

ARTICLE I -- NAME

The undersigned hereby voluntarily set 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 adopt these Articles of Incorporation.

The name of the corporation is **ARROWHEAD RANCH PHASE V HOMEOWNERS ASSOCIATION** (the "Association").

ARTICLE II -- DURATION

The Association shall exist perpetually.

ARTICLE III -- PURPOSE OF THE ASSOCIATION

The object and purpose for which this Association is organized is to provide for the management, maintenance, operation, replacement and repair of the Common Area and to perform all duties and exercise all rights imposed on or granted to the Association by the Project Documents. In furtherance of, and in order to accomplish the foregoing object and purpose, the Association may transact any or all lawful business for which nonprofit corporations may be incorporated under Chapter 5 of Title 10, Arizona Revised Statutes, as it may be amended from time to time (the "general Nonprofit Corporation Law").

ARTICLE IV -- CHARACTER OF BUSINESS

The character of the business which the Association intends to conduct in Arizona is to provide for the management maintenance, operation, replacement and repair of the Common Area and to exercise and perform such other powers and duties as are imposed on or granted to the Association by the Project Documents.

ARTICLE V -- STATUTORY AGENT

Lewis F. ("Buddy") Satterfield, whose address is 4040 E. Camelback, Suite 200, Phoenix, Arizona 85018, and who has been a bona fide resident of the State of Arizona for more than three (3) years last past, is hereby appointed and designated as the initial statutory agent for the Association.

ARTICLE VI -- BOARD OF DIRECTORS

The number of Directors constituting the initial Board of Directors shall be three (3) The names and addresses of the initial Directors of the Association who shall serve until the first annual meeting of the members or until their successors are elected and qualified are as follows:

Name	Mailing Address
Lewis F. ("Buddy") Satterfield	4040 East Camelback P.O. Box 15627 Phoenix, AZ 85060
Joyce M. Manigold	4040 East Camelback P.O. Box 15627 Phoenix, AZ 85060
N. Kelly House	4040 East Camelback P.O. Box 15627 Phoenix, AZ 85060

ARTICLE VII -- INCORPORATOR

The name and address of the incorporator of the Association is:

Name	Mailing Address
Lewis F. ("Buddy") Satterfield	4040 East Camelback P.O. Box 15627 Phoenix, AZ 85060

ARTICLE VIII -- LIMITATION ON LIABILITY OF DIRECTORS

To the fullest extent allowable under the General Nonprofit Corporation Law, including without limitation Arizona Revised Statutes Sections 10-1005.A.18 and 10-1029.A.8, no Director of the Association shall be personally liable to the Association or its members for monetary damages for breach of fiduciary duties as Director, except for liability for any of the following:

- i. Any breach of the Director's duty of loyalty to the Association or its members;
- ii. Acts or omissions which are not in good faith and which involve intentional misconduct or a knowing violation of law;
- iii. A violation of Arizona Revised Statutes Section 10-026;
- iv. Any transaction from which the Director derived an improper personal benefit;
- v. A violation of Arizona Revised Statutes Section 10-1097.

ARTICLE IX -- PRINCIPAL OFFICE

The principal office of the Association shall be located at 4040 E. Camelback, P.O. Box 15627, Phoenix, AZ 85060.

ARTICLE X -- MEMBERSHIP AND VOTING RIGHTS

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 Project Documents.

ARTICLE XI -- BYLAWS

The Board of Directors shall adopt the initial Bylaws of the Association. The power to alter, amend or repeal, the Bylaws is reserved to the Members except that the Board, without a vote of the Members, may amend the Bylaws in order to conform the Bylaws to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project, the Plat or the Project Documents is required by law or requested by the Declarant. So long as there is a Class B membership in the Association, any amendment of the Bylaws must, to the extent then required by applicable regulations of the Veterans Administration and Federal Housing, be approved by the Veterans Administration or the Federal Housing Administration.

ARTICLE XII -- OFFICERS

The following persons shall be the initial officers of the Association and shall hold the positions opposite their names until the first annual meeting of the Association or until their successors have been elected and qualified:

Lewis F. ("Buddy") Satterfield	- President
Joyce M. Manigold	- Vice-President
N. Kelly House	- Secretary/Treasurer

ARTICLE XIII -- DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by Owners representing not less than two-thirds (2/3) of the authorized votes of each class of the Association membership. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created as the Board of Directors shall determine. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed, or assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purpose as the Board of Directors shall determine.

ARTICLE XIV -- AMENDMENTS

These Articles may be amended by Members representing at least seventy-five percent (75%) of the total authorized votes entitled to be cast by Members of the Association; provided, however, that the Board, without a vote of the Members, may amend these Articles in order to conform these Articles to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project, the Plat or the Project Documents is required by law or requested by the Declarant.

ARTICLE XV -- DEFINED TERMS

Capitalized terms used in these Articles without definition shall have the meanings specified such terms in the Declaration of Covenants, Conditions and Restrictions for ARROWHEAD RANCH PHASE V HOMEOWNERS ASSOCIATION.

ARTICLE XVI -- FHA/VA APPROVAL

So long as there is a Class B membership, the following actions will require, to the extent then required by applicable regulations of the Veterans Administration and Federal Housing, the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dedication Common Area, dissolution and amendment of these Articles.

**Dated this 27 day of Dec, 1995.
Signed *B Satterfield*
Lewis F. (Buddy) Satterfield**