

BY-LAWS

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BYLAWS

OF

GRAND ISLAND TOWNHOMES HOMEOWNERS ASSOCIATION

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BYLAWS
OF
GRAND ISLAND TOWNHOMES HOMEOWNERS ASSOCIATION

ARTICLE 1

GENERAL PROVISIONS

1.1 **Known Place of Business.** The known place of business 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 Grand Island Townhomes recorded in the records of Mohave County, Arizona, as amended from time to time (the "Declaration").

1.3 **Conflicting Provisions, Incorporation by Reference.** In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. The Declaration and the Articles are hereby incorporated herein by reference.

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.** Except for materials which the Board desires not to disclose and can fail to disclose in accordance with applicable law, the books, records and papers of the Association shall be available for inspection by any Member and the Member's authorized agents and attorneys during reasonable business hours at the known place of business of the Association. The Project Documents shall be available for inspection by any Member and the Member's authorized agents and attorneys during reasonable business hours at the known place of business of the Association, where copies may be purchased at reasonable cost.

1.7 Amendment.

1.7.1 Subject to the provisions of Section 1.7.3, these Bylaws, and every part thereof, may, from time to time and at any time, be amended, altered, repealed, and new or additional bylaws may be adopted, by Members representing at least sixty-seven percent (67%) of the total authorized votes entitled to be cast by Members of the Association; provided, however, that either the Board or the Declarant, so long as the Declarant owns any Lot, and thereafter, the Board, without a vote of the Members, may amend the Bylaws in order to conform the Bylaws to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval is required by law or requested by the Declarant or the Association.

1.7.2 Either the Board or the Declarant, as long as the Declarant owns any Lot, 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, the Veterans Administration or any federal, state or local governmental agency whose approval is required by law or requested by the Declarant or the Board.

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

1.8 Indemnification. To the extent it has the power to do so under the Arizona Revised Statutes, as they may be amended from time to time, 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 right of the Association, by reason of the fact that he or she 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, limited liability company, trust or other enterprise, against expenses, including attorneys' fees, and against judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith or failed to act and such failure to act was in good faith and in a manner he or she 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 or her conduct was unlawful. Indemnification of any such person shall be made in accordance with the procedures set forth in the Arizona Revised Statutes.

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. The annual meeting shall be held within Mohave County 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 or by the Board or upon written request 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 mailing a copy of each notice, postage prepaid, not less than ten (10) nor more than sixty (60) days before such meeting to each Member entitled to vote thereat 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 that the Member 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, except when the person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

2.4 **Quorum.** Except as otherwise provided in the Articles, the Declaration or these Bylaws or as may be provided by applicable law, 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 thereat 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 shall be duly executed in writing by the Member or his or her duly authorized attorney-in-fact. 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 eleven (11) months from the date of its execution.

2.6 **Order of Business.** Unless otherwise determined by the Board, the order of business at each annual meeting of the Members, and as far as practical at all other meetings of the Members, shall be:

- a. Election of the chairman of the meeting;
- b. Calling of the roll and certifying of proxies;
- c. Proof of notice of meetings or waiver of notice;
- d. Reading and disposal of any unapproved minutes;
- e. Reports of officers;
- f. Reports of committees;
- g. Election of inspectors of election;
- h. Determination of the number of members of the Board of Directors;
- i. Election of directors;
- j. Unfinished business;
- k. New business;
- l. Adjournment.

2.7 **Freezing of List of Members or Fixing of Record Date.** For the purpose of determining Members entitled to notice of or to vote at any meeting of Members, or in order to make a determination of Members for any other purpose, the Board, at its election, may provide that the membership books shall be closed for a stated period, but not to exceed in any case fifteen (15) days prior to the event concerned (the "Record Date"). With respect to determining the Members entitled to notice of an annual or special meeting of the Association, if the Record Date is not fixed, Members at the close of business on the business day before the day on which notice is given, or if notice is waived, at the close of business on the business day before the day on which the meeting is held, are entitled to notice of the meeting. With respect to determining the Members entitled to vote at an annual or special meeting of the Association, if the Record Date is not fixed, Members on the date of the meeting who are otherwise eligible to vote are entitled to vote at the meeting.

2.8 **Action Without Meeting.** Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action taken, is signed by the greater of (a) the percentage required under Arizona law, or (b) the percentage required under the Declaration, the Articles or these Bylaws.

2.9 **Suspension.** As more particularly provided in the Declaration, the Board may impose sanctions for violations of the Declaration and of the rules and regulations of the Association adopted by the Board, which sanctions may include suspension of the right to vote, suspension of the right to use recreational facilities on or constituting part of the Common Area, if any, and, in certain instances, imposition of reasonable monetary fines. The duration of any suspension of a Member's right to vote or to use recreational facilities shall be limited as provided in the Declaration.

2.10 **Irregularities.** All information and/or irregularities in calls, notices of meetings and in the manner of voting, form of proxies, credentials, and method of ascertaining those present, shall be deemed waived if no objection is made at the meeting or if waived in writing.

ARTICLE 3

BOARD OF DIRECTORS

3.1 **Number.** The affairs of this Association shall be initially managed by a board of three (3) 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 or an officer in, partner of, member of, director of, agent of, or owner of a Member if the Member is not one or more individuals. The Members may increase the number of directors on the Board but the number of directors must always be an odd number and shall not exceed five (5) directors.

3.2 **Term of Office.** The initial members of the Board shall hold office until the first annual meeting of the Members and until their successors are elected and qualified. Commencing with the first annual meeting of the Members, the Members shall elect directors to serve a one (1) year term.

3.3 **Removal.** At any annual or special meeting of the Members duly called, 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 the meeting, and a successor may then and there be elected to fill the vacancy thereby created.

3.4 **Compensation.** No director shall receive compensation for any service the director may render to the Association. However, any director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

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 for the remainder of the unexpired term of the director who is being replaced. 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.

3.7 **Meetings.**

3.7.1 Regular or special meetings of the Board 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 (other than the notice originally given as to when regular meetings are held) at such time and place as is determined from time to time by the Board.

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 facsimile, 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 A director's attendance at or participation in a meeting shall constitute a waiver of notice of such 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.

3.8 **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 **Attendance at Meetings.** If any director fails to attend three (3) or more successive meetings of the Board of Directors, including special meetings of which he/she has been given notice as provided in Section 3.7, or misses four (4) or more meetings out of six (6) successive meetings of the Board, including special meetings of which he/she has notice as provided in Section 3.7, such Director, unless otherwise determined by two-thirds (2/3) of the directors present at a meeting at which a quorum is present, shall be automatically removed as a director.

3.10 **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 Project Documents 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:

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

3.10.2 Make, or contract for the making of, repairs, additions to, improvements to or alterations of the Common Areas, 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 or for any other reason deemed reasonable by the Board;

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

3.10.4 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 materials to be used by such personnel in the performance of their duties;

3.10.5 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 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;

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

3.10.7 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;

3.10.8 Suspend the voting rights of a Member and the right to use the Common Area in accordance with the Declaration;

3.10.9 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;

3.10.10 Declare the office of a member of the Board to be vacant in accordance with Section 3.9;

3.10.11 Employ, hire and dismiss such employees and independent contractors as the Board deems necessary and to prescribe their duties and their compensation;

3.10.12 Cause to be kept a complete record of all its acts and corporate affairs;

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

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

3.10.15 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;

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

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

3.10.18 Cause the Common Area to be maintained, as more fully set forth in the Declaration;

3.10.19 After notice and an opportunity to be heard, impose fines on Owners and residents for violations of the Declaration, the Association Rules or the Architectural Committee Rules, as interpreted and implemented by the Architectural Committee; and

3.10.20 Adopt, amend or repeal bylaws.

3.11 **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 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 to: (i) adopt the annual budget or any amendment thereto or to levy Assessments; (ii) adopt, repeal or amend Association Rules; (iii) designate signatories on Association bank accounts; (iv) borrow money on behalf of the Association; or (v) acquire real property.

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 or until their successors are elected and qualified unless he or she 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 or she replaces.

4.7 **Multiple Offices.** Any two or more offices may be held simultaneously by the same person except as prohibited by the Arizona Revised Statutes, as they may be amended from time to time.

4.8 **Powers and Duties.** To the extent such powers and duties are not assigned or delegated to a managing agent pursuant to Section 3.11 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 see that orders and resolutions of the Board are carried into effect, and 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 or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her 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, keep the corporate seal, if any, 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 together with their addresses, and shall perform such other duties as required by the Board.

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, keep proper books of account, prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular meeting, and deliver a copy of each to the Members, and, in general, perform all the duties incident to the office of treasurer.

ARTICLE 5

ASSESSMENTS

5.1 **Assessments**. Subject to the provisions of the Declaration, the Board of Directors shall levy, collect and enforce Assessments for the operation of the Association and for the management, maintenance and operation of the Common Areas. The Assessments shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the Members and residents of Grand Island Townhomes, enhancing the quality of life within the Grand Island Townhomes development, and protecting and enhancing the value, desirability and attractiveness of the Grand Island Townhomes development.

5.2 **Collection Policy**. In connection with its obligation to levy and collect Assessments, the Board of Directors shall establish and make available to the Members of the Association a collection policy that sets forth the due dates, delinquency dates, and late charges with respect to Assessments and the collection procedures that may be employed if Assessments are not paid in a timely manner.

ARTICLE 6

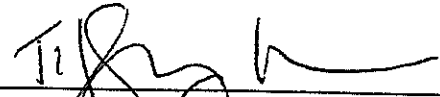
ARCHITECTURAL COMMITTEE

6.1 **Committee Members**. The Architectural Committee shall consist of three (3) regular members. Alternate members may be appointed to serve in the place and stead of one or more of the regular members of the Architectural Committee if Declarant or the Board, as applicable, deems such appointments to be appropriate. So long as Declarant owns any Lot, Declarant shall have the sole right to appoint and remove the members of the Architectural Committee. At such time as Declarant no longer owns any Lot, the members of the Architectural Committee shall be appointed by the Board. Declarant may at any time voluntarily surrender its right to appoint and remove the members of the Architectural Committee, and in that event Declarant may require, for so long as Declarant owns any Lot, that specified actions of the Architectural Committee, as described in a recorded instrument executed by Declarant, be approved by Declarant before they become effective.

6.2 **Duties of the Committee**. The Architectural Committee may adopt, amend and repeal architectural guidelines, standards and procedures to be used in rendering its decisions. Such guidelines, standards and procedures may include, without limitation, provisions with respect to those matters set forth in the Declaration.

CERTIFICATION

I hereby certify that the foregoing Bylaws were duly adopted by the Board of Directors of Grand Island Townhomes Homeowners Association on the ____ day of July 17, 2006.



Tiffany Malloch, Secretary