

BY-LAWS OF PINON WOODS III HOMEOWNERS ASSOCIATION, INC.
An Arizona Non-Profit Corporation

ARTICLE 0
Interim Bylaws

- 0.1 The members of the Association may adopt interim Bylaws by majority vote of the members at a meeting prior to the adoption of the Bylaws of the Pinon Woods III Homeowners Association.
- 0.2 If adopted, the Interim Bylaws shall be in effect until the first annual meeting of the members of the Association or until adoption of the Bylaws of the Pinon Woods III Homeowners Association at a special meeting prior to the first annual meeting. The Interim Bylaws shall not be recorded at the office of the County Auditor.
- 0.3 The Interim Bylaws shall be Articles 0 through Article VII as applicable.
- 0.4 The Interim Bylaws shall also authorize the election of interim officers and interim Architectural Sub-Committee members, all whose terms of office shall terminate at the time of the first annual meeting.
- 0.5 Article 0 shall be deleted when the Bylaws of the Pinon Woods III Homeowners association are adopted and recorded at the office of the Yavapai County Auditor.

ARTICLE I
Membership; Voting Rights

- 1.1 Each record owners of a lot in Pinon Woods III shall become and be a member of the Association upon the date of incorporation of the Association and shall remain a member until the conveyance or other disposition of, or relinquishment of, its ownership interests in such lot, at which time such person or entity shall automatically cease to be a member of the Association effective upon such conveyance, disposition or relinquishment and the purchaser, transferee, grantee, heir, successor or assign of such person or entity shall become and be a member of the Association upon such conveyance, disposition or relinquishment. In the event two or more persons or entities are the record owners of a lot, such persons together will constitute the member of the Association but such member shall have the voting rights as set forth below. Membership shall be appurtenant to, and may not be separated from, ownership of a lot. Notwithstanding the foregoing, a person who or entity which is a purchaser of a lot under an executory contract for the sale of real property shall be a member and a seller under such contract shall cease to be a member upon the execution of such contract.
- 1.2 There shall be one class of membership. Except as provided below, each member shall be entitled to one vote. When more than one person or entity holds an ownership interest in a lot, all such persons and entities shall be members but their vote shall be exercised as they (among themselves) determine, but in no event shall more than one vote be cast with respect to any one lot. In the event more than one person or entity is a member and such persons or entities cannot agree among themselves with respect to the casting of any vote, such vote shall not be counted. In the event a member owns more than one lot, such member shall have one vote for each lot owned. Voting may be exercised in person or by written proxy (subject to the rules for proxies set forth below or otherwise established by the Board of Directors).
- 1.3 Other voting rights and requirements of membership are set for the in Article VI of the Declaration.

ARTICLE II
Annual and Special Meetings of the Members; Elections

- 2.1 Annual meetings of the members shall be held as determined by the Board of Directors during the second Tuesday of the month of April of each year, commencing in 2001. Special meetings may be held at such time and place and in such manner as determined by the Board of Directors or as determined by the members pursuant to Section 2.7 below.
- 2.2 Notices of the annual meeting and any special meetings shall be mailed to the last known address of each member as the same appears on the records of the Corporation at least thirty (30) days prior to such meetings. Notwithstanding the foregoing, notices of any meeting called for the purpose of taking any action to impose an annual assessment or a

special assessment for capital improvements pursuant to Paragraphs 8.3 or 8.4 of the Declaration shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. Requirements for a quorum with respect to actions authorized by Paragraphs 8.3 or 8.4 of the Declaration are set forth in Paragraph 8.5 of the Declaration.

- 2.3 The President (or in his or her absence, a chairperson elected by the members present) shall call to order meetings of the members and shall act as chairperson thereof. The Secretary of the Corporation shall act as secretary at all meetings of the members. Should the Secretary be absent, the presiding officer may appoint any person to act as secretary for such meeting. All meetings shall be conducted in accordance with Roberts Rules of Order.
- 2.4 The presence of fifty-one percent (51%) of the members (in person or by proxy) shall constitute a quorum at all meetings of members.
- 2.5 If at any annual or special meeting, a quorum shall fail to be met, a majority of those members attending such meeting in person may after one-half hour adjourn the meeting and authorize the presiding officer to call a subsequent meeting upon no less than seven (7) days written notice to the members. At the subsequent meeting duly called in accordance with the foregoing, the required quorum shall be twenty-five percent (25%) of the members (in person or proxy).
- 2.6 All proxies shall be in writing, shall be dated and shall state the meeting(s) for which the proxy is intended. Each proxy shall indicate that it is restricted or unrestricted in scope and purpose (and, if restricted, the nature of the restriction). All proxies shall be filed with the Secretary at least ten (10) minutes prior to the scheduled time of the meeting. Each proxy shall be revocable, shall automatically cease upon conveyance by the member of a lot and shall be subject to such other requirements (if any) as are determined by the Board of Directors.
- 2.7 Special meetings of the members shall be called by the Board of Directors upon the petition of twenty percent (20%) of the members entitled to vote at such meetings.
- 2.8 The order of business of all meetings of the members and of the Board of Directors shall be as follows:
- A. Reading of minutes
 - B. Reports of committees
 - C. Treasurer's report
 - D. Unfinished business
 - E. New business
 - F. Elections (if scheduled)
- 2.9 The Board of Directors shall appoint a nominating committee consisting of no fewer than three (3) members of the Corporation, nor more than one (1) of whom shall be a member of the Board. It shall be the duty of the nominating committee to nominate and file with the Secretary a list of candidates for such offices as are to be filed at said annual meeting at least twenty (20) days prior to the annual meeting.
- 2.10 At the annual meeting any member may nominate any other member in good standing to any office. Any member so nominated may decline such nomination.
- 2.11 Any member receiving a plurality of the votes cast for each office shall be deemed to be elected to such office.
- 2.12 No member shall be permitted to vote at any annual or special meeting who is more than thirty (30) days in default in the payment of any dues or other assessment levied by the corporation and, in the event a member in default owns more than one lot, such member shall not be entitled to vote with respect to any lot.

ARTICLE III **Board of Directors**

- 3.1 The Board of Directors shall manage the business and affairs of the Corporation. The Board of Directors shall have the authority to make such assessments and levies as are authorized to be made by the Association (subject to the requirements of Article VIII of the Declaration). The Board of Directors shall appoint, and have the authority to remove; the members of the Architectural Control Committee and such other committees as are established by the Board.

- 3.2 All Directors must be members of the Corporation. All Directors shall serve until their successors shall have been duly elected.
- 3.3 Notice of all meetings of Directors and Officers shall be given by mail or notice served in person not less than fifteen (15) days in advance of the date scheduled for the meeting. Five members of the Board of Directors shall constitute a quorum for the transaction business. A vote of fifty-one percent (51%) of the members present at any meeting (in person or proxy) in favor of or against any proposition shall prevail, except as provided below.
- 3.4 In the event of a vacancy among the Directors through death, resignation, disqualification or other cause, the remaining Directors, by affirmative vote of a majority thereof (whether or not constituting a quorum) may elect a successor to hold office for the unexpired term of such Director until the election of his or her successor at the next annual meeting.

ARTICLE IV

Officers

- 4.1 Designation - In addition to a President, Vice President, a Secretary and a Treasurer, as provided for by the Articles of Incorporation, a recording secretary, an assistant secretary, an assistant treasurer, and other offices as may be necessary or expedient from time to time to be elected or appointed by the Board of Directors. All officers shall be members of the Board of Directors except the Recording Secretary.
- 4.2 Selection - The Directors and officers of the Association are those duly elected from the membership of the Association as described in these bylaws.
- 4.3 President and Chairman of the Board - The President and Chairman of the Board shall preside at all meetings of the Board of Directors unless he is unable to do so. If the President and Chairman of the Board are unavailable, the Board may select a Chairman for the meeting. The President and Chairman of the Board may sign all instruments as President of the corporation. He/she shall be chief executive officer of the corporation subject to policies established by the Board.
- 4.4 Recording Secretary - The recording secretary should keep a record of all meetings of the Board of Directors and Minutes of the proceedings and shall perform such other duties as ordinarily pertain to that office.
- 4.5 Secretary - The Secretary shall perform all of the duties incident to the office of Secretary and such other duties as may be assigned to him/her, including, without limitation, the giving of notices of all meetings and the keeping of the books and records of the corporation, except for books of account.
- 4.6 Treasurer - The Treasurer shall have general oversight of the financial dealings of the corporation. He shall see to it that regular books of account are kept.
- 4.7 Vacancies - A vacancy in any office because of death, resignation, removal, disqualification or other reasons may be filled by the Board of Directors.

ARTICLE V

Architectural Control Committee Duties

- 5.1 The Architectural Control Committee shall have the authority and responsibility to review the plans and specifications of all single-family residences, garages, sheds, fences and other structures to be constructed in the subdivision pursuant to the terms hereof, and perform such other duties as may be delegated to it by the Association.

All plans submitted to the Architectural Control Committee must include all items on the 'Architectural Checklist' document. The Architectural Control Committee shall have the right to refuse to approve any plans or specifications or grading plans, which are not suitable or desirable, in its opinion, for aesthetic or other reasons, and in so passing upon such plans, specifications and grading plans, and without any limitations of the foregoing, shall have the right to take into consideration the suitability of the proposed building or other structure, and the materials of which it is to be built, the site upon which it is proposed to erect the same, the harmony thereof with the surroundings and the effect of the building or other structure as planned, on the outlook from adjacent or neighboring property. All subsequent additions to or changes or alterations in any building, fence, wall or other structure including exterior colors and materials, shall be subject to the prior approval of the Architectural Control Committee. No changes or deviations in or from such plans and specifications once approved shall be made without the prior written approval

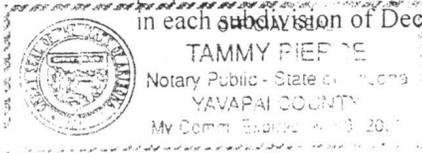
of the Architectural Control Committee. All decisions of the Architectural Control Committee shall be final and no Lot Owner or other party shall have recourse against the Architectural Control Committee for its refusal to approve any such plans and specifications or plot plans, including lawn area and landscaping.

ARTICLE VI
Amendment of By-Laws

6.1 These By-Laws may be amended by the members at any regular or special meeting called for such specific purpose (and with notice thereof) by a vote of at least fifty-one percent (51%) of the members thereof (in person or by proxy).

ARTICLE VII

7.1 The corporation may combine its Board of Directors and its Offices with the Directors and Officers of Pinon Woods I and/or Pinon Woods II, provided that each corporation conducts its own meetings and corporate affairs. The purpose of the above is to assist each corporation in meeting the nine (9) Board of Director requirements, as set forth in each subdivision of Declaration of Covenants.



Jim Twedt

Jim Twedt, Interim President

Attest:
Teresa Allen

Teresa Allen, Interim Secretary

STATE OF ARIZONA)
County of Yavapai) :ss



On this 12 day of July, 2000, before me, the undersigned officer, personally appeared Jim Twedt and SEE ABOVE, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged that they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Rachell Whitfield

Notary Public

My Commission Expires:
4-15-03