

BY-LAWS
OF THE
BLUE RIDGE ESTATES HOMEOWNERS' ASSOCIATION
OF COCONINO COUNTY,
an Arizona non-profit corporation

ARTICLE I

GENERAL PROVISIONS

Section 1.0 **Name**. The name of this non-profit corporation shall be BLUE RIDGE ESTATES HOMEOWNERS' ASSOCIATION OF COCONINO COUNTY.

Section 1.1 **Principal Office**. The principal office of this non-profit corporation shall be located at 15031 North 73rd Drive (P.O. Box 760), Peoria, Arizona 85380; however, meetings of Members and Directors may be held at any other place within or outside the State of Arizona as may be designated by the Directors.

Section 1.2 **Defined Terms**. Capitalized terms used in these By-Laws which are without specific definition in these By-Laws shall have the meanings specified in the Declaration of Covenants, Conditions and Restrictions for Blue Ridge Estates ("Declaration"), which is or will be recorded in the Official Records of Coconino County, Arizona, and the Articles of Incorporation of Blue Ridge Estates Homeowners' Association of Coconino County, an Arizona non-profit corporation (the "Articles").

Section 1.2 **Conflicting Provisions**. In the case of any conflict between the Articles and these By-Laws, the Articles shall control. In the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

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

Section 1.5 **Designation of Fiscal Year**. The fiscal year of the Association shall begin on the first day of January of every year, except that the first fiscal year shall begin on the date of incorporation of the Association.

Section 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 for a proper purpose. The Declaration, Articles and these By-Laws shall be available for inspection by any Member during reasonable business hours for a proper purpose at the principal office of the Association, where copies may be purchased at reasonable cost.

Section 1.7 **Amendment**. These By-Laws may be amended in a manner not inconsistent with the Declaration at an annual or special meeting of the Members by a vote (in person or by proxy) of fifty-one percent (51%) of the Members of each class.

Section 1.8 **Exemption of Private Property**. The private property of each and every officer, Director and Member of this Association shall be exempt at all times from all debts and liabilities of the Association.

ARTICLE II

MEETINGS OF MEMBERS

Section 2.0 **Annual Meeting**. The first annual meeting of the Members shall be held on the date set by the Board of Directors of the Association ("Board"), and each subsequent annual meeting of the Members shall be held on the same day of the same month of each year thereafter at the hour of 7:00 p.m., unless otherwise specified by written notice to the Members. If the day for the annual meeting of the Members is a Saturday, Sunday or legal holiday, the annual meeting will be held at the same hour on the next subsequent day which is not a Saturday, Sunday or legal holiday.

Section 2.1 **Special Meetings**. Special meetings of the Members may be called at any time by the President, the Board or by the Members upon a written request signed by at least one-fourth (1/4) of the total authorized votes of each class of Members in the Association.

Section 2.2 **Notice of Meetings**. Written notice of each annual or special 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 such notice, postage prepaid, at least ten (10) days before the meeting to each Member, addressed to the Member's address last appearing on the books of the Association or supplied by the Member to the Association for the purpose of notice. The notice shall specify the place, day and hour of the meeting. In the case of a special meeting, each 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 By-Laws or the laws of the State of Arizona.

Section 2.3 **Quorum and Voting**. Except as otherwise provided in these By-Laws, the Articles or the Declaration, the presence (at the beginning of a meeting) in person or by proxy of Members eligible to cast one-half (1/2) of the total votes eligible to be cast in the Association shall constitute a quorum at all duly-called and noticed annual or special meetings of the Members. Whenever these By-Laws, the Articles or the Declaration provide for voting or approval by each class of Members, the presence (at the beginning of the meeting) in person or by proxy of Members from each class eligible to cast one-half (1/2) of the total votes eligible to be cast for that class shall constitute a quorum at all duly-called and noticed annual or special meetings of the Members. The preceding sentence shall not apply to special meetings of the Members held pursuant to the Declaration with respect to the determination of Assessments.

Except as otherwise specifically provided in these By-Laws, the Articles or the Declaration, any action which must have the consent or approval of the Members of the Association before being undertaken shall require the affirmative approval of at least fifty-one percent (51%) of the Members of each class present (in person or proxy) and voting at a duly-called and held annual or special meeting of the Members at which a quorum is present.

Section 2.4 **Proxies**. At all meetings of the Members, a vote may be cast in person or by proxy. A proxy may be granted by any Member in favor of only another Member, the Secretary of the Association, the Declarant or the Member's attorney or agent. A proxy shall be duly executed in writing and shall be valid only for the particular meeting designated in the proxy. All proxies must be filed with the Secretary at least twenty-four (24) hours 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 in any event be valid for a period in excess of one hundred eighty (180) days after the execution of the proxy.

Section 2.5 **Eligibility**. The membership of the Association shall consist of all Owners of Lots. Each Owner shall be a Member. Membership in the Association shall be mandatory, and no Owner during his ownership of a Lot shall have the right to relinquish or terminate his membership in the Association. By accepting a deed to a Lot or otherwise becoming an Owner, each Owner enters into a contract with the Association and is bound by the terms of the Declaration, Articles, By-Laws and the Rules and Regulations of the Association, all as may be amended from time to time.

ARTICLE III

BOARD OF DIRECTORS

Section 3.0 **Number**. The affairs of this Association shall be managed by a Board of Directors (singularly or collectively, as applicable, referred to as the "Directors" or a "Director"). The Board shall originally have three (3) Directors. The number of Directors may be increased by a vote of the Members at any annual meeting of the Members, provided such increase shall require the affirmative approval of sixty-seven percent (67%) of the Members of each class being eligible to vote at such meeting.

Section 3.1 **Term of Office**. At the first annual meeting of Members and at each annual meeting thereafter, in accordance with Section 2.3 hereof, the Members shall elect the number of Directors as fixed pursuant to Section 3.0 hereof. The Directors shall hold office for one (1) year or until their successors are elected and qualified. Any person may be a Director. A Director need not be a Member.

Section 3.2 **Removal and Resignation**. At any annual or special meeting of the Members duly called, any one or more of the Directors may be removed from the Board, with or

without cause, by at least fifty-one percent (51%) of the votes entitled to be cast by the Members of each class present in person or by proxy at the meeting, and a successor may then be elected to fill the vacancy created. Any Director may resign at any time by giving written notice to the Board, the President or the Secretary, and the resignation shall be effective as of the date of receipt or at a later time specified in the notice.

Section 3.3 **Compensation**. No Director shall receive compensation for any service rendered to the Association; however, a Director may be reimbursed for actual expenses incurred in the performance of his duties.

Section 3.4 **Action Taken Without a Meeting**. The Directors shall have the right to take any action without holding a formal meeting by obtaining the unanimous written consent of all the Directors. Any such written consent shall be filed with the minutes of the proceedings of the Board.

Section 3.5 **Vacancies**. Vacancies on the Board caused by any reason other than the removal of a Director in accordance with the provisions of Section 3.2 of these By-Laws shall be filled by a majority vote of the remaining Directors at the first regular or special meeting of the Board held after the occurrence of the vacancy, even though the Directors present at the meeting may constitute less than a quorum. Each person so elected shall serve the unexpired portion of the prior Director's term.

Section 3.6 **Annual Meetings**. Annual meetings of the Board may be held at such time and place as shall be determined from time to time by the Board. Annual meetings shall be held at least once during each fiscal year.

Section 3.7 **Special Meetings**. 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 special meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like written notice upon the request of at least two (2) Directors.

Section 3.8 **Quorum of Directors**. A majority of the Directors present at the beginning of the meeting shall constitute a quorum for the transaction of business. Unless otherwise specified in these By-Laws, the Articles or the Declaration, 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, approval or consent of the Board.

Section 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 solely required by the Declaration, the Articles, these By-Laws or the Rules and Regulations to be exercised or performed by the Members, and the Board shall have the following powers and duties, without limitation:

(a) Open bank accounts on behalf of the Association and designate the signatories thereon;

(b) Make or contract for the development or construction of, or the making of repairs, additions, improvements and alterations to the Association Property;

(c) In the exercise of its sole discretion, enforce by legal means the provisions of the Declaration, the Articles, these By-Laws and the Rules and Regulations (the "Other Constituent Documents"), including, without limitation, the collection of any Assessments;

(d) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the Association Property and provide for the compensation of such personnel (which or who may be affiliates of the Declarant) and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties;

(e) Provide for the operation, care, upkeep and maintenance of all of the Association Property;

(f) Prepare, amend and adopt an annual budget for the Association;

(g) Adopt and publish Rules and Regulations governing the use of the Association Property and facilities and the personal conduct of the Members and their family members, guests, lessees and invitees on the Association Property and establish penalties for their infraction;

(h) Suspend the voting rights of any Member and the right of any Member to the use of the Association Property during any period in which the Member shall be in default, in breach of or in violation of the Declaration and/or the Other Constituent Documents including, but not limited to, the non-payment of any Assessments;

(i) Exercise, on behalf of the Association, all powers, duties and authority vested in or delegated to the Association and not reserved to the Members by other provisions of the Declaration and/or other Constituent Documents;

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

(k) Employ, hire and dismiss such employees as they deem necessary and to prescribe their duties and their compensation;

(l) Hire or employ or dismiss a manager, whether as an independent contractor or as an employee, whether affiliated with Declarant or not, to perform such services and duties as the Board may direct, including, but without limitation, any of the duties granted to the officers of the Association in these By-Laws or any duties of the Board set forth in this Section 3.9;

(m) Keep or cause to be kept a complete record of all its acts and corporate affairs and to present a statement of the acts and affairs of the Association to the Members at the annual meeting of the Members, or at any special meeting of the Members called for such purpose;

(n) As more fully provided in the Declaration to: (i) fix the amount of the Assessment against each Lot; (ii) send written notice of each Assessment to every Owner subject to an Assessment; (iii) assess a late charge against any Lot for which Assessments are not paid, and foreclosure the Assessment Lien or, in the discretion of the Board, bring an action at law or equity against the Owner personally obligated to pay the unpaid Assessment;

(o) 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, the certificate shall be conclusive evidence of such payment;

(p) Procure and maintain property, liability and other insurance coverage in such amounts as required by the Declaration; and

(q) Institute, defend and intervene in any litigation or administrative proceeding.

ARTICLE IV

OFFICERS AND THEIR DUTIES

Section 4.0 **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.

Section 4.1 **Election of Officers**. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members. The following persons shall serve as the officers of the Association until their successors are qualified and elected:

Stephen A. Kohner	President
Ronald L. Kohner	Vice President
James R. Studnek	Secretary/Treasurer

Section 4.2 **Term**. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless such officer shall sooner resign, be removed, or be otherwise disqualified to serve.

Section 4.3 **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.

Section 4.4 **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. Such resignation shall take effect on the date of receipt of such notice or at any later time specified in the notice, and unless otherwise specified in the resignation notice, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.5 **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 replaced.

Section 4.6 **Multiple Offices**. Any two or more offices may be held simultaneously by the same person.

Section 4.7 **Powers and Duties**. To the extent such powers and duties are not assigned or delegated to a manager pursuant to Section 3.9(l) of these By-Laws, the powers and duties of the officers shall be as follows:

(a) **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 shall exercise and discharge such other duties as may be required by the Board.

(b) **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 discharge such other duties as may be required by the Board.

(c) **Secretary**. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; shall keep the corporate seal, if any, of the Association; shall serve notice of meetings of the Board and of the

Members; shall keep appropriate current records showing the Members of the Association together with their addresses; and perform such other duties as required by the Board.

(d) **Treasurer.** The Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all promissory notes of the Association; shall keep proper books of account; shall cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; shall prepare an annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting and delivered to the Members, and will establish an accounting system which will reasonably protect the funds and assets of the Association.

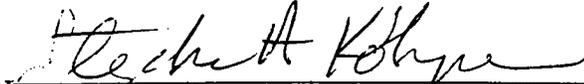
Section 4.8 **Committees.** The Board of Directors shall appoint such committees as the Board deems appropriate in carrying out the purpose of the Association.

ARTICLE V

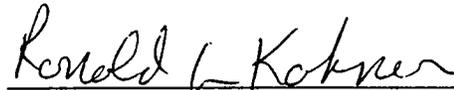
INDEMNIFICATION

Section 5.0 **Indemnification.** The Association shall indemnify all of its existing and former Directors and officers, to the maximum extent authorized by law, against expenses incurred by them and each of them, including without limitation legal fees, judgments, fines and penalties rendered or levied against them, or any of them, in any legal action, suit or proceeding (other than an action, suit or proceeding brought against them by the Association) brought against any such person or persons for or on account of any action(s) or omission(s) alleged to have been committed by any such person or persons while acting within the scope of his service as a Director or officer of the Association; provided, however, that the Board shall have determined in good faith that such person acted, or failed to act, on good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or proceeding, that said person or persons had no reasonable cause to believe his or her conduct was unlawful in regard to the matter involved in the action. Notwithstanding the foregoing, the Association shall have the right to refuse indemnification in any instance in which the person to whom indemnification would otherwise have been applicable shall have refused to permit the Association, at its own expense and through counsel of its own choosing, to defend him in any such legal action, suit or proceeding. Whenever any such present or former Director or officer shall report to the President of the Association or the Board that he has incurred or may incur any such expenses, the Board shall, at its next regular meeting or at a special meeting held within a reasonable time thereafter, determine in good faith whether such person or persons acted or failed to act in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful in regard to the matter involved in the action.

IN WITNESS WHEREOF, we, being all the Directors of Blue Ridge Estates Homeowners' Association of Coconino County, have hereunto set out hands this 12 day of June, 1998.



Stephen A. Kohner



Ronald L. Kohner



James R. Studnek