

**THE PINES AT SOUTH MOUNTAIN COMMUNITY ASSOCIATION  
BYLAWS**

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**BYLAWS**  
**OF**  
**THE PINES AT SOUTH MOUNTAIN COMMUNITY ASSOCIATION**  
**ARTICLE 1.**

**GENERAL PROVISIONS**

**1.1. Principal Office.** The principal office of this corporation shall be located at the place as is designated in the Articles of Incorporation or such other place as the Association may designate from time to time in accordance with the Arizona statutes governing nonprofit corporations, but meetings of members and directors may be held at such other place within the State of Arizona as may be designated by the Board of Directors.

**1.2. Defined Terms.** Capitalized terms used in these Bylaws without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions and Restrictions for The Pines at South Mountain recorded at Recording No. \_\_\_\_\_, records of Maricopa County, Arizona, as such Declaration may be amended from time to time.

**1.3. Conflicting Provisions.** In the case of any conflict between the Articles and these Bylaws, the Articles shall control; in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

**1.4. Corporate Seal.** The Association may have a seal in a form approved by the Board.

**1.5. Designation of Fiscal Year.** The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation of the Association.

**1.6. Books and Records.**

1.6.1. The books, records and papers of the Association shall be available for inspection by any Member and his authorized agents during reasonable business hours, except that the Board may withhold from disclosure any books, records and papers relating to any of the following: (i) personnel matters or a person's medical records; (ii) communication between an attorney for the Association and the Association; (iii) pending or contemplated litigation; (iv) pending or contemplated matters relating to enforcement of the Project Documents; and (v) meeting minutes or other records of a session of a Board meeting or Association meeting that is not required to be open to all Members pursuant to A.R.S. §33-1804. The Association shall not be required to disclose financial and other records of the Association if disclosure would violate any local, state or federal law. The Project Documents shall be available for inspection by any Member during reasonable business hours at the principal office of the Association, where copies may be purchased at reasonable cost. Pursuant to A.R.S. §10-11601(C), the Association shall maintain a record of Members in a form that permits preparation of a list of the names and

addresses of all Members in alphabetical order by class of membership showing the number of votes each Member is entitled to cast and the class of membership held by each Member.

1.6.2. An annual report consisting of at least the following shall be made available to all Members within 60 days after the close of each fiscal year:

- (i) a balance sheet;
- (ii) an operating (income) statement; and
- (iii) a statement of changes in financial position for the fiscal year.

The annual report shall be on an audited, reviewed or compiled basis, as the Board determines, by an independent public accountant; provided, however, that an audited financial statement shall be obtained by the Board at least once every three (3) years.

**1.7. Obligation of Association to Disclose Information.** Except for a sale of a Lot from the Declarant to a purchaser or a sale which is exempt pursuant to A.R.S. §32-2181.02, to the extent required by law, the Association shall mail or deliver to a purchaser within ten (10) days after receipt of written notice of a pending sale that contains the name and address of the purchaser, all of the following: (a) a copy of the Project Documents; (b) a copy of the current operating budget of the Association; (c) a copy of the most recent annual report of the Association, except that if the annual report contains more than ten (10) pages, the Association may provide a summary of the report in lieu of the entire report; (d) a copy of the most recent reserve study of the Association, if any; and (e) a dated statement containing: (i) the telephone number and address of a principal contact for the Association, which may be a Managing Agent, an officer of the Association or any other person designated by the Board; (ii) the amount of the Annual Assessment and the unpaid Annual Assessment (or installment thereof), and any Special Assessment or other Assessment, fee or charge currently due and payable from the selling Member; (iii) a statement as to whether a portion of the Lot is covered by insurance maintained by the Association; (iv) the total amount of money held by the Association as reserves; (v) a statement as to whether records of the Association reflect any alterations or improvements to the Lot that violate the Declaration (provided, however, that the Association is not obligated to provide information regarding alterations or improvements that occurred more than six (6) years before the proposed sale); and (vi) a statement of case names and case numbers for pending litigation with respect to the Lot filed by the Association against the Member or filed by the Member against the Association. The Association may charge the Member a reasonable fee to compensate the Association for any costs incurred in the preparation of a statement furnished by the Association pursuant to this Section. The Association shall make available to any interested party the amount of any such fee established from time to time by the Association.

**1.8. Amendment.**

1.8.1. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of the Members having more than 50% of the votes entitled to be cast by the Members present in person or by proxy.

1.8.2. As long as the Declarant owns any Lot, the Declarant, and thereafter, the Board, without a vote of the Members and without the consent of any First Mortgagee, may amend these Bylaws in order to conform these Bylaws to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration ("FHA"), the Veterans Administration ("VA") 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 Board.

1.8.3. Should Declarant request approval of the Project by the VA or the FHA, or both, then so long as there is a Class B membership in the Association, any amendment of these Bylaws must be approved by the VA or the FHA. Declarant shall have no obligation to request approval of the Project by either or both of such agencies. Unless and until the VA or the FHA have approved the Project as acceptable for insured or guaranteed loans and at any time during which such approval, once given, has been revoked, withdrawn, cancelled or suspended and there are no outstanding mortgages or deeds of trust recorded against a Lot to secure payment of an insured or guaranteed loan by either of such agencies, all references herein to required approvals or consents of such agencies shall be deemed null and void and of no force and effect.

1.8.4. So long as the Declarant owns any Lot, any amendment to these Bylaws must be approved in writing by the Declarant.

1.9. **Indemnification**. The Association shall indemnify any person made a party to any civil suit or criminal, administrative or investigative action, other than an action by or in the right of the Association, by reason of the fact that he/she is or was a member, director, officer, employee or agent of the Association against expenses, including attorneys' fees, and judgments, fines and amounts paid in settlement actually and reasonably incurred by him/her in connection with such action, if he/she acted, or failed to act, in good faith and he/she reasonably believed (i) in the case of conduct in an official capacity with the Association, that the conduct was in its best interests, (ii) in all other cases, that the conduct was at least not opposed to its best interests and (iii) in the case of any criminal action or proceeding, that he/she had no reasonable cause to believe the conduct was unlawful. Any indemnification of the members, directors, officers, employees or agents of the Association shall be governed by and made in accordance with the provisions of the Arizona Revised Statutes pertaining to nonprofit corporations. Any repeal or modification of this Article 1 shall be prospective only and shall not adversely affect, defeat or limit the right of any person to indemnification for any act, or failure to act, occurring prior to the effective date of such repeal or modification.

## ARTICLE 2.

### MEETINGS OF MEMBERS

2.1. **Annual Meeting**. An annual meeting of the Members of the Association shall be held at least once every twelve (12) months at such time and place as is determined by the Board.

2.2. **Special Meetings**. Special meetings of the Members may be called at any time by the President, by a majority of the Board, or upon written demand signed by Members having at

least one-fourth (1/4) of the total authorized votes in the Association. The close of business on the thirtieth (30th) date before delivery of the demand or demands for a special meeting shall be the record date for the purpose of determining whether the demand for the special meeting has been signed by Members having at least one-fourth (1/4) of the total authorized votes in the Association.

**2.3. 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 meeting by hand delivering or mailing a copy of each notice, postage prepaid, at least fifteen (15) days but no more than fifty (50) days before such meeting to each Member entitled to vote, addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. 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. When a meeting is adjourned to another time or place, a notice of the new time and place is not required if the new time and place is announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Association may transact any business which might have been transacted at the original meeting. If a new record date for the adjourned meeting is or must be fixed under Section 2.6 below, the Association shall give notice of the adjourned meeting pursuant to this Section to persons who are Members as of the new record date. A Member's attendance at a meeting waives objection to the lack of notice or defective notice of the meeting, unless the Member at the beginning of the meeting objects to holding the meeting and transacting business in the meeting. In addition, a Member's attendance at a meeting waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter at the time it is presented.

**2.4. Quorum.** Except as otherwise provided in the Articles, the Declaration or these Bylaws, the presence in person or by proxy of Members entitled to cast one-tenth (1/10th) of the total authorized votes in the Association shall constitute a quorum at all meetings of the Members. If a quorum shall not be present at any meeting, the Members entitled to vote shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

**2.5. Proxies.** At all meetings of the Members a vote may be cast in person or by proxy. A proxy may be granted by any Member in favor of only another Member, the Secretary of the Association, the Declarant, or the Member's mortgagee, or in the case of a non-resident Member, the lessee of such Member's Lot, his/her attorney or managing agent. A proxy shall be duly executed in writing and it shall be valid only for the particular meeting designated in the proxy. All proxies must be filed with the Secretary prior to the commencement of the meeting for which the proxy is given. The proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of a notice of revocation signed by the Member who granted the proxy. No proxy shall be valid after twenty-five months from the date of its execution.

**2.6. Record Date.**

2.6.1. For any meeting of the Members, the Board shall fix a date as the record date for determining the Members entitled to notice of the meeting. If the Board fails to fix a

record date for any meeting of the Members, the record date for determining the Members entitled to notice of the meeting shall be the business day before the day on which the notice of the meeting is given. The Board shall also fix a date as the record date for determining the Members entitled to vote at a meeting of the Members. If the Board fails to fix such a record date, the Members on the date of the meeting who are otherwise eligible to vote are entitled to vote at the meeting.

2.6.2. A determination of Members entitled to notice of or to vote at a membership meeting is effective for any adjournment of the meeting, unless the Board fixed a new date for determining the right to notice or the right to vote. The Board shall fix a new date for determining the right to notice or the right to vote if the meeting is adjourned to a date that is more than seventy (70) days after the record date for determining Members entitled to notice of the original meeting.

2.6.3. The Board shall fix a date as the record date for the purpose of determining the Members entitled to exercise any rights in respect of any other lawful action of the Members. If a record date is not fixed by the Board, Members at the close of business on the day on which the Board adopts the resolution relating to that record date, or the sixtieth (60) day before the date of other action, whichever is later, are entitled to exercise those rights.

2.6.4. The record date fixed by the Board under this Section shall not be more than seventy (70) days before the meeting or action requiring a determination of Members.

2.7. **Organization and Conduct of Meeting.** All Members attending a meeting of the Members shall register with the Secretary (or such person or persons as may be designated by the Secretary) prior to commencement of the meeting, and all proxies must be filed with the Secretary (or such person or persons as may be designated by the Secretary) prior to commencement of the meeting. After the meeting is called to order by the chair of the meeting, no further proxies or changes, substitutions or revocation of proxies shall be accepted. All meetings of the Members will be called to order and chaired by the President of the Association, or if there is no President or if the President is absent or so requests, then by the Vice President. If both the President and Vice President are not present at the meeting, any other officer of the Association or such member of the Association as is appointed by the Board may call the meeting to order and chair the meeting. The chair of the meeting may appoint any person (whether or not a Member of the Association) to act as Recording Secretary. The chair of the meeting shall have the authority to determine the order of business to be conducted at the meeting and to establish reasonable rules for expediting the business of the meeting.

2.8. **Action by Written Ballot.** Any action that the Association may take at any annual, regular or special meeting of the Members may be taken without a meeting if the Association delivers a written ballot to every Member entitled to vote on the matter. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for votes by written ballot shall: (1) indicate the number of responses needed to meet the quorum requirements; (2) state the percentage of approvals necessary to approve each matter other than election of directors; and (3) specify the time by which a ballot must be delivered to the Association in order to be counted, which time shall not be less than three (3) days after the date that the Association delivers the ballot. Once a written



ballot has been received by the Association, the ballot may not be revoked. Approval by written ballot pursuant to this Section is valid only if both the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action and the number of approvals equals or exceeds the number of votes which would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

**2.9. Action by Written Consent.**

2.9.1. The Members may approve any action required or permitted by law that requires the Members' approval without a meeting of the Members if the action is approved by Members holding at least a majority of the voting power in the Association, unless the Declaration, Articles, these Bylaws or applicable law require a different amount of voting power. The action shall be evidenced by one or more written consents describing the action taken, signed by those Members representing at least the requisite amount of the voting power, and delivered to the Association for inclusion in the minutes or filing with the corporate records of the Association.

2.9.2. If not otherwise fixed by the Board pursuant to Section 2.6 above, the record date for determining Members entitled to take action without a meeting is the date the first Member signs the consent to the action. A consent signed under this Section has the effect of a meeting vote and may be described as such in any document. Written notice of Member approval pursuant to this Section shall be given to all Members who have not signed the written consent. Unless otherwise specified in the consent or consents, the action is effective on the date that the consent or consents are signed by the last Member whose signature results in the requisite amount of the voting power. Any Member may revoke the Member's consent by delivering a signed revocation of the consent to the President or Secretary before the date that the consent or consents are signed by the last Member whose signature results in the requisite amount of the voting power.

2.10. **Voting Requirements.** Unless otherwise provided in the Project Documents, if a quorum is present at a meeting of the Members, the affirmative vote of a majority of the votes represented and voting is the act of the Members.

**ARTICLE 3.**

**BOARD OF DIRECTORS**

3.1. **Number.** The affairs of this Association shall be managed by a board of directors consisting of a minimum of three (3) and a maximum of nine (9) directors. 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 may increase or decrease the number of directors on the Board, but the number of directors must always be an odd number and shall not exceed nine (9) directors.

3.2. **Appointment and Election.** Until the termination of the Class B membership in the Association, the Declarant shall have the right to appoint and remove the members of the

Board. After the termination of the Class B membership, the directors shall be elected by the Members at the annual meeting of the Members.

**3.3. Term of Office.** Directors appointed by the Declarant shall hold office until their successors are elected and qualify. All directors elected by the Members shall be elected for a term of one (1) year. Despite the expiration of a director's term, a director shall continue to hold office until the director's successor is elected, designated or appointed, and qualified; until the director's resignation or removal; or until there is a decrease in the number of directors.

**3.4. Resignation of Directors.** A director may resign at any time by delivering written notice to the Board of Directors, its presiding officer or the Association. A resignation is effective when the notice is delivered unless the notice specifies a later effective date or event. If a resignation is made effective at a later date, the Board may fill the pending vacancy before the effective date if the Board provides that the successor does not take office until the effective date.

**3.5. Removal of Directors.** Except for directors appointed by the Declarant, any one or more of the members of the Board of Directors may be removed from the Board with or without cause by Members having more than fifty percent (50%) of the votes entitled to be cast by the Members present in person or by proxy at a meeting of the Members called for such purpose, and a successor may then and there be elected to fill the vacancy thereby created.

**3.6. Compensation.** No director shall receive compensation for any service he/she may render to the Association, unless such compensation is approved by Members having more than fifty percent (50%) of the votes entitled to be cast by the Members present in person or by proxy at a meeting of the Members. However, any director may be reimbursed for his/her actual expenses incurred in the performance of his/her duties.

**3.7. Action Taken Without a Meeting.** The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent of all the directors. Any such written consent shall be filed with the minutes of the proceedings of the Board.

**3.8. Vacancies.** Except for vacancies on the Board caused by the removal of a director in accordance with the provisions of Section 3.5 of these Bylaws, any vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum or by a sole remaining director, and any director so chosen shall hold office until the next election of the directors. Any newly created directorship shall be deemed a vacancy. When one or more directors resigns from the Board, effective at a future time, a majority of the directors then in office, including those who have so resigned, may fill such vacancy, the vote on the vacancy to take effect when such resignation becomes effective. If by reason of death, resignation or otherwise, the Association has no directors in office, any officer or Member may call a special meeting of the Members for the purpose of electing the Board of Directors.

**3.9. Meetings.**

3.9.1. If the time and place of a meeting of the Board is fixed by the Board, the meeting is a regular meeting. All other meetings of the Board are special meetings. Meetings of

the Board, regular or special, shall be held at least annually and may be held by means of conference telephone or other similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation at such meeting shall constitute presence in person at the meeting.

3.9.2. Until termination of the Class B membership, regular meetings of the Board may be held with or without notice at such time and place as is determined from time to time by the Board. After termination of the Class B membership, notice to Members of regular meetings of the Board shall be given at least forty-eight hours in advance of the meeting by newsletter, conspicuous posting, or any other reasonable means as determined by the Board. Any notice of a Board meeting shall state the time and place of the meeting. An affidavit of notice by an officer of the Association is prima facie evidence that notice was given as prescribed by this subsection. The failure of any Member to receive actual notice of a meeting of the Board does not affect the validity of any action taken at that meeting.

3.9.3. Until termination of the Class B membership, special meetings of the board may be held with or without notice at such time and place as is determined by the Board. After termination of the Class B membership, special meetings of the Board may be called by the President on three (3) business days notice to each director, given in writing, by hand delivery, mail, facsimile, or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) directors.

3.9.4. A director's attendance at or participation in a meeting waives any required notice to the director of the meeting unless the director at the beginning of the meeting or promptly on the director's arrival at the meeting objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

3.9.5. A director may participate in a regular or special meeting of the Board through the use of any means of communication by which all directors participating may simultaneously hear each other during the meeting, and a director participating in a meeting by such means is deemed to be present in person at the meeting.

3.9.6. Notice shall be given to the Members of the Association within such time and in such manner as is required by law.

3.9.7. Regular and special meetings of the Board are open to all Members and all Members so desiring shall be permitted to attend and listen to the deliberations and proceedings; provided, however, that for regular and special meetings of the Board, Members who are not Board members may not participate in any deliberation or discussion unless expressly so authorized by a vote of the majority of a quorum of the Board.

**3.10. Quorum.** A majority of the prescribed number of directors shall constitute a quorum for the transaction of business. If a quorum is present when a meeting is convened, the quorum shall be deemed to exist until the meeting is adjourned, notwithstanding the departure of one or more directors. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board unless the Articles or Bylaws require the vote

of a greater number of directors. A director who is present at a meeting of the Board when corporate action is taken is deemed to have assented to the action taken unless either: (1) the director objects at the beginning of the meeting or promptly on the director's arrival to holding it or transacting business at the meeting; (2) the director's dissent or abstention from the action taken is entered in the minutes of the meeting; or (3) the director delivers written notice of the director's dissent or abstention to the presiding officer of the meeting before its adjournment or to the Association before 5:00 P.M. on the next business day after the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken. A director may vote in person or by proxy. A director may appoint a proxy to vote or otherwise act for the director by signing an appointment form, either personally or by the director's attorney-in-fact. The appointment does not relieve the director of liability for acts or omissions imposed by law on directors. An appointment of a proxy is effective when received by the Secretary. An appointment is valid for one (1) month unless a different period is expressly provided in the appointment form. An appointment of a proxy is revocable by the director. The death or incapacity of a director appointing a proxy shall not affect the right of the Association to accept the proxy's authority unless written notice of death or incapacity is received by the Secretary before the proxy exercises its authority under the appointment. Subject to any express limitation on the proxy's authority appearing on the face of the appointment form, the Association is entitled to accept the proxy's vote or other action as the vote of the director making the appointment.

**3.11. Powers and Duties.** The Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may exercise all corporate powers of the Association, subject to any limitation set forth in the Association Documents. In addition to the duties imposed by these Bylaws or by any resolution of the Members that may hereafter be adopted, the Board shall have the following powers and duties:

3.11.1. Open bank accounts on behalf of the Association and designate the signatories thereon;

3.11.2. Make (or contract for the making of) repairs, additions to, improvements to or alterations of the Common Area, in accordance with the Project Documents, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

3.11.3. In the exercise of its discretion, enforce by legal means the provisions of the Project Documents;

3.11.4. Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair, replacement of the Common Area and provide services for the Members, and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties;

3.11.5. Provide for the operation, care, upkeep and maintenance of all of the Common Area and borrow money on behalf of the Association when required in connection with any one instance relating to the operation, upkeep and maintenance for the Common Area;

provided, however, the consent of Members having at least two-thirds (2/3) of the total votes in the Association shall be obtained either in writing or at a meeting called and held for such purpose in accordance with the provisions of these Bylaws in order for the Association to borrow in excess of \$5,000;

3.11.6. Prepare and adopt an annual budget for the Association prior to the commencement of each fiscal year;

3.11.7. Adopt and publish rules and regulations governing the use of the Common Area and facilities and the personal conduct of the Members and their family members, guests, lessees and invitees thereon and establish and collect fines and penalties for the infraction thereof;

3.11.8. Suspend the voting rights and the right to use of the Common Area of a Member during any period in which such Member shall be in default in the payment of any Assessment or other amounts due under the terms of the Project Documents for a period of fifteen (15) days and for a period not to exceed sixty (60) days for any infraction of the Project Documents;

3.11.9. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of the Project Documents;

3.11.10. Declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board;

3.11.11. Employ, hire and dismiss such employees as they deem necessary and to prescribe their duties and their compensation;

3.11.12. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by any Member entitled to vote;

3.11.13. Supervise all officers, agents and employees of the Association and see that their duties are properly performed;

3.11.14. Levy, collect and enforce the payment of Assessments in accordance with the provisions of the Declaration;

3.11.15. Issue, or cause an appropriate officer to issue, upon demand to any interested person, a certificate setting forth whether or not any Assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an Assessment has been paid, such certificate shall be conclusive evidence of such payment;

3.11.16. Procure and maintain adequate property, liability and other insurance as required by the Declaration;

3.11.17. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate, and

3.11.18. Cause the Common Area to be maintained, as more fully set forth in the Declaration.

**3.12. Managing Agent.** The Board may employ for the Association and the Project a "Managing Agent" at a compensation established by the Board. The Managing Agent shall perform such duties and services as the Board shall authorize, including, but not limited to, all of the duties listed in the Project Documents except for such duties and services that under the Project Documents may not be delegated to the Managing Agent. The Board may delegate to the Managing Agent all of the powers granted to the Board or the officers of the Association by the Project Documents other than the power (i) to adopt the annual budget, any amendment thereto or to levy Assessments; (ii) to adopt, repeal or amend Association Rules; (iii) to designate signatories on Association bank accounts; (iv) to borrow money on behalf of the Association; and (v) to acquire real property. So long as the Declarant owns any Lot, any change in the Managing Agent must be approved in writing by the Declarant.

#### ARTICLE 4.

##### OFFICERS AND THEIR DUTIES

**4.1. Enumeration of Officers.** The principal officers of the Association shall be the President, the Vice President, the Secretary, and the Treasurer, all of whom shall be elected by the Board. The President must be a member of the Board. Any other officers may, but need not, be members of the Board.

**4.2. Election of Officers.** The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

**4.3. Term.** The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, be removed, or otherwise be disqualified to serve.

**4.4. Special Appointments.** The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

**4.5. Resignation and Removal.** Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Association. A resignation is effective when the notice is delivered unless the notice specifies a later date or event. The acceptance of a resignation shall not be necessary to make it effective. If the resignation is made effective at a later date or event and the Board accepts the later effective date, the Board may fill the pending vacancy before the effective date if the Board provides that the successor shall not take office until the effective date.

4.6. **Vacancies**. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

4.7. **Multiple Offices**. The same individual may simultaneously hold more than one office in the Association.

4.8. **Powers and Duties**. To the extent such powers and duties are not assigned or delegated to a Managing Agent pursuant to Section 3.12 of these Bylaws, the powers and duties of the officers shall be as follows:

4.8.1. **President**. The President shall be the chief executive officer of the Association; shall preside at all meetings of the Board or the Members; shall ensure that orders and resolutions of the Board are carried into effect; and shall have general and active management of the business of the Association;

4.8.2. **Vice-President**. The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board;

4.8.3. **Secretary**. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; shall keep the corporate seal of the Association and affix it on all papers requiring said seal; shall serve notice of meetings of the Board and of the Members; shall keep appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as required by the Board; and

4.8.4. **Treasurer**. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds for appropriate Association purposes as set forth in the Project Documents; shall keep proper books of account; shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members; and, in general, shall perform all the duties incident to the office of Treasurer.

## ARTICLE 5.

### FINES

5.1. **Power of Board to Impose Fines**. Pursuant to the power granted to the Board by the Declaration, the Board shall have the right to impose reasonable fines against an Owner for a violation of any provision of the Project Documents by the Owner, his family, tenants or guests.

5.2. **Notice of Violation**.

5.2.1. The Board, or any person designated by the Board, may serve a "Notice of Violation" against an Owner for a violation of any provision of the Project Documents by the Owner, his family, tenants or guests. A Notice of Violation shall contain (i) a description of the violation; (ii) the approximate time and place at which the violation was observed; (iii) the

amount of the fine to be paid by the Owner for such violation; (iv) the name of the person issuing the Notice of Violation; and (v) a statement advising the Owner of the Owner's right to request a hearing pursuant to **Section 5.2.4** below.

5.2.2. A Notice of Violation shall be deemed to have been served if delivered personally to the Owner named in the Notice of Violation or sent to the Owner by registered or certified United States mail, return receipt requested, postage prepaid. A Notice of Violation served by mail shall be deemed to have been received by the Owner to whom the notice was addressed on the earlier of the date the notice is actually received or three (3) days after the notice is deposited in the United States mail. A Notice of Violation given by mail shall be addressed to the Owner at the address of the Owner as shown on the records of the Association. If a Lot is owned by more than one person or entity, a Notice of Violation to one of the joint Owners shall constitute notice to all of the joint Owners.

5.2.3. The Owner shall pay the fine set forth in the Notice of Violation to the Association within ten (10) days after the Notice of Violation is served on the Owner unless prior to that time the Owner requests a hearing on the violation pursuant to **Section 5.2.4** below.

5.2.4. Any Owner served with a Notice of Violation may request a hearing on the violation. The request for a hearing must be addressed to the Secretary of the Association and must be actually received by the Association within ten (10) days after the service of the Notice of Violation. Upon receipt of a request for a hearing pursuant to this Section, the President or any other officer of the Association shall schedule a hearing on the violation before the Board or before a hearing officer or a committee approved by the Board and shall notify the Owner requesting the hearing of the date, time and place of the hearing. The notice of the hearing shall also advise the Owner of his right to produce statements, evidence and witnesses on his behalf and to be represented at the hearing by an attorney. If the hearing on the violation is before the Board, then the minutes of the meeting of the Board at which the hearing is held shall reflect the fact that the hearing on the violation was held and the action taken by the Board on the violation. If the hearing is held before a hearing officer or a committee appointed by the Board, then the hearing officer of the committee conducting the hearing shall, within ten (10) days after the conclusion of the hearing, make a written recommendation to the Board on what action the Board should take in the violation. Upon receipt of the recommendation from the hearing officer or the committee, the Board shall act upon the recommendation. Any fine which is affirmed by the Board following a hearing pursuant to this Section shall be paid by the offending Owner within ten (10) days after a notice of the action of the Board is served upon the Owner. Service of the notice from the Board shall be made in the same manner as service of a Notice of Violation pursuant to **Section 5.2.2** above.

5.2.5. Any fines imposed pursuant to this Article 5 shall be the joint and several liability of all of the joint Owners of a Lot and shall be secured by the Assessment Lien.



## ARTICLE 6.

### ARCHITECTURAL COMMITTEE

6.1. Committee Composition. If the Board elects to create an Architectural Committee, the Committee shall consist of at least one (1) member. No member shall be required to be an architect or to meet any other particular qualifications for membership. A member need not be, but may be, a member of the Board or an officer of the Association. The Board may increase or decrease the number of members on the Architectural Committee but the number of members must always be an odd number.

6.2. Terms of Office. The term of office for members of the Architectural Committee shall be a period of one year, or until the appointment of a successor. Any new member appointed to replace a member who has resigned or been removed shall serve such member's unexpired term. Members who have resigned, been removed or whose terms have expired may be reappointed.

6.3. Appointment and Removal. So long as the Declarant owns any Lot, the Declarant shall have the right to appoint and remove the members of the Architectural Committee. When the Declarant no longer owns any Lot, the Board shall appoint and remove all members of the Architectural Committee, except that no member may be removed from the Architectural Committee by the Board unless the removal is approved by the vote or written consent of more than fifty percent (50%) of all of the members of the Board.

6.4. Resignations. Any member of the Architectural Committee may at any time resign from the Committee by giving written notice thereof to the Board.

6.5. Vacancies. Vacancies on the Architectural Committee, however caused, shall be filled by the Board. A vacancy or vacancies on the Architectural Committee shall be deemed to exist in case of the death, resignation or removal of any member.

6.6. Duties. It shall be the duty of the Architectural Committee to consider and act upon any and all proposals or plans submitted to it pursuant to the terms of the Declaration, to adopt Architectural Committee Rules, to perform other duties delegated to it by the Board, and to carry out all other duties imposed upon it by the Declaration.

6.7. Meetings and Compensation. The Architectural Committee shall meet from time to time as necessary to perform its duties. The vote or written consent of a majority of the members of the Committee, at a meeting or otherwise, shall constitute the act of the Committee unless the unanimous decision of the Committee is required by any other provision of the Declaration. The Committee shall keep and maintain a written record of all actions taken by it at such meeting or otherwise. Unless a compensation schedule is established by the Board, members of the Architectural Committee shall not be entitled to compensation for their services.

6.8. Architectural Committee Rules. The Architectural Committee may adopt, amend and repeal, by unanimous vote or written consent, rules and regulations. Said rules shall interpret and implement the Declaration by setting forth the standards and procedures for Architectural Committee review and the guidelines for architectural design, placement of

buildings, landscaping, color schemes, exterior finishes and materials and similar features which are required to be used within the Property.

6.9. Waiver. The approval by the Architectural Committee of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring the approval of the Architectural Committee under the Declaration, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or other matter subsequently submitted for approval.

## ARTICLE 7.

### ADDITIONAL COMMITTEES OF THE BOARD

7.1. Appointment of Committees. The Board may create one or more committees and appoint Members to serve on them. Each committee shall have three (3) or more members, and each member of a committee shall serve at the pleasure of the Board. The creation of a committee and appointment of members of the Board to the committee must be approved by the greater of: (1) a majority of all the directors in office when the action is taken; or (2) the number of directors required by Section 3.10 above to take action.


7.2. Proceedings of Committees. The provisions of these Bylaws governing meetings, action without meetings and notice, waiver of notice, quorum and voting requirements of the Board shall also apply to committees and their members.

7.3. Authority of Committees. Each committee of the Board may exercise the authority of the Board to the extent specified by the Board, except that a committee shall not take any of the following actions: (1) authorize distributions; (2) approve or recommend to the Members any action that requires the Members' approval under the Association Documents or by law; (3) fill vacancies on the Board or on any of its committees; (4) adopt, amend or repeal these Bylaws; and (5) fix the compensation of directors for serving on the Board of Directors or any committee of the Board.

7.4. Alternate Members. The Board may designate one or more Directors as alternate members of any committee who may replace any absent member at any meeting of the committee.

### CERTIFICATION

I hereby certify that the foregoing Bylaws were duly adopted by the Board of Directors of the Association on the 21 day of September, 1999.

  
W. Mark Moore, Secretary