

THE ARROWHEAD RANCH PROPERTY OWNERS'  
ASSOCIATION PHASE IV, INC.  
An Arizona Nonprofit Corporation

BYLAWS

ARTICLE I

Offices

Section 1 - Principal Offices: The principal offices of The Arrowhead Ranch Property Owners' Association Phase IV, Inc. (the "Association") shall be located at 6001 North 24th Street, Phoenix, Arizona, 85016.

Section 2 - Other Offices: The Association may establish such office or offices at such other places within or without the State of Arizona as the Board of Directors may from time to time designate.

ARTICLE II

Membership

Section 1 - Qualification: Membership in the Association shall be limited as set forth in the Articles of Incorporation (the "Articles") of the Association and the Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements for the Arrowhead Ranch Phase IV, as from time to time amended (the "Master Declaration"), referred to in the Articles (which Master Declaration is hereby incorporated herein by this reference).

Section 2 - Transfer of Membership: No transfer of membership in the Association shall be made, except as provided in the Articles and the Master Declaration, and no such transfer shall be made upon the books of the Association for purposes of voting rights within ten (10) days immediately preceding the annual meeting of the Members.

ARTICLE III

Property Rights: Rights of Enjoyment

Section 1 - Use of Enjoyment: Consistent with the purposes of the Association, the Master Declaration, the Manager's Rules and any other applicable document, and to the extent reasonably practicable, the Association may make the property and facilities subject to its control and administration available for the common use and enjoyment of the Members. A Member delegating his rights and privileges of using and enjoying such property and facilities pursuant to the

Association's Articles shall notify the Secretary in writing in advance of the name of the delegee and the terms of the delegation and notwithstanding any such delegation, the Member shall remain liable with respect to all duties as such, and the rights and privileges of any delegee shall remain subject to suspension in the event of any failure to perform such duties.

Section 2 - Reasonable Fees; Regulations: If the Board of Directors of the Association deems it necessary or appropriate, the Association may charge reasonable admission and other fees for use of the property and facilities owned by it or subject to its control and administration. Subject to the Manager's Rules, rights and powers as set forth in the Master Declaration, the Board of Directors, or a duly appointed committee thereof, may establish such rules and regulations as it may determine to be necessary or appropriate for the regulation of the use and enjoyment of such property and facilities. Copies of any schedule of admissions and other fees, or of any rules and regulations, so adopted shall be available to Members and any delegee referred to in Section 1 of this Article at a reasonable charge.

## ARTICLE IV

### Members of the Association

Section 1 - Annual Meetings: The first annual meeting of the Members shall be held within one (1) year from the first close of escrow of a Lot within the Property, at such hour and at such place as may be specified in a written notice of such meeting. Each subsequent regular annual meeting of the Members shall be held each year at such place as may be designated in the written notice of such meeting. At such meeting, there shall be elected a Board of Directors in accordance with the requirements of Article V of these Bylaws. The Members may also transact such other business of the Association as may properly come before them.

Section 2 - Special Meetings: A special meeting of the Members, for any purpose or purposes, unless otherwise prescribed by statute or by the Articles, may be called by the President and shall be called by the President or Secretary at the request in writing of a majority of the Board of Directors, or at a request in writing signed by Members entitled to cast one-fourth (1/4) of all votes of the entire membership. Such request shall state the purpose or purposes of the proposed meeting.

Section 3 - Business Transacted at Special Meetings: Business transacted at any special meeting of the Members shall be limited to the purposes stated in the notice, unless by consent of the Members holding two-thirds (2/3) of the votes present, either in person or by proxy.

Section 4 - Notice of Meetings: Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meetings, by mailing a copy of such notice, postage prepaid, at least ten (10) days prior to the date of such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books and records of the Association. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 5 - Classes of Membership: The Association shall have the classes of membership as set forth in the Master Declaration. A copy of the present terms of such membership are attached hereto as Exhibit A and incorporated herein by this reference. Whenever in the Articles or in these Bylaws provision is made for a specified percentage or proportion of Members, such percentage or proportion shall be determined (except as otherwise specifically directed therein or herein required by law) according to the aggregate number of votes eligible to be cast by all Members of the Association, irrespective of class of membership.

*Resolution: reduced quorum to 10%*  
Section 6 - Quorum: The presence, either in person or by proxy, of the Members holding fifty-one percent (51%) of the votes entitled to be cast shall constitute a quorum of the Association Members for all purposes unless the representation of a larger group shall be required by law, by the Master Declaration, by the Articles, or by these Bylaws, and in that event, representation of the number so required shall constitute a quorum. Except as expressly provided in the Master Declaration, the Articles or these Bylaws for certain particular matters, all actions may be taken at any meeting of the Association Members upon the affirmative vote of a majority of the aggregate voting power of the Members present at the meeting in person or by proxy, provided that a quorum is present as provided herein. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7 - Proxies: A Member may grant a proxy (whether or not revocable) to any person holding an interest in the Lot with respect to which such membership exists. Further, a revocable proxy for any meeting of Members may be granted to any other Member or to any employee, agent or representative of the Declarant; any such revocable proxy may be granted by a person holding a proxy pursuant to the first sentence of this Section, whether or not specifically permitted by the terms of the instrument granting proxy, unless expressly provided to the contrary by such instrument. Any proxy granted hereunder must be filed, or on file, with the Secretary prior to a vote pursuant thereto. Any such proxy shall automatically be revoked upon termination of the membership of the person originally granting the same.

Section 8 - Written Instrument in Lieu of Meeting: Any action required or permitted to be taken at a meeting of Members may, to the extent not prohibited by law, be effected by an instrument in writing setting forth such action, executed by each Member entitled to vote thereon, which instrument shall be filed at the principal office of the Association with the minutes maintained for meeting of Members.

## ARTICLE V

### Directors

Section 1 - Powers and Duties: The business, property and affairs of the Association shall be managed, controlled and conducted by a Board of Directors. The Board of Directors shall have

the powers and duties necessary for the administration of the affairs of the Association, and may do all such acts and things as are not by law or otherwise expressly directed to be exercised and done exclusively by the Members. The powers of the Board of Directors shall include, but not be limited to, all of the rights and duties of the Board of Directors as set forth elsewhere in these Bylaws, the Articles and the Master Declaration and shall also include the power to promulgate such rules and regulations pertaining to the rights and duties of Members and all other matters, as may be deemed proper and which are consistent with the foregoing. The Board of Directors may delegate to one or more committees thereof, and to other persons, such duties and powers, all as appears to the Board of Directors to be in the best interests of the Association and to the extent permitted by law. All provisions of this Article V are subject to all of the provisions of the Master Declaration and the rights and powers of the Declarant and the Manager as set forth therein, and nothing contained in these Bylaws shall be construed to limit, waive, alter or abrogate any of such provisions, rights or powers, including without limitation any right of Declarant to appoint Directors.

Section 2 - Number and Qualifications: The number of Directors shall be fixed from time to time by resolution of the Board of Directors within the limits prescribed by the Articles. Directors must be Members, except for any Director appointed by Declarant.

Section 3 - Election and Term of Office: The Directors shall be elected at the annual meeting of the Members (or by unanimous written consent of Members, in accordance with Article IV hereof), except as provided herein or in the Master Declaration. The term of the Directors named in the Articles shall be until the first annual meeting of the Members or until their successors are duly elected and qualify. A new Board of Directors shall be elected by the Members at each regular annual meeting thereafter and shall hold office for a term of one (1) year or until their respective successors shall be elected and shall qualify, except as otherwise provided herein or in the Master Declaration. The cumulative system of voting shall be followed in the election of Directors only if expressly required by the laws of Arizona. The election of Directors shall be by written ballot, or by unanimous acclamation. While a Class B Membership is in effect, the Class B Member shall appoint all Directors without any vote therefor being held.

Section 4 - Removal of Directors: At any regular or special meeting of the Members, except as may otherwise be provided by applicable law, any one or more of the Directors may be removed with or without cause by the affirmative vote of a majority of the Members (other than Directors appointed by Declarant, which shall be removable solely by Declarant, with or without cause). A successor may immediately thereafter be elected by the Members to fill the vacancy thus created (other than Directors appointed and removed by Declarant, which vacancy shall be filled solely by appointment by Declarant), and a Director so chosen shall hold office until the next annual election and until his successor is duly elected and shall qualify, unless sooner displaced. Any Director whose removal is proposed to the Members shall be given an opportunity to be heard at the meeting considering his removal.

Section 5 - Resignation of Directors: Any Director may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of

receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6 - Vacancies: Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the director(s) then in office, though less than a quorum, and directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced.

Section 7 - Compensation: No compensation shall be paid to Directors for their services as Directors, nor shall remuneration be paid to a Director for services performed by him for the Association in any other capacity, unless a resolution authorizing such remuneration shall have been adopted by the Board of Directors.

Section 8 - Regular Meetings: Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least one such meeting (including an organization meeting within ten (10) days of election of Directors by the Members at the annual meeting) shall be held during each fiscal year. No notice of regular meetings of the Board of Directors need be given.

Section 9 - Special Meetings: Special meetings of the Board of Directors may be called by the President on at least twenty-four (24) hours' notice to each Director, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice, upon the written request of a majority of the Directors.

Section 10 - Quorum: A majority of the number of Board of Directors then serving shall constitute a quorum for the transaction of business, but if at any meeting of the Board there be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum shall be present. Every act or decision done or made by a majority of the Directors at a duly held meeting at which a quorum is present shall be regarded as the act of the Board except as may be otherwise specifically provided by statute, the Articles, these Bylaws, the Master Declaration, or applicable law.

Section 11 - Action Taken Without a Meeting: Any action required or permitted to be taken at a meeting of Directors may be effected by an instrument in writing setting forth such action, executed by each Director, which instrument shall be filed at the principal office of the company or with the minutes maintained for meetings of Directors.

Section 12 - Fidelity Bonds: The Board of Directors need not require (but may require, if it so determines, that all officers and employees of the Association handling or responsible for Association funds shall furnish fidelity bonds. In the event such bonds are required upon determination of the Board of Directors, the premiums therefor shall be paid by the Association.

Section 13 - Committees: The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Association, which (to the extent provided in the resolution, but not to the extent prohibited by the Articles, the Master Declaration or by applicable law) shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Association. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. The Board of Directors may, by resolution passed by a majority of the whole Board, appoint the members of the Architectural Committee as set forth in the Master Declaration, subject, however, to Declarant's rights to appoint the members of the Architectural Committee as set forth in the Master Declaration. The Architectural Committee appointees need not be architects, engineers, Directors, Owners or Residents.

## ARTICLE VI

### Notices

Section 1 - Notices: Except as otherwise provided herein or in the Declaration for specific notices, all notices (except as specifically hereinafter provided in this Section) shall be in writing and delivered personally or mailed to the Members and Directors at their addresses appearing on the books of the Association. Notice by mail shall be deemed to be given three days after the time when the same shall be mailed, postage prepaid, to such addresses. Notice to Directors may be given by telegram or telephone.

Section 2 - Waivers: Whenever any notice is required to be given under the provisions of applicable law, of the Articles, of the Master Declaration, or of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. The presence of the person or persons entitled to notice at any meeting requiring such notice shall also be deemed a waiver of such notice, unless such attendance shall be solely for the express purpose of objecting to transaction of any business because the meeting is not lawfully called or convened.

## ARTICLE VII

### Officers

Section 1 - Designation: The principal officers of the Association shall be a President, one or more Vice Presidents, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. The Directors may appoint Assistant Secretaries and Assistant Treasurers, and such other officers as in their judgement may be necessary. Any one person may hold two or more offices at the same time, except that no one person shall simultaneously hold the office of President and Secretary.

Section 2 - Election of Officers, Term: The Board of Directors at its first meeting after each annual meeting of the Members (or unanimous consent in lieu thereof) shall elect a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the Board or Member of the Association. Except as otherwise provided herein, officers shall hold office until their successors are chosen and qualify.

Section 3 - Other Agents: The Board of Directors may appoint such other agents as it shall deem necessary who shall hold their positions for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 4 - Removal of Officers: Upon an affirmative vote of a majority of the members of the Board of Directors, any officer or other agent may be removed, either with or without cause, at any time.

Section 5 - Resignation of Officers: Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6 - Vacancies: A vacancy in any office, for any reason whatsoever, may be filled by vote of a majority of the Board of Directors then serving. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7 - President: The President shall be the Chief Executive Officer of the Association. He shall, when present, preside at all meetings of the Members and all meetings of the Board of Directors. He shall have all of the general powers and duties which are normally vested in the office of the President of an association, including, but not limited to, the power to appoint committees from among the Members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 8 - Vice President: The Vice President (or most senior Vice President, if there shall be more than one) shall take the place of the President and perform his duties whenever the President shall be absent, unable to act or refuses to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. A Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 9 - Secretary: The Secretary shall keep the minutes of all meetings and proceedings of the Board of Directors and of the Members in one or more books provided for that purpose; he shall have the custody of the records and see that the documents are properly executed when such is duly authorized; he shall have charge of the membership books and such other books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

Section 10 - Treasurer: The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

Section 11 - Compensation: No compensation shall be paid to officers for their services as officers and no remuneration shall be paid to an officer for services performed by him for the Association in any other capacity, unless a resolution authorizing such remuneration shall have been adopted by the Board of Directors.

## ARTICLE VIII

### Agreements

Section 1 - Management Agreements: The Board of Directors shall have the express authorization, right and power to enter into one or more management agreements in order to facilitate efficient operation of the facilities and property owned by or subject to the control and administration of the Association, which management agreements may provide for, among other things, the administration, management, repair and maintenance of said facilities and property. The terms of said management agreements shall be as determined by the Board of Directors to be in the best interests of the Association, and shall be subject to the Articles, these Bylaws, and the Master Declaration.

Section 2 - Arrowhead Ranch Water System: The Board of Directors, on behalf of the Association, shall have the express authorization, right and power to approve an effluent contract as set forth in the Master Declaration.

Section 3 - Delegation: Consistent with the foregoing, the Board of Directors may enter into agreements delegating any of its duties, powers or functions for such period of time and pursuant to such terms and conditions as it deems advisable, to any person, firm or entity (whether or not affiliated with a Member, officer or director). Any such delegation which extends beyond the term of office of the delegator shall be binding upon successor Board of Directors. The Board of Directors shall not be liable for any omission or improper exercise by any delegee of any of such duties, powers or functions so delegated.

## ARTICLE IX

### Indemnification of Directors and Officers

Subject to the further provisions hereof, the Association shall indemnify any and all of its directors, officers, former directors and former officers, to the full extent permitted under applicable



law against all expense incurred by them and each of them, including but not limited to legal fees, costs, judgements, fines and amounts paid in settlement which have or may be incurred, rendered or levied in any legal action, whether civil, criminal, administrative, investigative or otherwise, brought or threatened against any of them for or on account of any action or omission alleged to have been committed while acting within the scope of his duties as a director or officer of the Association. Whenever any present or former director or officer shall report to the President of the Association that he has incurred or may incur such expenses and it is thereafter determined (within a reasonable time thereafter and in accordance with applicable law) that such person acted, failed to act, or refused to act in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association in regard to the matter involved in the action or contemplated action and, with respect to any criminal action or proceeding, that he had no reasonable cause to believe his conduct was unlawful, indemnification shall be mandatory and shall be automatically extended as specified herein; provided, however, that the Association shall have the right to refuse indemnification in any instance in which the person to whom indemnification would otherwise have been applicable shall have unreasonably refused to permit the Association, at its own expense and through counsel of its own choosing, to defend him in the action. Nothing contained herein is intended to nor shall it limit any right of indemnification provided by Arizona Revised Statutes Section 10-1005, or other applicable law.

## ARTICLE X

### Miscellaneous

Section 1 - Books and Accounts: Books and accounts of the Association shall be kept under the direction of the Treasurer and in accordance with reasonable standards of accounting procedure and prudence. The Treasurer shall be entitled to rely on accountants and or managing agent used by the Treasurer for such purposes.

Section 2 - Inspection of Books: The books, records and papers of the Association, and the membership records of the Association, shall be available at the principal offices of the Association for inspection at reasonable times by any Member for proper purposes. Copies of the Master Declaration, the Articles and these Bylaws of the Association shall likewise be available for inspection by any Member at the principal offices of the Association.

Section 3 - Executing of Corporate Documents: With the prior authorization of the Board of Directors, all notes, checks and contracts or other obligations shall be executed on behalf of the Association by such officer, officers or managing agent of the Association as said Board shall designate, or in the absence of such designation by the President.

Section 4 - Fiscal Year: The fiscal year of the Association shall be determined by the Board of Directors.

Section 5 - Defined Terms: Defined terms used herein shall, except as the context requires,

have the definitions given said terms in the Master Declaration.

Section 6 - Conflict in Documents: In the case of any conflict between the Articles and these Bylaws, the Articles shall control; in the case of any conflict between the Master Declaration and these Bylaws, the Master Declaration shall control; and in the case of any conflict between the Articles and the Master Declaration, the Master Declaration shall control. This provision shall be amended or repealed only in accordance with the most stringent amendment provision regarding amendment or repeal then contained in these Bylaws; the Articles and the Master Declaration.

## ARTICLE XI

### Amendments

Section 1 - Amendments: These Bylaws may be amended, changed or modified by the affirmative vote of a majority of the Board of Directors then serving. These Bylaws may not be amended insofar as such amendment would be inconsistent with the Master Declaration, the Articles or the Manager's Rules.

Section 2 - FHA/VA: The Federal Housing Administration ("FHA") and the Veterans Administration ("VA") have the right to veto amendments to these Bylaws while there is a Class B Membership.

IN WITNESS WHEREOF, the President of the Arrowhead Ranch Property Owners' Association Phase IV, Inc. has hereunto set its hand as of the 28th day of August, 1995.

  
\_\_\_\_\_  
**Scott J. Peterson, President**

EXHIBIT "A"

ARTICLE VI

ASSOCIATION MEMBERSHIP; VOTING RIGHTS

Section 1. Membership In The Association: Immediately upon incorporation of the Association, each and every Owner (other than Owners solely of Exempt Property), by virtue of being an Owner, automatically shall be a Member of the Association, and shall thereafter remain such for as long as he remains an Owner. Such membership shall be appurtenant to and pass with the title to any Lot and may not be in any manner alienated or encumbered except as an appurtenance thereto as part and parcel thereof; provided, however, that no such change of ownership shall be effective for any voting or notice purposes under this Declaration or otherwise, unless and until the Association has received written notice and is provided satisfactory proof thereof in the form of a recorded Deed or recorded transfer of title. When more than one person or entity holds an interest as an Owner in any Lot, all such persons and entities shall jointly be the Member with respect to such Lot.

Section 2. Voting Rights. Voting rights shall be vested and shall be exercisable only at such time and in such manner as shall be provided herein and in the Articles and Bylaws.

(a) Classes. The Voting Members shall comprise two (2) classes:

(i) Class A. Class A Voting Members shall initially include all Members except Declarant; and each such Voting Member shall be entitled to vote per Lot owned one (1) vote per Unit of Density which may be built thereon.

There shall not be more than one (1) Voting Member on account of ownership of any Lot. If the Voting Member consists of more than one (1) person or entity, such persons or entities shall designate to the Association in writing who among them shall cast the vote. Absent such written designation by the Member, the Secretary of the Association may make such designation, as the Secretary deems appropriate in Secretary's discretion. Subject to the foregoing, if any person or entity partially comprising a Voting Member casts a vote representing a certain Unit of Density, it will thereafter be conclusively presumed for all purposes that the first such person or entity voting was acting with the authority and consent of all other persons or entities comprising the same Voting Member.

(ii) Class B. The only Class B Voting Member shall be Declarant, which shall be entitled to three (3) votes for each of the total Units of Density not then subject to a Class A voting right as set forth above; provided, however, that the Class B membership shall cease and be converted to a Class A membership (except that only such converted Class A membership shall be entitled to one [1] vote for every three [3] votes held by the former Class B

Voting Member immediately prior to such conversion) on the earlier of the following:

- A) At any time the total votes outstanding in the Class A Membership equal or exceed the total votes outstanding in the Class B membership; or
- B) December 31, 2009; or
- C) Such earlier time as the Declarant shall designate in writing.

As used in the Declaration, "Unit of Density" shall mean a Dwelling Unit that actually has been or is being constructed on a Lot, or, absent construction, that may be constructed on the Property pursuant to the most restrictive of applicable zoning, plat, the Declaration (including governing Land Use Classification), agreement, or other restriction. The Units of Density applicable to Lots which may be annexed by the Declarant pursuant to Article XII of the Declaration shall be as determined by Declarant from time to time and such determination shall be final and binding on the Association and all Owners. The Units of Density do not represent any obligations or representations of Declarant to actually subject additional land to this Declaration or to develop or cause to be developed any of the Property in any particular fashion. Upon the recording of a Supplemental Declaration annexing additional property to this Declaration, the Units of Density applicable to such property shall be as set forth in the Supplemental Declaration which annexes the Property.

The aforesaid Class A and B voting rights are subject to the provisions of the Articles and Bylaws concerning among other things notice and record dates and further are limited as set forth elsewhere herein. Additionally, such voting rights may be suspended in the event of defaults, as set forth elsewhere herein. While a Class B Membership is in effect, the Class B Member shall appoint and remove all members of the Board without any vote therefor being held. A change in the total Units of Density after conversion of the Class B Voting Member to a Class A Voting Member which causes the condition for conversion of subsection (a) (ii) (A) of this Section not to be met (using the three (3) vote Class B preference in making the calculation), shall cause the Class B Voting Member to be reinstated as such for all purposes.

(b) Changes In Rights. If the authorized or actual use of any Lot changes from Single Family Residential Use to any other use, the number of votes to which the Voting Member is entitled with respect to such Lot shall be the number of votes (if any) provided in this Declaration or any applicable Supplemental Declaration for the new use of such Lot. If no voting rights are so provided for such use, then the number of votes for such Lot shall be zero. Each Owner shall immediately give the Association written notice upon such change, describing such change. The change in voting rights hereunder shall be effective on the date that the Board, in the Board's discretion, determines the change is authorized, regardless of such notice.

(c) Owner Voting Rights. Owners shall have the same voting rights as "Voting Owners" for purposes of this Declaration as they possess as Voting Members under this Section 2.

(d) No Other Rights. Nothing in this Article shall give any Owner or Member or other person or entity any right or privilege to construct any Dwelling Unit or any other improvement on any Lot contrary to any other provision of the Declaration, any applicable Supplemental Declaration, or any zoning, plat, agreement, or other restriction.



**FIRST AMENDMENT TO THE BYLAWS  
OF  
THE ARROWHEAD RANCH PROPERTY OWNERS'  
ASSOCIATION PHASE IV, INC.**

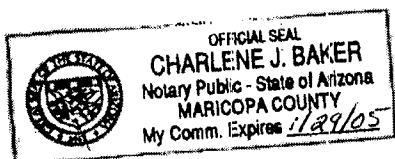
The Board of Directors of The Arrowhead Ranch Property Owners Association Phase IV, by unanimous consent and without a meeting pursuant to A.R.S. §10-3821, voted to amend the Association's Bylaws as follows:

Section 6 of Article VI shall be deleted in its entirety and replaced with the following amended Section 6:

Section 6 – Quorum: The presence, either in person or by proxy, of the Members holding ten percent (10%) of the votes entitled to be cast shall constitute a quorum of the Association Members for all purposes unless the representation of a larger group shall be required by law, by the Master Declaration, by the Articles, or by these Bylaws, and in that event, representation of the number so required shall constitute a quorum. Except as expressly provided in the Master Declaration, the Articles or these Bylaws for certain particular matters, all actions may be taken at any meeting of the Association Members upon the affirmative vote of a majority of the aggregate voting power of the Members present at the meeting in person or by proxy, provided that a quorum is present as provided herein. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

I, Timothy Brickman, as Secretary of the Association, hereby certify that the amendment stated above was approved by the unanimous consent of the Board of Directors on March 31, 2003.

*Timothy R. Brickman*  
Timothy Brickman, Secretary



*Charlene J. Baker 3/31/03*  
NOTARY PUBLIC

*State of Arizona  
County of Maricopa*





**UNANIMOUS CONSENT RESOLUTION IN LIEU OF MEETING  
BY BOARD OF DIRECTORS  
THE ARROWHEAD RANCH PROPERTY OWNERS'  
ASSOCIATION PHASE IV, INC.**

The undersigned constituting all of the members of the Board of Directors of The Arrowhead Ranch Property Owners' Association Phase IV ("Association"), an Arizona non-profit corporation, hereby take the following action to amend the Bylaws without a meeting pursuant to A.R.S. §10-3821, which action shall have the same force and effect as if taken at a meeting.

WHEREAS, the Association's Bylaws in Article VI, Section 6, currently require a quorum of 51% of the Members for meetings, with a reduction to one-half of that amount at a subsequent meeting if a quorum is not achieved; AND

WHEREAS, the Association has had extreme difficulty with achieving even the reduced quorum; AND

WHEREAS, the Bylaws were adopted by the Board, and Article XI, Section 1 gives the Board the power and authority to amend the Bylaws if not inconsistent with the Master Declaration or Articles; AND

WHEREAS, the Board believes an amendment providing for a quorum of ten percent (10%) of the Members, that is consistent with Arizona law and the Declaration and Articles, is necessary for the Association to function properly;

BE IT THEREFORE RESOLVED, that the following amendment to 6, Section 6 be adopted and take effect immediately, *deleting the current language in its entirety and replacing it with the following:*

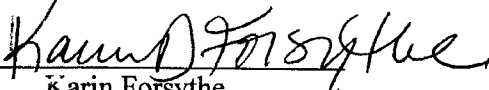
Section 6 – Quorum: The presence, either in person or by proxy, of the Members holding ten percent (10%) of the votes entitled to be cast shall constitute a quorum of the Association Members for all purposes unless the representation of a larger group shall be required by law, by the Master Declaration, by the Articles, or by these Bylaws, and in that event, representation of the number so required shall constitute a quorum. Except as expressly provided in the Master Declaration, the Articles or these Bylaws for certain particular matters, all actions may be taken at any meeting of the Association Members upon the affirmative vote of a majority of the aggregate voting power of the Members present at the meeting in person or by proxy, provided that a quorum is present as provided herein. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

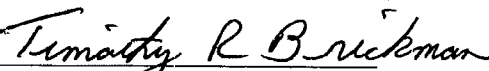


Unanimous Consent Resolution  
in lieu of meeting  
Page 2 of 2

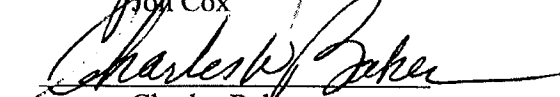
IN WITNESS WHEREOF, the undersigned have executed this Consent as of  
3-31, 2003, the date of the last signature.

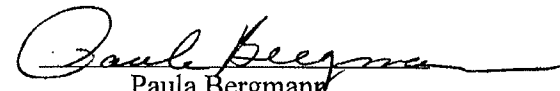
  
\_\_\_\_\_  
Dan Cook

  
\_\_\_\_\_  
Karin Forsythe

  
\_\_\_\_\_  
Timothy Brickman

  
\_\_\_\_\_  
Jon Cox

  
\_\_\_\_\_  
Charles Baker

  
\_\_\_\_\_  
Paula Bergmann

