

**BYLAWS
OF
THE RANCH AT LONG MOUNTAIN
HOMEOWNERS' ASSOCIATION**

RECITALS

- A. It is recognized that the lands surrounding Kingman, Arizona manifest a natural beauty.
- B. The real property hereinafter described as **The Ranch at Long Mountain** Tract #3814, has been planned by the Long Mountain Development Inc., an Arizona Corporation (hereafter referred to as "Developer" with the intent to carry out a general scheme of improvement and development which will complement and enhance its natural beauty.
- C. This Declaration is intended to guide the further development and use of **The Ranch at Long Mountain**, Tract #3814, so that it will continue to be in harmony with its natural surroundings.

Now THEREFORE BE IT RESOLVED, that the Developers of **The Ranch at Long Mountain**, Tract #3814, HEREBY declares the establishment of The Ranch at Long Mountain Homeowners' Association, an Arizona non-profit corporation, its successors and assigns, hereinafter referred to as the "Association" whose principal office shall be located, initially, at the Lingenfelter Center, 1099 Sunrise Avenue Kingman, AZ 86401, until such time as the Board of Directors designates such other location as it may deem appropriate for such purposes.

ARTICLE I

OWNERSHIP

The Association will maintain all common areas; i.e. Boulevard landscaping along Long Mountain Road and parcels I, a neighborhood park, and K, a utility easement, common ground level lighting, as well as future amenities or structures that will be created for common area use and enjoyment. The Association will also be responsible for management of the common areas including payment of legal, accounting, and bookkeeping services, and for payment of electrical, water and natural gas bills for common use structures as well as any other related services or fees incurred in the relation to the subdivision and common use enjoyment areas.

ARTICLE II

DEFINITIONS

Certain terms used in these By-laws, not otherwise defined in these By-laws, shall have the meanings specified below.

"Activate," "Activated" and "Activation" shall refer to the recordation in the office of the County Recorder of Mohave County, Arizona of a notice executed by the Declarant to the effect that a

particular Phase of the subdivision, has been subjected by the Declarant to the Declaration. The real property referred to as "Phase A" on the Subdivision Plat shall be activated upon recordation of the Declaration.

"Assessment" shall mean a regular annual assessment or any special assessment approved by the Board of Directors or a majority of the members.

"Association," shall mean The Ranch at Long Mountain Homeowners' Association, its successors and assigns.

"Board," shall mean the Board of Directors of the Association.

"Declarant," shall mean Long Mountain Development Inc. and the successors and assigns of its rights and powers hereunder.

"Declaration," shall mean the Declaration of Covenants, Conditions and Restrictions for the subdivision, as amended from time to time.

"Default Rate," shall mean a rate of interest equal to the lesser of eighteen percent (18%) per annum or the maximum rate allowed by law.

"Lot," shall mean any numbered lot as shown on the Subdivision plat of any Phase which has been Activated.

"Majority of the Members," shall mean Members owning a majority of the Lots

"Member," shall mean a member of the Association, including the Declarant so long as the Declarant is the Owner of one (1) or more Lots.

"Owner," shall mean a record holder of beneficial or equitable title, and legal title if legal title has merged with the beneficial or equitable title, to the fee simple interest in any Lot. Owner shall not include: (a) a Person having an interest in a Lot merely as security for the performance of any obligation or (b) a tenant of a Lot.

"Person," shall mean a natural person or a corporation, limited liability company, partnership, joint venture, trust, or any other legal entity.

"Phase," shall mean a portion of the Subdivision indicated as a "phase" on the plat of the Subdivision.

"Property," shall mean the real property comprising the Subdivision.

"Subdivision," shall mean that portion which has been activated of The Ranch at Long Mountain, Tract #3814, a subdivision located in Mohave County, Arizona, and developed by the Declarant, including all roads and any common areas shown on the Subdivision Plat.

ARTICLE III

MEETINGS OF MEMBERS

Section 1. **Annual Meetings:** Annual meetings of Members for the election of directors, and for such other business as may be stated in the notice of the meeting, or as may properly come before the meeting, shall be held at such places, within the State of Arizona, and at such times and dates as the Board may designate. If the Board fails to so determine the time, date and place of the meeting, the annual meeting of Members shall be held at the principal office of the Association on the second Saturday of May at 10:00 a.m. each year.

Section 2. **Special Meetings:** Special meetings of the Members may be called at any time by the Declarant, the President or by a majority of the Board or by a Majority of the Members.

Section 3. **Notice of Meetings:** Written notice stating the place, date and time of the meeting and the general nature of the business to be considered shall be given to each Member by mail at their address as it appears on the records of the Association, not less than ten (10) days, nor more than fifty (50) days, before the meeting.

Section 4. **Quorum:** The presence of Members or proxies of Members entitled to cast fifty percent (50%) of all votes shall constitute a quorum. If the required quorum is not present, another meeting may be called, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

Section 5. **Proxies:** At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary.

Section 6. **Delinquent Members:** A Member who has not paid assessments owing the Association, together with interest, if any, and costs of collection of the Association, including attorneys' fees, or who is the subject of an uncured notice from the Declarant to the Association informing the Association that such Member is then in default under their real estate contract with the Declarant, shall not be entitled to vote on any matter. The determination of a Majority of the Members and the existence of a quorum for any meeting of Members shall be made without reference to such Member or the Lot or Lots owned by them.

Section 7. **Place of meeting:** Meetings of the Association shall be held at the principal place of business of the Declarant, or other such suitable place convenient to the owners as may be designated by the Board of Directors.

Section 8. **Order of Business:** The order of business at all meetings of the owners of the lots shall be as follows:

- a) Roll call
- b) Proof of notice of meeting or waiver of notice
- c) Reading of minutes of the proceeding meeting
- d) Reports of Officers
- e) Reports of Committees
- f) Election of inspectors of elections
- g) Election of Directors

- h) Unfinished business
- i) New business

Items f) and g) may be waived at Special Meetings.

ARTICLE IV

DIRECTORS

Section 1. **Number:** The number of Directors shall be not less than three (3) and no more than seven (7). The Directors shall be elected at the annual meeting of Members and each Director shall be elected to serve until the next annual meeting or until his successor shall be elected and qualified to serve on the Board. Unless otherwise prohibited by law, Directors may also serve as Officers of the Association.

Section 2. **Meetings:** Meetings of the Board may be held within the State of Arizona and upon ten (10) days notice. A majority of Directors must be present to constitute a quorum at any meeting of the Board. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if, prior to such action, a written consent thereto is signed by all Members of the Board, and such written consent is filed with the minutes of the proceedings of the Board.

Section 3. **Increase in Number:** The number of Directors may be increased within the limits provide in Section 1 of this Article by the affirmative vote of a majority of the Directors or by the affirmative vote of a majority of the total number of votes of all Members voting on the issue at the annual meeting or at a special meeting called for that purpose, and by like vote the additional Directors may be chosen at such meeting to hold office until the next annual election or until their successors are elected and qualified, whichever occurs first.

Section 4. **Compensation:** No Director shall receive compensation for any services rendered as such to the Association. Any Director may be reimbursed for their actual expenses incurred in the performance of his or her duties as Director.

Section 5. **Removal:** Any Director may be removed from the Board, with or without cause, by a vote of a majority of the total number of votes of all Members voting on the issue. In the event of death, resignation or removal of a Director, their successor shall be selected by the remaining Directors and shall serve until their successors are selected and qualified at the next annual meeting.

Section 6. **Resignation:** Any Director, member of a committee or other officer may resign at any time. Such resignation shall be in writing, and shall take effect at the time specified therein, and if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective.

Section 7. **Vacancies:** If the office of any Director, member of a committee or other office becomes vacant, the remaining Directors in office, though less than a quorum, may by majority vote appoint any qualified person to fill such vacancy and to hold office for the unexpired term of their predecessor and until their successor shall be duly chosen at the next annual meeting.

Section 8. **Powers of the Board:** In addition to all powers expressed or implied elsewhere herein, in the Articles of Incorporation of the Association, in the Declaration or by-laws, the Board shall have the power to:

- (A) Exercise for the Association all powers, duties and authority vested or delegated to the Association.
- (B) Employ a manager, an independent contractor, or such other employees as the Board of Directors deems necessary, and to prescribe their duties.
- (C) Enforce the provisions of the Declaration; provided, however, that nothing herein shall be construed as prohibiting any Owner from pursuing whatever individual independent enforcement actions such Owner may have.

Section 9. **Duties of the Board of Directors:** It shall be the duty of the Board of Directors to:

- (A) Cause to be kept a complete record of all its acts and corporate affairs and present a statement thereof to the Members at the annual meeting of the Members.
- (B) Supervise all officers, agents and employees of the Association, and see that their duties are properly performed.
- (C) Fix the amount of the regular annual assessment and change such amount if the Board deems such action necessary, and levy special assessments upon the affirmative vote of a majority of the total number of votes of all Members voting on the issue
- (D) Send written notice of each Assessment to every Member.
- (E) Enforce the lien referred to in Article VIII against the Lots owned by any Member for which any Assessment is unpaid or is overdue.
- (F) Enforce the provisions of the Declaration; provided, however, that nothing herein shall be construed as prohibiting any Owner from pursuing whatever individual independent enforcement actions such Owner may have.

ARTICLE V

OFFICERS AND THEIR DUTIES

Section 1. **Officers:** The Officers of this Association shall be a President, Vice President, Secretary and Treasurer and such other officers as the Board may from time to time by resolution create. Unless otherwise prohibited by law, Officers may also serve as Directors of the Association.

Section 2. **Compensation:** No officer shall receive compensation for any services rendered as such to the Association. Any Director may be reimbursed for their actual expenses incurred in the performance of his or her duties as Director.

Section 3. **Appointment of Officers:** The Officers of this Association shall be appointed by the Directors. The appointment of Officers shall take place at the annual meeting of the Board of Directors.

Section 4. **Terms:** The Officers of the Association shall hold office for one year unless such Officer shall resign, be removed or otherwise be disqualified to serve.

Section 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 Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. **Vacancies:** A vacancy in any office may be filled by appointment by the Board. The Officer appointed to such vacancy shall serve for the remainder of the term.

Section 7. **Duties:** The duties of the Officers are as follows:

President: The President shall preside at all meetings of the Board, shall see that orders and resolutions of the Board are carried out, shall sign all approved leases, mortgages, deeds and other written instruments and perform such other duties as may be required by the Board.

Vice President: The Vice President shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act, and shall exercise and perform such other duties as may be required by the Board.

Secretary: The Secretary shall record the votes and keep the minutes of meetings and proceedings of the Board and of the Association. The Secretary shall also 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 may be required by the Board.

Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association, bill and collect assessments, disburse such funds as directed by resolution of the Board, keep proper books of account, and perform other duties as may be required by the Board.

ARTICLE VI

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 the incorporation of the association.

ARTICLE VII

INSURANCE

Section 1. **Insurance**-Scope of Coverage: Commencing no later than the time of the first conveyance of a Lot to a person other than the Declarant, the Association shall maintain, to the extent reasonable available, the following insurance coverage:

- (A) Property insurance on the Common Areas insuring against all risk of direct physical loss, in an amount equal to the maximum insurable replacement value of the Common Area, as determined by the Board; provided, however, that the total amount of insurance after application of any deductible shall not be less than one hundred percent (100%) of the current replacement cost of the insured property, exclusive of land, excavations, foundations and other items normally excluded from a property policy;
- (B) Comprehensive general liability insurance, including medical payments, and insurance, in an amount determined by the Board, but not less than \$2,000,000. Such insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the ownership or maintenance of the Common Areas, as a group to an Owner and provide coverage for any legal liability that results from lawsuits related to employment contracts in which the Association is a party;
- (C) Workmen's compensation insurance to the extent necessary to meet the requirement of the laws of Arizona.
- (D) Such other insurance as the Association shall determine from time to time to be appropriate to protect the Association or the Owners;
- (E) The insurance policies purchased by the Association shall, to the extent reasonably available, contain the following provisions:
 - (i) That there shall be no subrogation with respect to the Association, its agents, servants, and employees, nor with respect to Owners and members of the household;
 - (ii) No act or omission by any Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition to recovery on the policy;
 - (iii) That the coverage afforded by such policy shall not be brought into contribution or proration with any insurance which may be purchased by Owners or their mortgages or beneficiaries under deeds of trust;
 - (iv) A "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or other Owners.

- (v) The Association shall be named as the Insured;
 - (vi) For policies of hazard insurance, a standard mortgagee clause providing that the insurance carrier shall notify the first mortgagee named in the policy at least ten (10) days in advance of the effective date of any substantial modification, reduction or cancellation of the policy.
- (F) If the Property is located in an area identified by the Secretary of Housing & Urban Development as an area having special flood hazards, a policy of flood insurance on the Common Area must be maintained in the lesser of one hundred percent (100%) of the current replacement cost of the building and any other property covered by the required form of policy or the maximum limit of coverage available under the National Insurance Act of 1968, as amended;
- (G) "Agreed Amount" and "Inflation Guard" endorsements.

Section 2. **Certificates of Insurance.** An insurer that has issued an insurance policy under this Article shall issue certificates or memoranda of insurance to the Association and, upon request, to an Owner, mortgagee or beneficiary under a deed of trust. Any insurance obtained pursuant to the Article may not be cancelled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association, each Owner and each mortgagee or beneficiary under a deed of trust to whom certificates of insurance have been issued.

Section 3. **Fidelity Bonds.** The Association shall maintain blanket fidelity bonds for all officers, director, trustees, and employees of the Association and all other persons handling or responsible for funds of, or administered by the Association, whether or not they receive compensation for their services. The Association shall require any management agent that handles funds for the Association to maintain its own fidelity bonds. The total amount of fidelity bond coverage shall be based upon the best business judgment of the Board, and shall not be less than the greater of (i) the amount equal to one hundred fifty percent (150%) of the estimated annual operating expense of the Association, (ii) the estimated maximum amount of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond, (iii) the sum equal to three (3) months assessments on all Lots plus adequate reserve funds. Fidelity bonds obtained by the Association must also meet the following requirements:

- (A) The fidelity bonds shall name the Association as an obligee;
- (B) The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions;
- (C) The bonds shall provide that they may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days prior written notice to the Association and each First Mortgagee.

Section 4. **Payment of Premium.** The premiums for any insurance obtained by the Association pursuant to this Article shall be included in the budget of the Association and shall be paid by the Association.

Section 5. **Insurance Obtained by Owners.** Each Owner shall be responsible for obtaining property insurance for their own benefit and at their own expense covering their Lot, and all improvements and personal property located thereon. Each Owner shall also be responsible for obtaining at their expense personal liability coverage for death, bodily injury or property damage arising out of the use, ownership or maintenance of their Lot.

Section 6. **Payment of Insurance Proceeds.** With respect to any loss to the Common Area or any other property covered by property insurance obtained by the Association in accordance with this Article, the loss shall be adjusted with the Association and the insurance proceeds shall be payable to the Association and not to any mortgagee or beneficiary under a deed or trust. The proceeds shall be disbursed for the repair or restoration of the damaged property at the direction of the Board.

Section 7. **Repair and Replacement of Damaged or Destroyed Property.** Immediately after the damage or destruction by fire or other casualty to all or any part of the property covered by insurance written in the name of the Association, the Board, or its duly authorized agent, shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Section, means repairing or restoring the property to substantially the same condition in which it existed prior to the fire or other casualty. Any portion of the common Area damaged or destroyed shall be repaired or replaced promptly by the Association unless (a) repair or restoration would be illegal under any state or local health or safety statute or ordinance, or (b) Owners owning at least eighty percent (80%) of the Lots vote not to rebuild. If the entire Common Area is not repaired or replaced, insurance proceeds attributable to the damaged Common Area shall be used to restore the damaged area to a condition which is not in violation of any state or local health or safety statute or ordinance and the remainder of the proceeds shall be distributed to the Owners on the basis of an equal share of each Lot.

ARTICLE VIII

ASSESSMENTS

Section 1. Each Owner of any Lot, other than the Developer or Trustee, by acceptance of a deed therefore, or by execution, as a buyer, of a contract to purchase a lot, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay the Association annual assessments for maintenance and upkeep and special assessments for capital improvements. Such assessments shall be fixed, established, and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon, and costs of collection thereof, as hereinafter provided, shall be a charge on each Lot.

Section 2. The assessments levied by the Association shall be exclusively for the purpose of promoting the recreation, health, safety, and welfare of the residents in the Subdivision and the Development and facilities located thereon and the providing of service related thereto.

Section 3. The maximum annual assessment may be increased effective January 1st of each year by the Board without a vote of the members by an amount not to exceed ten percent (10%) of the maximum annual assessment for the previous calendar year; provided, however, that such limitation

may be exceeded at any time with the approved two-thirds (2/3) of the Members who are voting in person or by proxy at a meeting duly called for this purpose after not less than thirty (30) days written notice to all such Members.

Section 4. In addition to the annual assessments authorized above, the Association may levy in any year, a special assessment applicable to that year only for the purpose of defraying in whole, or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement including the necessary fixtures and personal property related thereto; provided, however, that any such assessment shall have the approved two-thirds (2/3) of the Members who are voting in person or by proxy, at a meeting duly called for this purpose after not less than thirty (30) days written notice to all such Members.

Section 5. Both annual and special assessments must be fixed at a rate uniform for all lots and may be collected on a monthly, quarterly, semi-annual or annual basis, as may be determined by the Board.

Section 6. The annual assessments provided for herein shall commence as to each Lot on the first day of the month following the conveyance thereof to an Owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period and notify the Members within a reasonable time thereafter. The Association shall, upon demand at any time from any interested person, furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A reasonable charge may be made by the board for the issuance of these certificates. Such certificate shall be conclusive evidence of payment of any assessment herein stated to have been paid.

Section 7. Any assessments which are not paid when due shall be delinquent. Each Member of the Association shall pay any assessment to the Association within thirty (30) days of receipt of an invoice setting forth the amount of the assessment. In the event any invoice is not paid within thirty (30) days from the date the same is deposited in the United States mail addressed to the Member at their address as shown on the records of the Association, the amount of such invoice shall be and become a lien upon said Lot when the Association causes to be filed in the office of the County Recorder of Mohave County an affidavit of non-payment of such invoice and mails a copy of same by certified mail, return receipt requested, to such Member at their address as shown on the records of the Association. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear a late fee of \$10.00, and the Association may bring an action at law against the Owner obligated to pay the same, or foreclose the lien against the Lot pursuant to Arizona law pertaining to foreclosure of realty mortgage.

Section 8. Any expenses incurred by the Developer or the Association during the process of collecting homeowner's association fees shall become the responsibility of the lot owner as part of their total debt owed. Failure to satisfy outstanding debts shall cause a lien upon such Lot which may be foreclosed in the manner provided for as discussed in this section hereof. Only when all fees have been paid will such lien be released.

Section 9. It shall be the Owner's responsibility to notify the Declarant and Association **in writing, within 30 days**, of any changes involving the ownership or changes to the current owner's name, address, and phone number. The Owner's failure to properly notify the Declarant or the Association shall cause the Owner holding the Declarant and/or the Association harmless for any and all actions taken and any expenses incurred thereby.

Section 10. The lien for all such Homeowners assessments shall be junior and subordinate to the lien of any purchase money or construction mortgage or deed of trust made in good faith and for value.

Section 11. The Association shall not be obligated to spend in any year all sums received by it in such year (whether by way of annual or special assessments, fees or otherwise) and may carry forward as surplus any balances remaining (rather than apply such surplus to reduction of the annual assessment in future years) in such amounts as the Board, in its discretion, may determine to be desirable in the best interest of the Association.

Section 12. A sale or transfer of any Lot shall not affect any assessment lien. However, the sale or transfer of any Lot pursuant to mortgage or trust deed foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve lot owner from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE IX

ADMINISTRATION

Section 1. **Association and Homeowner Responsibilities:** The owners of lots will constitute The Ranch at Long Mountain Homeowners' 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.

Section 2. **Transfer of Responsibilities:** The administrative responsibilities shall become the duties and obligation of the Association at a time determined by the Developer. The Developer will provide a thirty (30) day written notice to all Homeowners at such time as it is necessary to turn over the Association to them for their management.

ARTICLE X

AMENDMENTS

These By-Laws may be amended by action of the Board in accordance with applicable law. In case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall prevail, and in the case of any conflict between the Declaration of Covenants, Conditions and Restrictions and these By-Laws, the Declaration shall prevail.

ARTICLE XI

COMPLIANCE

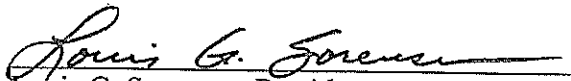
These By-Laws are intended to comply with the requirements of the statutes of the State of Arizona relating to single – family subdivision in the state of Arizona .

In the event these By- Laws conflict with the provisions of any state statute, the provisions of the statute shall control.

IN WITNESS WHEREOF, **THE RANCH AT LONG MOUNTAIN HOMEOWNER'S ASSOCIATION**, an Arizona corporation, has caused these By-laws by the undersigned on this 12th day of January, 2009

THE RANCH AT LONG MOUNTAIN HOMEOWNER'S ASSOCIATION,
An Arizona corporation

By:


Louis G. Sorensen, President


Kristen Shuffler, Secretary