

**BYLAWS**  
**OF**  
**PAYSON BOULDER CREEK PROPERTY OWNERS ASSOCIATION**  
**ARTICLE I**  
**GENERAL PROVISIONS**

1.1 **Principal Office.** The principal office of Payson Boulder Creek Property Owners Association (the "Association") shall be located at the place as is designated in the Articles of Incorporation of the Association (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 or without the State of Arizona as may be designated by the Board of Directors of the Association.

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 of Boulder Creek, dated June 14, 2006, and recorded on June 19, 2006 as Instrument No. 2006-010352, Official Records of Gila County, Arizona, as amended (the "Declaration").

1.3 **Conflicting Provisions.** In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control; and 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 first day of January and end of the thirty-first 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.** The books, records and papers of the Association shall be available for inspection by any Member during reasonable business hours. The Declaration 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 a reasonable cost.

1.7 **Amendment.**

1.7.1. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of the Members having more than fifty percent (50%) of the votes entitled to be cast by the Members present in person, by proxy or by absentee ballot.

1.7.2. The Board, without a vote of the Members, may amend these Bylaws in order to conform these Bylaws to the requirements or guidelines of any federal, state or local governmental agency whose approval of the Declaration is required by law or requested by Declarant or the Board of Directors of the Association.

1.8 **Indemnification.** To the extent it has the power to do so under the Arizona Nonprofit Corporation Act, Arizona Revised Statutes §10-3101, et seq., the Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the name of the Association, by reason of the fact that he is or was a member, director, officer, employee or agent of the Association or is or was serving at the request of the Association as a member, director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, and against judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted, or failed to act, in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Indemnification of any such person shall be made in accordance with the procedures set forth in the Arizona Nonprofit Corporation Act.

## ARTICLE II

### MEETINGS OF MEMBERS

2.1 **Annual Meeting.** The first Annual meeting of the Members shall be held within one (1) year of the date on which the Association is re-incorporated, and an annual meeting of the Members shall be held during each calendar year thereafter. The Board of Directors shall determine the date, time and place of each annual meeting of the Members.

2.2 **Special Meetings.** Special meetings of the Members may be called at any time by the president, by the Board or upon written request signed by those 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 mailing a copy of each notice, postage prepaid, at least fifteen (15) 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, notice need not be given of the adjourned meeting if the time and place of the meeting are 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 the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each member entitled to vote at the meeting. By attending a meeting, a Member waives any right he may have had to object to the meeting on the basis that the



proper notice of the meeting was not given in accordance with these Bylaws or the statutes of the State of Arizona.

2.4 **Quorum.** Except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws, the presence in person, by proxy or by absentee ballot (all in accordance with the requirements of Section 2.5 below) of Members entitled to cast one-third (1/3rd) 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 **Voting, Proxies and Absentee Ballots.**

2.5.1 If only one of the multiple Lot Owners of a Lot is present at a meeting of the Association, he is entitled to cast all the votes allocated to that Lot. If more than one of the multiple Lot Owners is present, the votes allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of the multiple Lot Owners unless the Declaration expressly provides otherwise. There is majority agreement if any one of the multiple Lot Owners casts the votes allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other Lot Owners of the Lot.

2.5.2 During the Period of Declarant Control, votes allocated to a Lot may be cast pursuant to a proxy duly executed by a Lot Owner. If more than one person owns a Lot, each Lot Owner of the Lot may vote or register protest to the casting of votes by the other Lot Owners of the Lot through a duly executed proxy. A Lot Owner may not revoke a proxy except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. The proxy is revoked on presentation of a later dated proxy executed by the same Lot Owner. A proxy terminates one year after its date, unless it specifies a shorter term or unless it states that it is coupled with an interest and is irrevocable.

2.5.3 After the termination of the Period of Declarant Control, votes allocated to a Lot may not be cast pursuant to a proxy. The Association shall provide for votes to be cast in person and by absentee ballot and may provide for voting by some other form of delivery. Notwithstanding Section 10-3708 of the Arizona Revised Statutes or any other provision of the Declaration, any action taken at an annual, regular or special meeting of the Members shall comply with all of the following if absentee ballots are used: (a) the absentee ballot shall set forth each proposed action; (b) the absentee ballot shall provide an opportunity to vote for or against each proposed action; (c) the absentee ballot is valid for only one specified election or meeting of the Members and expires automatically after the completion of the election or meeting; (d) the absentee ballot specifies the time and date by which the ballot must be delivered to the Board of Directors in order to be counted, which shall be at least seven days after the date that the Board of Directors delivers the unvoted absentee ballot to the Member; and (e) the absentee ballot does not authorize another Person to cast votes on behalf of the Member. Votes cast by absentee ballot or other form of delivery are valid for the purpose of establishing a quorum.

## ARTICLE III

### BOARD OF DIRECTORS

3.1 **Number.** The affairs of the Association shall be managed by a board of three (3) directors. During the Period of Declarant Control the directors need not be members of the Association. After the Period of Declarant Control, all directors must be Members of the Association. The Board may increase the number of directors on the Board but the number of directors always must be an odd number and shall not exceed nine (9) directors.

3.2 **Term of Office.** Commencing with the first annual meeting of the Members, all directors shall be elected for a term of three (3) years. Terms will be staggered so that one-third (1/3) of the member's terms will expire each year.

3.3 **Removal.** At any annual or special meeting of the Members duly called, any one or more of the members of the Board 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, by proxy or by absentee ballot (all in accordance with the requirements as set forth in Section 2.5 above) at the meeting, and a successor may then and there be elected to fill the vacancy thereby created. On receipt of a petition that calls for removal of a member of the Board that is signed by the number of Members who are entitled to cast at least twenty-five percent (25%) of the votes in the Association, the Board shall call and provide written notice of a special meeting of the Members.

3.4 **Compensation.** No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties. A director may receive compensation for services rendered to the Association that are outside his duties as a director if the payment of such compensation is approved by all of the other directors.

3.5 **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.

3.6 **Vacancies.** Except for Vacancies on the Board caused by the removal of a director in accordance with the provisions of Section 3.3 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 when a successor is elected and qualified. 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.



### 3.7 **Meetings.**

3.7.1. 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.

3.7.2. 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. Any such meeting, the time and place of which is so fixed by the Board, shall be considered a regular meeting and any other meetings of the Board shall be considered special meetings when called in accordance with Section 3.7.3 below.

3.7.3. 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 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.

3.7.4. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting except when a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

3.8 **Quorum.** A majority of the directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly-held meeting at which a quorum is present shall be regarded as the act of the Board.

3.9 **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 do all such acts and things as are not by the Declaration required to be exercised or done by the Members. 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:

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

3.9.2. In the exercise of its discretion, enforce by legal means the provisions of the Declaration;

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

3.9.4. 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 Declaration;

3.9.5. 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;

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

3.9.7. 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;

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

3.9.9. Levy, collect and enforce the payment of assessments in accordance with the provisions of the Declaration;

3.9.10. Issue, or cause an appropriate officer to issue upon demand to any 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;

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

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

3.10 **Managing Agent.** The Board may employ for the Association 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 Declaration except for such duties and services that under the Declaration 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 Declaration other than the power (i) to adopt the annual budget, any amendment thereto or to levy Assessments; (ii) to adopt, repeal or amend the Rules; (iii) to designate signatories on Association bank accounts; (iv) to borrow money on behalf of the Association; or (v) to acquire real property.

## ARTICLE IV

### 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, or shall be removed, or otherwise 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 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.

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.** Any two or more offices may be held simultaneously by the same person except the offices of President and Secretary.

4.8 **Powers and Duties.** To the extent such powers and duties are not assigned or delegated to a manager pursuant to Section 3.10 of these Bylaws, the powers and duties of the officers shall be as follows:

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

**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.

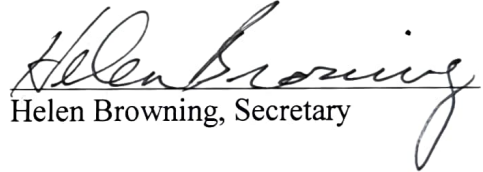
**Secretary.** The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate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



**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 Declaration; keep proper books of account; and 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, perform all the duties incident to the office of treasurer.

### **CERTIFICATION**

I hereby certify that the foregoing Bylaws were duly adopted by the Board of Directors of Payson Boulder Creek Property Owners Association on >, 2013. 5-6-13

  
Helen Browning, Secretary