

**ARTICLES OF INCORPORATION  
OF  
HEADWATERS RANCH  
PROPERTY OWNERS ASSOCIATION, INC.**

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned persons whose residences are set forth hereinbelow, do hereby adopt these Articles of Incorporation of and for Headwaters Ranch Property Owners Association, Inc., a non-profit corporation.

**ARTICLE I**

The name of this corporation is Headwaters Ranch Property Owners Association, Inc.

**ARTICLE II**

The period of duration of the corporation shall be perpetual.

**ARTICLE III**

The principal place of business for the transaction of business of the corporation is 12840 North 38<sup>th</sup> Place, Phoenix, Arizona 85032.

**ARTICLE IV**

The purpose for which this 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 they may be amended from time to time, and specifically, but not in limitation thereof, for those purposes as set forth in the Declaration of Covenants, Conditions and Restrictions for Headwaters Ranch, according to the Map of survey as recorded in Yavapai county, Arizona Recorder's office, together with any amendments thereto, and all other things necessary, appropriate, or convenient in furtherance of its operation as an owners association, and in accordance with these Articles, the Bylaws, and any adopted rules and regulations.

**ARTICLE V**

The corporation initially intends to conduct the business of an owners association.

**ARTICLE VI**

The name and address of the initial statutory agent of the corporation shall be

Arthur Richardson, 12840 North 38<sup>th</sup> Place, Phoenix, Arizona 85032.

#### ARTICLE VII

The number of Directors constituting the initial Board of Directors is 3 and their names and addresses are set forth below; said initial Directors shall serve as Directors until the first annual election of Directors or until their successors are elected and qualified. excepting for the initial Board of Directors, the affairs of the corporation shall be managed by a Board of not less than 3 or more than 5 Directors as set by the Bylaws.

Arthur Richardson  
12840 North 38<sup>th</sup> Place  
Phoenix, AZ 85032

Kent Gugler  
1562 Shoup Street  
Prescott, AZ 86301

Ken Mohn  
3915 W. Roadrunner  
Chino Valley, AZ 86323

#### ARTICLE VIII

The names and addresses of the initial incorporator is as set forth below.

Arthur Richardson  
12840 North 38<sup>th</sup> Place  
Phoenix, Arizona 85032

#### ARTICLE IX

Membership in this corporation shall be limited solely to those individuals owning or purchasing under contract, one or more parcels within Headwaters Ranch. The corporation may issue one certificate evidencing membership to such owner or owners of record or contract purchasers of each parcel within the above-described property. Failure to use the certificate shall not abridge the provisions of this Article

The Corporation shall have two classes of voting, each parcel owner, other than the Developer, HEADWATERS RANCH, LLC., who shall be entitled to one vote for each acre owned rounded to the nearest whole acre. The Developer shall be entitle to 3 votes of each acre owned, rounded to the nearest whole acre. When there is more than one owner of a parcel, all such persons shall be members, but the vote for such parcel shall be exercised as they among themselves unanimously determine. In the event of non-agreement among the owners, the vote for the parcel shall not be accepted. Unless otherwise

provided for herein, all action shall be a majority vote. There shall be cumulative voting.

ARTICLE X

These Articles of Incorporation maybe amended by the vote or written assent of members representing sixty-seven percent (67%) of the total voting power of the Association, provided, however, that as to particular matters as set forth in the Declaration, the percentage of the voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision.

ARTICLE XI

Except for those matters which cannot be eliminated or limited pursuant to eh Arizona Statutes, a Director shall not be liable to the corporation or its members for monetary damages for breach of fiduciary duty as a Director. The corporation shall indemnify any person who incurs expenses 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 and shall be effective whether a legal action is brought or threatened by or against the corporation.

IN WITNESS WHEREOF, we have hereunto set our hands on the \_\_\_\_\_ day of \_\_\_\_\_, 2003.

\_\_\_\_\_  
Incorporator