

ARTICLES OF INCORPORATION

OF

THE VIEWPOINT AT PRESCOTT VALLEY WEST  
HOMEOWNERS ASSOCIATION, INC.

In compliance with the requirements of Sec. 10-2301 et seq., Arizona Revised Statutes, as amended, the undersigned have this date voluntarily associated themselves together for the purpose of forming a nonprofit corporation and for that purpose hereby adopt these Articles of Incorporation.

ARTICLE I  
NAME

The name of this Corporation is The Viewpoint at Prescott Valley West Homeowners Association, Inc. (the "Association").

ARTICLE II  
DURATION

The duration of the Association shall be perpetual.

ARTICLE III  
PRINCIPAL PLACE OF BUSINESS

The principal office for the transaction of business of the Association shall be located at 6850 North Robert Road, Prescott Valley, Arizona 86314.

ARTICLE IV  
STATUTORY AGENT

The Association hereby appoints Jerry L. Cochran, 4041 East Thomas Road, Suite 210, Phoenix, Arizona 85018, as its lawful statutory agent, upon whom all notices and processes, including service of summons, may be served, and which, when so served, shall be lawful, personal service upon the Association. The Directors may, at any time, appoint another agent for such purpose, and the filing of such other appointment shall revoke this or any other previous appointment of such agent.

ARTICLE V  
NONPROFIT ORGANIZATION

The Association is organized as a nonprofit organization under the laws of the State of Arizona.

ARTICLE VI  
PURPOSE AND POWERS OF THE ASSOCIATION

The Association does not contemplate the distribution of gains, profits or dividends to its members. The primary purpose for which the Association is formed is to be and constitute the homeowners' association provided for in that certain Declaration of Covenants, Conditions and Restrictions for THE VIEWPOINT WEST (the "Declaration") which was recorded on January 24, 1996, at Book 3145, pages 275-311, of the Official Records of Yavapai County, Arizona. The Association is being formed for the protection of the Project, enforcement of architectural control over all improvements located thereon and as otherwise specifically provided in the Declaration. In furtherance of this purpose, the Association shall have the power to:

1. Perform all of the duties and obligations of the Association as set forth in the Declaration;
2. Fix, levy, collect and enforce assessments and fines as set forth in the Declaration;
3. Pay all expenses and obligations incurred by the Association in the conduct of its business;
4. Enforce covenants, conditions or restrictions affecting any property to the extent the Association is authorized to do so under the Declaration or under the Association's bylaws (the "Bylaws");
5. Engage in activities which will actively foster, promote and enhance the common interests of all members of the Association;
6. Buy or otherwise acquire, sell or otherwise dispose of, mortgage or otherwise encumber, exchange, lease, hold, use, operate and otherwise deal in and with real, personal and mixed property of all kinds and any right or interest therein for the purpose of the Association;
7. Borrow money for any purpose as may be limited in the Bylaws;
8. 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;
9. Adopt, alter and amend or repeal the Bylaws as may be necessary or desirable for the property management of the affairs of the Association; provided, however, such Bylaws may not be inconsistent or contrary to any provisions of the Declaration; and,

10. Have and exercise any and all other powers, rights and privileges and transact any lawful business which nonprofit corporations are permitted to have, exercise or transact under the laws of the State of Arizona, as they may be amended from time to time.

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers which may now or hereafter be allowed or permitted by law and the powers specified in each paragraph of this Article VI are independent powers not to be restricted by reference to or interference from the terms of any other paragraph or provision of this Article VI.

## ARTICLE VII MEMBERSHIP

The Association shall be a non-stock corporation and shall be owned by its members, who shall be collectively called the members of the Association, and no dividends or pecuniary profits shall be paid to the members. Membership in the Association, except for membership of the incorporators and the first Board of Directors, shall be limited to record owners of equitable title (or legal title if the equitable title has merged) of the Lots located within the Real Property described in the Declaration, and any additions thereto as may hereafter be brought within the jurisdiction of the Association. An owner of a Lot within the Project (as defined in the Declaration) shall automatically, upon becoming the owner of a Lot, be a member of the Association, and shall remain a member of the Association until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Nothing herein is intended to preclude as members of the Association persons or entities who hold an interest merely as security for the performance of an obligation. No certificates of membership shall be issued. Membership shall be evidenced by an official list of the members, which list shall be kept by the Secretary of the Association. No membership shall be issued to any other person or persons except as they may be issued in substitution for outstanding memberships assigned to the new record owners of equitable title (or legal title if equitable title has merged). Membership shall be appurtenant to and may not be separated from ownership of any Lot.

## ARTICLE VIII VOTING RIGHTS

The Association shall have two (2) classes of voting membership.

**Class A.** Class A members shall be all Owners as defined in the Declaration, with the exception of Declarant under the Declaration (the “Declarant”) and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members but the vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote cast with respect to any Lot.

**Class B.** The Class B member shall be the Declarant or its successors or assigns (the “Declarant”), who shall be entitled to three (3) votes for each Lot owned by Declarant.

Class B membership shall cease and be converted to Class A membership with one (1) vote for each Lot owned by Declarant pursuant to the terms of the Declaration.

ARTICLE IX  
BOARD OF DIRECTORS

The business and affairs of the Association shall be conducted, managed and controlled by a Board of Directors (the "Board") and such officers and committees as the Board may elect and appoint. So long as there is a Class B membership in the Association, the directors need not be members of the Association. After the termination of the Class B membership, all directors must be members of the Association. The Board shall consist of not less than three (3) nor more than nine (9) members, the specific number to be set from time to time by the Board as provided in the Bylaws, provided that the number of directors must always be an odd number. The initial Board shall consist of three persons whose names and addresses are as follows:

<u>Name</u>	<u>Address</u>
M.C. Ball	759 Pine Knoll Drive Prescott, Arizona 86303
William Ball	759 Pine Knoll Drive Prescott, Arizona 86303
Sherry Burke	6850 North Robert Road Prescott Valley, Arizona 86314

The Board 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 Declarant, so long as the Declarant owns any Lot, and thereafter, 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 or the Association. The method of election and terms of office, removal and filling of vacancies for the Board shall be as set forth in the Bylaws.

ARTICLE X  
INCORPORATORS

The names and post office addresses of the incorporators of the Association are as follows:

<u>Name</u>	<u>Address</u>
Mary Catherine Ball	759 Pine Knoll Drive Prescott, Arizona 86303

ARTICLE XI  
DISSOLUTION

The Association may be dissolved only as provided in the Declaration, Bylaws and by the laws of the State of Arizona.

ARTICLE XII  
AMENDMENTS

These Articles may be amended by the vote or written assent of members representing fifty-one percent (51%) of the total voting power of the Association; provided, however, that no amendment shall be in conflict with the Declaration, and provided, further, that no amendment shall be effective to impair or dilute any rights of members that are governed by the Declaration.

ARTICLE XIII  
LIMITATION OF LIABILITY

Directors and officers of the Association shall not be liable to the Association or the members of the Association for any acts performed as a director or officer of the Association except for those acts or omissions set forth in A.R.S. Sec. 10-2342A(8). Each Director and officer shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him by judgment or settlement in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director or officer of the Association, except for those acts or omissions set forth in A.R.S. Sec. 10-2342A(8).

ARTICLE XIV  
VA/FHA APPROVAL

As long as there is a Class B membership in the Association, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties; undertaking self-management of the Project or the Association and dissolution or amendment of these Articles of Incorporation.

**IN WITNESS WHEREOF**, for the purpose of forming the Association under the laws of the State of Arizona, we, the undersigned, constituting the incorporators of this Association, have executed these Articles of Incorporation this [8] day of February, 1996.

[Mary Catherine Ball]  
Mary Catherine Ball  
Incorporator

To: Arizona Corporation Commission  
Incorporating Division  
1210 West Washington  
Phoenix, AZ 85007

Please be advised that the undersigned on behalf of The Viewpoint at Prescott Valley, L.L.C. consents and agrees that the corporation to be formed as a non-profit, homeowners association, pursuant to the Articles of Incorporation attached, may use this name The Viewpoint at Prescott Valley West Homeowners Association, Inc.

DATED this 8 day of February, 1996.

THE VIEWPOINT AT PRESCOTT VALLEY  
L.L.C., an Arizona limited liability company

By: M.C.B. MANAGEMENT, INC.  
Its: Manager

By: [Mary Catherine Ball]  
Mary Catherine Ball  
Its: President