

BYLAWS
OF

JENSEN MANOR HOMEOWNER'S ASSOCIATION, INC.

ARTICLE I

Section 1. OWNERSHIP: The provisions of these Bylaws shall be applicable to the JENSEN MANOR HOMEOWNER'S ASSOCIATION, INC.

LEGAL: Lots 1 through 13, inclusive, Jensen Manor, according to Case 9, Maps 6 and 6A, records of Coconino County, Arizona.

Section 2. PERSONAL APPLICATION. All present or future owners, tenants, or their employees, or any other person that might use the facilities of the project in any manner, are subject to the regulations as set forth in these Bylaws.

Section 3. DEFINITIONS: The words and terms used herein shall be deemed to have the same definitions and meanings as in the Declaration of Covenants, Conditions and Restrictions for JENSEN MANOR, as amended from time to time (the "Declaration"), a copy of which is attached hereto as Exhibit "A" and incorporated herein as if set forth in length.

Section 4. CHARACTER OF BUSINESS: The Association does not contemplate pecuniary gain or profit to the members thereof and the corporation initially intends to provide maintenance, preservation and architectural control of the residence lots and common area on the property known as JENSEN MANOR, which is shown on the Subdivision Plat recorded in Case 9, Maps 6 and 6A, records of Coconino County, Arizona, and to promote the health, safety and welfare of residents within the above-described property and any additions thereto as may hereinafter be brought within the jurisdiction of this Association, and for this purpose, to:

(a) exercise all of the powers and privileges and to perform all the duties and obligations of the Association as set forth in the Declaration.

(b) fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses incident to the conduct of the business of the Association, including all licenses, taxes, or Governmental charges levied or imposed against the property of the Association.

(c) acquire (by gift, purchase or otherwise), own, hold, improve, build

upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association.

(d) borrow money, and with the assent of two-thirds (2/3) of each class of members, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

(e) have and to exercise any and all powers, rights and privileges which a corporation of the State of Arizona by law may now or hereafter have or exercise, and to do and perform any and all acts and things to transact any business not inconsistent with law, which may be necessary, incident to or convenient in carrying out any of the business purposes of the corporation.

(f) act in the capacity of principal, agent, joint venturer, partner, firms and corporations.

(g) make contracts of all kinds and descriptions with third parties, firms and corporations.

(h) enter into, perform and carry out contracts of any kind necessary to, in connection with, or incidental to the accomplishment of the purposes of the corporation.

(i) dedicate, sell or transfer all or any part of the common area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument as been signed by two-thirds (2/3) of each class of members agreeing to such dedication, sale or transfer.

(j) participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and common area, provided that any such merger consolidation, or annexation shall have the assent of two-thirds (2/3) of the members.

The foregoing statement of purposes shall be construed as a statement both of purposes and of power in each clause and shall be in no way limited or restricted by reference to or inference from the terms or provisions of any other clauses, but shall be broadly construed as independent purposes and powers. Notwithstanding any of the above statements of powers and purposes, the Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of the Association.

ARTICLE II

Section 1. VOTING. Each owner, including the Declarant, shall have one vote for each unit owned, regardless of the number of persons who jointly own such unit.

All rights, duties, and obligations of the association shall be vested in the Declarant until such time as one hundred percent (100%) of the lots in the subdivisions have been sold, or until Declarant shall, in writing, voluntarily transfer control of the Association, whichever comes first. At such time, the Declarant shall schedule a meeting of the members to elect a subsequent Board of Directors for the Association consisting of three (3) persons, and control shall thereafter be vested in the Association.

Section 2. MEMBERSHIP: Every person or entity who is a record owner of a fee or undivided fee interest in any lot which is subject by covenants of record to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the Association.

The corporation 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 its 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 is merged) of the dwellings constructed or planned to be constructed and fee title on the property described above and any addition thereto as may hereafter be brought within the jurisdiction of this Association by annexation. An owner of a dwelling shall automatically, upon becoming the owner of the dwelling, 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 said Association shall automatically cease. No certificates of membership shall be issued and membership shall be evidenced by an official list of said members, which list shall be kept by the Secretary of the Association. No membership shall be issued in substitution for outstanding memberships assigned to the new record owners of equitable title (or legal title if equitable title has merged).

In the event said dwelling is owned by two (2) or more persons whether by joint tenancy, tenancy in common, community property or otherwise, the membership as to each dwelling unit shall be joint and a single membership for such

dwelling shall be issued in the names of all and they shall designate to the Association, in writing, at the time of issuance, one of their number who shall hold the membership and have the power to vote said membership, and in the absence of such designation and until such designation is made, the Board of Directors of the Association shall make such designation.

Section 3. AMENDMENT TO ARTICLES: Amendment to these Articles shall require the assent of the members representing at least seventy-five percent (75%) of the voting interest then entitled to vote as provided in the Bylaws. The Board of Directors, by majority vote, shall adopt, amend or repeal Bylaws of the Corporation. These Articles shall not be amended to contain any provisions which would be contrary to or inconsistent with the Declaration, and any provision of or purported amendment to these Articles which is contrary to or inconsistent with the Declaration shall be void to the extent of such inconsistency.

Section 4. INDEBTEDNESS OR LIABILITY: Any indebtedness or liability, direct or contingent, must be authorized by an affirmative vote of a majority of the votes cast by the members of the Board of Directors at a lawfully held meeting. The highest amount of indebtedness or liability, direct or contingent, to which this Corporation may be subject at any one time shall not exceed One Hundred Fifty Percent (150%) of its income from the previous fiscal year, except that additional amounts may be authorized by an affirmative vote of two-thirds (2/3) of the members of the Association.

Section 5. PRIVATE PROPERTY: The private property of each and every Officer, Director, and member of the Association of this Corporation shall, at all times, be exempt from all debts and liabilities of the Corporation.

Section 6. EQUAL OPPORTUNITY: The Corporation shall not execute, file or record any documents which impose a restriction upon the sale, lease or occupancy of property solely on the basis of race, color or creed.

Section 7. DISSOLUTION OF CORPORATION The Association may be dissolved with the assent given in writing and signed by not less than seventy-five percent (75%) of the membership of the Association. Upon dissolution of the Association, the assets, both real and personal, of the Association shall be dedicated to an appropriate public agency to be devoted to purposes as nearly practicable to which they were required to be devoted by the Association. In the event such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to a nonprofit corporation, association, trust or other organization devoted to the purposes and uses that would most nearly reflect the purposes and uses to which they were required to be devoted by the Association.

Section 8. FHA VA APPROVAL: As long as there is a Class B membership, the following actions will, where and if applicable, require the prior approval of the Federal Housing Administration or the Veteran's Administration: annexation of additional properties, mergers and consolidations, mortgaging of common area, dedication of common area, dissolution and amendment of the Articles.

Section 9. INDEMNIFICATION: To the fullest extent permitted by law, this corporation shall indemnify any person against expenses incurred by them, including without limitation attorney's fees, judgments, fines or amounts paid in settlement, actually and reasonably incurred by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, provided that the Board of Directors shall determine in good faith that such person did not act, fail to act, or refuse to act with gross negligence or with wrongful, fraudulent or criminal intent in regard to the matter involved in the action. Notwithstanding anything to the contrary expressed herein, the Board of Directors shall have the right to refuse indemnification as to expenses in any instance in which the person to whom indemnification would otherwise have been applicable shall have incurred expenses without approval by the Board of Directors which are excessive and unreasonable in the circumstances and are so determined by the Board of Directors, and as to expenses in any instance in which such person shall have refused unreasonably to permit this corporation, at its own expense and through counsel of its own choosing, to defend such person in the action or to compromise and settle the action.

Section 10. INTERDEALING: No transaction, contract or act of this corporation shall be either void or voidable or in any other way affected or invalidated by reason of the fact that any owner or any officer, director or member of this corporation, or any other corporation or other entity of which he may be an officer, director, member or shareholder, is in any way interested in such transaction, contract or act, provided the interest of such owner, officer, director or member is disclosed to or known by the members of the Board of Directors or such members or directors as shall be present at any meeting at which action is taken upon any such transaction, contract or act. Nor shall any such owner, officer, director or member be accountable or otherwise responsible to this corporation for or in connection with any such action, contract or transaction or for any gains or profits realized by him by reason of the fact that he, or any other corporation or other entity of which he is an officer, director, member or shareholder, is interested in any such transaction, contract or act. Any such owner, officer, director or member, if he is a director, after making full disclosure of his interest, may be counted in determining the existence of a quorum at any meeting of the Board of Directors which shall authorize or take action upon any such transaction,

contract or act, and he may vote at any such meeting to authorize, adopt, ratify or approve any such transaction, contract or act to the same extent as if he, or any other corporation or other entity of which he is an officer, director, member or shareholder, were not interested in such transaction, contract or act.

Section 11. MEETINGS, QUORUMS, and NOTICE REQUIREMENTS: For those actions which by the provisions of preceding Articles, require a vote of the members, there must be a duly held meeting. Written notice, setting forth the purposes of the meeting shall be given to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. The presence of the members or of proxies entitled to cast sixty percent (60%) of all lots shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth above, and the required quorum at 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. In the event that two-thirds (2/3) of the Class A membership, if any, are not present in person or by proxy, members not present may give their written assent to the action taken thereat.

Section 12 MAJORITY OF OWNERS. As used in these Bylaws, the term "majority of owners" shall mean those owners holding 51% of the votes in accordance with the percentages assigned in the Codes, Covenants and Restrictions.

Section 13. QUORUM. Except as otherwise provided in these Bylaws, the presence in person or by proxy of a "majority of owners" as defined in Section 2 of this Article shall constitute a quorum.

Section 14. PROXIES. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

Section 15. CUMULATIVE VOTING. The provisions of Section 10-271, A.R.S., regarding cumulative voting shall apply to the Association.

ARTICLE III

ADMINISTRATION

Section 1. ASSOCIATION RESPONSIBILITIES. The owners of the units will constitute the Association of Owners (hereinafter referred to as "Association") who will have the responsibility of administering the project, approving the annual budget, establishing and collecting monthly assessments and arranging for the management of the project pursuant to an agreement, containing provisions relating to the duties,

obligations, removal and compensation of the management agent. Except as otherwise provided, decisions and resolutions of the Association shall require approval by a majority of owners.

Section 2. PLACE OF MEETING. Meetings of the Association shall be held at the principal office of the project or such other suitable place convenient to the owners as may be designated by the Board of Directors.

Section 3. ANNUAL MEETINGS. The first annual meeting of the Association shall be held on the 15th of October, 2003. Thereafter, the annual meetings of the Association shall be held on the 15th of October of each succeeding year. At such meetings there shall be elected by ballot of the owners a Board of Directors in accordance with the requirements of Section 5 of Article IV of these Bylaws. The owners may also transact such other business of the Association as may properly come before them.

Section 4. SPECIAL MEETINGS. It shall be the duty of the President to call a special meeting of the owners as directed by resolution of the Board of Directors or upon a petition signed by a majority of the owners and having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths (4/5ths) of the owners present, either in person or by proxy.

Section 5. NOTICE OF MEETINGS. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof, as well as the time and place where it is to be held, to each owner of record, at least 5 but not more than 10 days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served.

Section 6. ADJOURNED MEETINGS. If any meeting of owners cannot be organized because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. ORDER OF BUSINESS. The order of business at all meetings of the owners of units shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of the preceding meeting.
- (d) Reports of officers.

- (e) Reports of Committees.
- (f) Election of inspectors of election.
- (g) Election of directors.
- (h) Unfinished business.
- (i) New business.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. NUMBER AND QUALIFICATION. The affairs of the Association shall be governed by a Board of Directors composed of not less than three (3) nor more than nine (9) persons, all of whom must be owners of units in the project.

Section 2. POWERS AND DUTIES. 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 by these Bylaws directed to be exercised and done by the owners. The affairs of the corporation shall be conducted by a Board of Directors consisting of an odd number of not less than three (3) nor more than five (5) members, except for the initial Board of Directors as provided above, and such other officers as the Board of Directors may select from time to time, including a President, a Vice-President, a Secretary and a Treasurer. The names and addresses of the Board of Directors are as follows:

Edward Lynn Coper
1553 S. Burlington
Flagstaff, AZ 86001

Stephen Tew
P.O. BOX 3435
Flagstaff, AZ 6001

Cindy Tew
P.O. BOX 3435
Flagstaff, AZ 8601

The Directors shall be elected by the members of the Association at the first and subsequent annual meeting thereof, as provided for in the Bylaws of this Corporation. The Directors, other than those named above, must be members of the Association. In addition to those eligible to be a Director, as indicated above, any Director, Officer or employee of a corporation which is a member of the Association, shall be eligible to be a Director of the Corporation upon being so authorized by said member corporation.

Section 3. OTHER DUTIES. In addition to duties imposed by these Bylaws or by resolutions of the Association, the Board of Directors shall be responsible for the following:

- (a) Care, upkeep and surveillance of the project and facilities.
- (b) Collection of monthly assessments from the owners.

(c) Designation and dismissal of the personnel necessary for the maintenance and operation of the project.

Section 4. MANAGEMENT AGENT. The Board of Directors may employ for the Association a management agent at a compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Section 3 of this Article.

Section 5. ELECTION AND TERM OF OFFICE. At the first annual meeting of the Association the term of office of two Directors shall be fixed for three (3) years. The term of office of two Directors shall be fixed at two (2) years, and the term of office of one Director shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and hold their first meeting.

Section 6. VACANCIES. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

Section 7. REMOVAL OF DIRECTORS. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of the owners and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting.

Section 8. ORGANIZATION MEETING. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 9. REGULAR MEETING. 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 two such meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

Section 10. SPECIAL MEETING. Special meetings of the Board of

Directors may be called by the President on three days notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) 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 on the written request of at least three Directors.

Section 11. WAIVER OF NOTICE. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. BOARD OF DIRECTOR'S QUORUM. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. FIDELITY BONDS. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

ARTICLE V

OFFICERS

Section 1. DESIGNATION. The principal officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint an assistant treasurer, and an assistant secretary, and such other officers as in their judgment may be necessary.

Section 2. ELECTION OF OFFICERS. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. REMOVAL OF OFFICERS. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 4. PRESIDENT. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of an Association, including but not limited to the power to appoint committees from among the owners 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 5. VICE PRESIDENT. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable 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 so do on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. SECRETARY. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such 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 7. TREASURER. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging in the Association. He shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Association in such depositaries as may from time to time be designated by the Board of Directors.

ARTICLE VI

OBLIGATIONS OF THE OWNERS

Section 1. ASSESSMENTS. All owners are obligated to pay annual assessments imposed by the Association to meet all project communal expenses, which may include a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of fire or other hazard included in the standard extended coverage form. The assessments shall be made pro rata according to the value of the unit owned.

Section 2. MAINTENANCE AND REPAIR.

(a) Every owner must perform promptly all maintenance and repair work within his own unit, which if omitted would affect the project in its entirety or in a part belonging to other owners, being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs of internal installations of the unit such as water, light, gas, power, sewage, telephone, air conditioning, sanitary installations, doors, windows, lamps, and all other accessories belonging to the unit area shall be at the owner's expense.

(c) An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any area and facility damaged through his fault.

Section 3. USE OF FAMILY UNITS-INTERNAL CHANGES.

(a) All units shall be utilized for residential purposes only.

(b) Except for structures erected during the construction of the original improvements, no structure, building, fence, wall or other improvement shall be erected upon any lot or other portion of the subject property.

Section 4. RULES OF CONDUCT.

(a) No resident of the project shall post any advertisements, or posters of any kind, in or on the project except as authorized by the Association.

(b) It is prohibited to hang garments, rugs, etc., from the windows or from any of the facades of the project.

(c) It is prohibited to throw garbage or trash outside the disposal installations provided for such purposes in the service areas.

ARTICLE VII

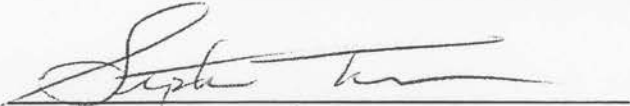
COMPLIANCE

These Bylaws are set forth to comply with the requirements of the

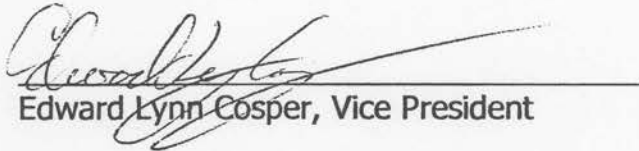
statutes relating to home owner's associations in Arizona.

In case any of these Bylaws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the statute will apply.

APPROVED AND ADOPTED this 19 day of August, 2003.



Stephen Tew, President



Edward Lynn Coper, Vice President



Cindy Tew, Secretary/Treasurer