessments and other fees and charges to the Association in accordance with the Declaration and Bylaws.

Article 16. Incorporator. The incorporator of the Association is

Jay Pennypacker
Communities Southwest
7720 N. 16th Street, Suite 310
Phoenix, AZ 85020

IN WITNESS WHEREOF, the undersigned has executed these Articles of
Incorporation this 2nd day of November 2004.



Jay Pennypacker
Incorporator

ARIZONA CORPORATION COMMISSION
CORPORATIONS DIVISION

Phoenix Address: 1300 West Washington
Phoenix, Arizona 85007-2929

Tucson Address: 400 West Congress
Tucson, Arizona 85701-1347

NONPROFIT
CERTIFICATE OF DISCLOSURE
A.R.S. Section 10-3202.D.

The Acric Conservancy

EXACT CORPORATE NAME

- A. Has any person serving either by election or appointment as officer, director, trustee, incorporator in the corporation:
1. Been convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
 2. Been convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or restraint of trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
 3. Been or are subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the execution of this Certificate wherein such injunction, judgment, decree or permanent order:
 - (a) Involved the violation of fraud or registration provisions of the securities laws of that jurisdiction?;
 - (b) Involved the violation of the consumer fraud laws of that jurisdiction?;
 - (c) Involved the violation of the antitrust or restraint of trade laws of that jurisdiction?

Yes _____ No X

B. IF YES, the following information MUST be attached:

1. Full name and prior name(s) used.
2. Full birth name.
3. Present home address.
4. Prior addresses (for immediate preceding 7-year period).
5. Date and location of birth.
6. Social Security number.
7. The nature and description of each conviction or judicial action, date and location, the court and public agency involved and file or cause number of case.

- C. Has any person serving either by election or appointment as an officer, director, trustee or incorporator of the corporation, served in any such capacity or held such interest in any other corporation which has been placed in bankruptcy or receivership or had its charter revoked, or administratively dissolved by any jurisdiction?

Yes _____ No X

IF YOUR ANSWER TO THE ABOVE QUESTION IS "YES", YOU MUST ATTACH THE FOLLOWING INFORMATION FOR EACH CORPORATION:

1. Name and address of the corporation.
2. Full name including alias and address of each person involved.
3. State(s) in which the corporation:
 - (a) Was incorporated.
 - (b) Has transacted business.
4. Dates of corporate operation.
5. A description of the bankruptcy, receivership or charter revocation, including the date, court or agency and the file or cause number of the case.

D. The fiscal year end adopted by the corporation is December 31

Under penalties of law, the undersigned incorporators/officers declare that we have examined this Certificate, including any attachments, and to the best of our knowledge and belief it is true, correct and complete, and hereby declare as indicated above. THE SIGNATURE(S) MUST BE DATED WITHIN THIRTY (30) DAYS OF THE DELIVERY DATE.

BY [Signature] DATE 11/2/04
 TITLE VVP and Secretary, Incorporator

BY [Signature] DATE 11/2/04
 TITLE President

BY [Signature] DATE 11/2/2004
 TITLE Treasurer

BY _____ DATE _____
 TITLE _____

DOMESTIC CORPORATIONS: ALL INCORPORATORS MUST SIGN THE INITIAL CERTIFICATE OF DISCLOSURE. (If more than four Incorporators, please attach remaining signatures on a separate sheet of paper.)

If within sixty days, any person becomes an officer, director, or trustee and the person was not included in this disclosure, the corporation must file an AMENDED certificate signed by all incorporators, or if officers have been elected, by a duly authorized officer.

FOREIGN CORPORATIONS: MUST BE SIGNED BY AT LEAST ONE DULY AUTHORIZED OFFICER OF THE CORPORATION.