

VISTA DEL ORO MAINTENANCE ASSOCIATION

BYLAWS

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BYLAWS
OF
VISTA DEL ORO MAINTENANCE ASSOCIATION

ARTICLE I
GENERAL PROVISIONS

Section 1.1. Name. The name of this corporation is VISTA DEL ORO MAINTENANCE ASSOCIATION, and it is hereinafter referred to as the "Association".

Section 1.2. Principal Office. The principal office of this corporation shall be located at 6191 Nugget Patch Trail, Prescott, Arizona 86303, but meetings of Members and Directors may be held at such place within the State of Arizona, County of Yavapai, as may be designated by the Board of Directors.

Section 1.3. Defined Terms. Terms used in these Bylaws without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions and Restrictions recorded with the County Recorder of Yavapai County, Arizona, on the 25th day of April, 1985, as Instrument No. 12931 (the "Declaration").

Section 1.4. Inspection of Books and Records. The books, records and papers of the Association shall be subject to inspection by any Member during reasonable business hours. The Association Articles, bylaws and the Declaration shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

Section 1.5. Corporate Seal. The Association shall have a seal in a form approved by the Board of Directors.

Section 1.6. Amendments. These Bylaws may be amended by the Board of Directors or at a regular or special meeting of the Members, by a vote of the Members present in person or by proxy, having a majority of the total authorized votes.

Section 1.7. Construction. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws or the Articles, the Declaration shall control.

Section 1.8. 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.

ARTICLE II
MEETINGS OF MEMBERS

Section 2.1. Annual Meeting. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held in the same month of each year thereafter as specified by the Board of Directors

Section 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 of each class of membership.

Section 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 thereat, either in person or by proxy, 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.

Section 2.4. Quorum. The presence at a meeting of Members entitled to cast or proxies entitled to cast, one-tenth (1/10) of the total authorized votes shall constitute a quorum for any action, except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time without notice other than announcement at the meeting. Any adjournment for lack of a quorum shall be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date.

Section 2.5. 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. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot or Parcel.

ARTICLE III BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 3.1. Number. The business and affairs of the Association shall be managed by its Board of Directors, consisting of not less than three (3) nor more than five (5) directors who need not be Members. The Board will have the power to increase or decrease its size within such limits; provided, however, that no decrease shall have the effect of shortening the term of any incumbent director.

Section 3.2. Term of Office. The initial directors shall hold office until their successors are appointed and qualified at the first annual meeting of Members. Thereafter, terms of office shall be as set forth in the Articles of Incorporation.

Section 3.3. Removal. Any director may be removed from the Board with or without cause, by a majority vote of the Members of the Association. In the event of death or resignation of a director, his successor shall be selected by the remaining members of the Board and in the event of removal of a director by a vote of the Members his successor shall be selected by the Members in accordance with the Articles; each to serve for the unexpired term of his predecessor.

Section 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.

Section 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 approval of all the directors.

ARTICLE IV MEETINGS OF DIRECTORS

Section 4.1. Regular Meetings. Regular meetings of the Board of Directors may be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 4.2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days' notice to each director.

Section 4.3. 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.

ARTICLE V POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 5.1. Powers. The Board of Directors shall have power to:

- (a) adopt and publish rules and regulations pertaining to its duties and authority;
- (b) suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment or other charge levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for any infraction of published rules and regulations.
- (c) 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 these Bylaws, the Articles or the Declaration;
- (d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- (e) hire or employ and dismiss a manager or executive director, as an independent contractor only, to perform such services, and duties as the Board may direct, including, but without limitation, any of the duties granted to the Board by these Bylaws or any of the duties

granted to the officers of the Association by these Bylaws, and the Board shall have the power to delegate any of such duties to the manager or executive director subject to such limitations and restrictions upon the exercise of those duties by the manager or executive director as the Board may deem necessary and advisable.

Section 5.2. Duties. To the extent that such duties are not assigned or delegated to a manager or executive director pursuant to Section 5.1(f) of these Bylaws, it shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all its acts and Association 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;
- (b) supervise all officers and agents of the Association and see that their duties are properly performed;
- (c) as more fully provided in the Declaration, to:
 - (i) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each fiscal year of the Association
 - (ii) send written notice of each assessment to every Owner subject thereto; and
 - (iii) record within a reasonable time a Notice and Claim of Lien against any Lot for which assessments are not paid, and foreclose the same within a reasonable time or, in the discretion of the Board, bring an action at law against the Owner personally obligated to pay the same.
- (d) 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.
- (e) procure and maintain adequate property, liability and hazard insurance on property owned by the Association;
- (f) cause all officers or agents having fiscal responsibilities to be bonded, as it may deem appropriate;
- (g) cause the Streets and Roadways to be maintained, as more fully set forth in the Declaration.

ARTICLE VI OFFICERS AND THEIR DUTIES

Section 6.1. Enumeration of officers. The officers of this Association shall be a president, vice president, secretary, treasurer, and such other officers as the Board may from time

to time by resolution create. The president and vice president must be members of the Board.

Section 6.2. Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

Section 6.3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year and until his successor is elected and qualified, unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 6.4. 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.

Section 6.5. 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.

Section 6.6. 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.

Section 6.7. Multiple offices. One person may not simultaneously hold the offices of president and secretary. More than one of any of the other offices, including special offices created pursuant to Section 6.4., may be held simultaneously by one person.

Section 6.8. Duties. To the extent that such duties are not assigned or delegated to a manager or executive director pursuant to Section 5.1(f) of the Bylaws, the duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments and shall consign all checks and promissory notes.

Vice President

(b) 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

(c) 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

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; 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.

Section 6.9. Limitation of Authority of Officers. Unless authorized to do so by a duly adopted resolution of the Board, no officer shall, and no officer shall have the authority to, encumber any real or personal property owned by the Association.

Section 6.10. Fidelity Bonds. The Association may maintain blanket fidelity bonds for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association. Where the Association has delegated some or all of the responsibility for the handling of funds to a management agent, the Association may require the management agent to provide fidelity bonds for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. The total amount of fidelity bond coverage shall be based upon the best business judgment of the Board. 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 canceled 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.

ARTICLE VII INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 7.1. Indemnity of Officers and Directors. Each officer and director of the Association shall be indemnified in accordance with Section 10-1005(B), Arizona Revised Statutes, against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him or her by judgment or settlement in connection with any proceeding to which he or she may become involved by reason of his or her being or having been an officer or director of the Association, except in cases of fraud, gross negligence or bad faith of the officer or director in the performance of his or her duties.