

TIMBER RIDGE OWNERS' ASSOCIATION

BY-LAWS

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ARTICLE I

Definitions

SECTION 1. Definitions shall be as stated in Article I of the Covenants, Conditions and Restrictions (CC&R's) for Timberridge Unit I.

ARTICLE II

Offices

SECTION 1. The principal office of the Association shall be Post Office Box 2422, Prescott, Arizona 86302.

SECTION 2. The Board may at any time, by resolution, change the principal office of the Association and shall notify the members of the new address within thirty (30) days.

ARTICLE III

Association Purposes and Powers

SECTION 1. The Association is organized to promote the health, safety and welfare of, and provide recreational facilities and amenities for the owners of lots in, and residents of, Timberridge. For this purpose, the Association shall have the power to:

A. Acquire, own, build, operate, repair and maintain land, building, structures, fixtures, recreational facilities, equipment and personal property, all within and upon the Common Area;

C. Maintain, repair, prune, trim, plant or remove trees, shrubs, brush, undergrowth and leaves with regard to the Common Area and to do the same pursuant to Article III, Section 1d of the CC&R's with regard to any lot within Timberridge which is in violation of Article III,

Section 1d of the CC& R's and to levy an assessment against the owner for the costs thereof;

D. Pursuant to Article III, Section 1e of the CC&R's, to enter on any lot to repair, maintain, rehabilitate or restore the premises and the exterior of any improvement situated thereon, and in either circumstance, to levy an assessment against the owner for the costs thereof;

E. To provide and pay for a caretaker or caretakers for Timberridge, as the same may be deemed necessary by the Board;

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F. Purchase and maintain policies of public liability and hazard insurance with respect to all parts of the Common Area and to purchase and maintain all other policies of insurance as may be deemed necessary by the Board, including without limitation Directors' Liability;

G. Pay all ad valorem taxes and all special improvements or other assessments levied against any part of the Common Area;

H. Enforce any and all covenants, restrictions and agreements applicable to Timberridge;

I. Levy and collect all assessments authorized by the CC&R's in the manner herein below provided;

J. Borrow money in the name of the Association and secure payment of such debt;

K. Regulate the rights of members in a manner to promote the common benefit, safety, welfare and enjoyment of all members;

L. Contract, at the expense of the Association, with third parties for the furnishing of facilities, improvements, services or performance of any of the powers listed herein;

M. Have each power and perform each duty granted by the **CC&R's**, the Articles or Title 10, Chapter 5, Arizona Revised Statutes;

N. Do all other things incidental to or necessary to the proper performance of any of the foregoing powers or purposes, including without limitation, adopting and publishing rules and regulations as authorized by the CC&R's, the Articles of Incorporation or laws of Arizona, or as may be necessary or convenient to accomplish the goals and powers of the Association.

SECTION 2. The foregoing clauses shall be construed both as purposes and powers, and the enumeration of specific powers shall not be held to limit or restrict in any manner the powers of the Association, as granted by the **CC&R's**, the Articles of Incorporation or Title 10, Chapter 5, Arizona Revised Statutes, as presently existing or by any amendment, supplement or revision thereof.

ARTICLE IV

Membership and Voting Rights

SECTION 1. Qualification for membership and categories of members shall be as stipulated in Article IX of the Articles of Incorporation.

SECTION 2. Owners who have had voting rights suspended as the result of default as stipulated in Article V, Section 3 of the CC&R's shall also be deprived of the use of the Common Area and the recreational facilities of the Association.

ARTICLE V

Meeting of Members

SECTION 1. Place of Meetings. The meeting of the members shall be held at such place in Prescott, Arizona, as shall be specified in the notice of the meeting given as hereinafter provided.

SECTION 2. The annual meetings of the members of the Association shall be held during the month of June, the actual date and time to be selected by the Board.

SECTION 3. Notices of the annual meeting. After the Board has determined the date, time and place of the annual meeting, the Board shall cause notice of same to be mailed or delivered to each member entitled to notice no later than thirty (30) days (inclusive of day of mailing and the date of the meeting) prior to the date of the meeting. For purposes of determining entitlement to notice, members listed in the Secretary's membership book as of forty (40) days prior to the meeting and who presents the Secretary with a copy of the recorded document evidencing ownership, such new member shall be entitled to notice of the meeting in any manner, including verbal, deemed appropriate by the Secretary. The notice of the annual meeting provided for herein shall state that the business of the meeting is for the election of Directors and for the transaction of such other business as might be properly brought before the meeting and shall include any other information deemed pertinent by the Board.

SECTION 4. Special meetings. A special meeting of the members of the Association may be called for any purpose upon a resolution by the Board or upon written request, delivered to the President, of the members having at least

one-tenth of the votes entitled to be cast at such meeting. Such resolution or request shall state the purpose(s) of such meeting and the business of the meeting shall be limited to the stated purpose(s). Upon passage of such resolution or on receipt of such request, the Board shall promptly set a date, hour and place for the special meeting and cause notice of same to be mailed or delivered to each member entitled to vote at such meeting, with the roster of members as appears on the Secretary's membership book on the date of passage of the resolution or receipt of the request controlling as to entitlement to notice. The notice shall state the purpose(s) of the meeting and shall be mailed or delivered no less than thirty (30) days (inclusive of the day of mailing and the date of the meeting) prior to the date set for the special meeting.

SECTION 5. Quorum and method of voting. At any annual or special meeting, members either present or represented by proxy, holding one-tenth of the votes entitled to be cast at such meeting, shall constitute a quorum. All questions shall be decided on a vote of a majority of the voting members represented at the meeting except as otherwise required in the CC&R's. The manner of voting shall be decided by the Officer presiding at the meeting and may include voice voting or raising of hands, except that at the annual meeting the election of Directors shall be by ballot when more than one candidate is nominated to one position.

SECTION 6. Voting by proxy. At any annual or special meeting, a member entitled to vote in person may also vote by proxy. Proxies should be able to vote By directum. Only proxies which are not limited in scope, but which entitle the holder thereof to vote on all questions brought before the meeting, shall be partially limited by inclusion of authority to vote for only certain candidates for the Board. All proxies shall be in writing and filed with the Secretary no later than the day of the meeting at which the proxy is intended to be used. The proxy shall terminate at the close of the meeting for which it was intended. Any member may solicit proxies and the Board may solicit proxies on behalf of the Officer who will preside at the meeting in question by including a proxy form and a request for proxy in the notice of the meeting in question sent to the members. A proxy shall assign the member's right to vote to only one person who must also be **a member**.

ARTICLE VI

Board of Directors

SECTION 1. The powers of the Association are vested in a Board of Directors comprising of not less than five (5) nor more than seven (7) members, a majority of who may exercise such association powers.

SECTION 2. The Directors shall be elected at the t 4 annual meeting of the Association members each year to serve for a staggered two-year term and until their successors are elected. Their term of office shall begin immediately upon their election and they shall serve until the second annual Association members' meeting, and until their successors are elected. The terms shall be staggered so that not more than four (4) new members are elected to the Board in one year.

SECTION 3. Within the limits set forth in Sections 1 and 2 above, the number of members of the Board of Directors may from time to time be increased or decreased by the Board of Directors; and any vacancy or vacancies in the membership of said Board by reason of death, resignation or increase in the number of members as above provided, or otherwise, may be filled by said Board of Directors.

SECTION 4. All members of the Board of Directors will be expected to attend each monthly Regular Meeting. Exceptions will be made in the event of illness or extraordinary circumstances which will be communicated to the President prior to the meeting.

SECTION 5. Each Director will be expected to participate and carry out those tasks assigned to him/her in the best interest of the Association.

SECTION 6. Upon discretion of the Board, any Director may be removed from the Board by a vote of 75% of the then existing Board of Directors. The Board shall find a replacement to serve the remaining term of the Director being removed.

ARTICLE VII

Powers of Directors:

It shall be the duty of the Board of Directors:

SECTION 1. To hold meetings and through its members, officers and committees, to perform such acts as, in the exercise of its judgment and discretion, appear best to

safeguard the rights, properties and interest of the Association.

SECTION 2. To cause to be kept a complete record of all meetings and acts of the Board, and of all meetings and acts of the Association members, and to cause to be presented at the annual meeting of members a statement showing the assets and liabilities of the Association and a report upon the general conditions of its affairs.

SECTION 3. For purchases over One Thousand And NO1100 Dollars (\$1,000.00), the President, or any other member of the Board hereunder, shall obtain, when available, written quotations from at least three (3) qualified persons and keep a record of the quotations or proposals and of the award of contracts, services or purchases. The Board shall accept and award those bids, written quotations or proposals for every such contract, service or purchase to the lowest qualified bidder. For purchases under One Thousand and NO1100 Dollars (\$1,000.00), written proposals will not be necessary. The Board expressly reserves the right to reject all bids.

ARTICLE VIII

Officers and Their Duties

SECTION 1. The Board of Directors shall have power to establish and designate all offices and duties of officers of the Association and may without limitation, by amendment to these By-Laws or by proper resolution, limit, extend or otherwise change any of the offices or duties of the officers of this Association wherever it may deem such change advisable.

SECTION 2. Unless otherwise ordered by the Board of Directors, Executive Officers of the Association shall be elected by the Board and shall consist of a President, a Secretary, a Treasurer and such further Vice Presidents as the Directors may from time to time deem advisable.

SECTION 3. Officers shall be elected by the Board of Directors and such election shall take place at the first meeting of the Board, immediately following the annual meeting of Association members. The officers shall serve at the pleasure of the Board but in no event shall any officer hold office for more than one year without being newly-elected by the Board.

A. President.

The President shall be the Chief Executive Officer of the Association and shall, subject to removal by the Board of Directors, have general supervision, direction and control of the business and officers of the Association. He shall have the general powers and duties of management usually vested in the office of President, and shall have such other powers and duties as may be prescribed by the Board of Directors or the By-Laws.

B. Vice Presidents.

Vice Presidents of the Association shall have such powers and duties as may from time to time be prescribed by the Board of Directors, or the President of the Association.

C. Secretary.

The Secretary shall:

1. Keep a record of the proceedings of the Board of Directors and of the Association members.
2. Keep, or cause to be kept, a member register showing names of the members and their addresses.
3. Serve all notices required by law or By-Laws of this Association except as otherwise provided by these By-Laws or resolution of the Board of Directors.
4. Be custodian of all the official records of the Association.

D. Treasurer.

The Treasurer shall determine the form of all accounting records and the manner of accounting procedures to be followed by the Association. The Treasurer shall receive **and keep all funds of the** Association and pay them out as provided by the By-Laws and the Board of Directors and shall be custodian of all funds of the Association.

ARTICLE IX

Committees

SECTION 1. Timberridge Architectural Review Board:

There shall be a Timberridge Architectural Review

Board (TARB). The members of TARB shall be fixed by the Board at three (3) with three (3) alternates. The qualifications, appointment, removal and resignation of the members of TARB shall be as provided in the CC&R's. TARB shall perform the duties and functions as provided in the CC&R's

SECTION 2. Other Committees:

The Board may, from time to time, establish such other committees as it deems in the best interests of the Association and such committees shall perform such functions as from time to time may be assigned to them.

ARTICLE X

Budget and Assessments

SECTION 1. The Board shall prepare a budget for each year showing the various categories, including contingencies, proposed to be covered by the budget (see Article VI, Section 2 of the CC&R's), the estimated costs and expenses which will be payable on account of each category, the estimated needed addition to long-term reserves for repair, maintenance or replacement of private streets or Common Area facilities, and the estimated non-reserved surplus from the prior year(s). The Board shall then estimate the income required to cover the above estimated expenditures and this amount shall be shown on the budget as the assessment amount.

SECTION 2. Not later than the December meeting, the Board shall, by majority vote, approve the budget for the upcoming year.

SECTION 3. Concurrent with approval of the budget, the Board shall set the assessment against the owner of each lot at Fifteen Dollars (\$15.00). Each owner pro-rata share shall be the same whether or not a dwelling has been constructed upon the lot, and whether or not the lot owner is receiving any services for which the assessment is **levied**.

SECTION 4. Not later than thirty (30) days prior to the first day of the new fiscal year, the Board shall mail to each owner at the address shown in the Secretary's membership file, a written invoice stating the amount of the assessment against the lot owned by him for the coming year. Each quarter's portion of the assessment shall become due at the beginning of that quarter and shall become delinquent

thirty (30) days after the due date. Penalties for nonpayment shall be as designated by the Board.

SECTION 5. The failure by the Board prior to the commencement of any fiscal year to determine the budget therefor, including the assessment amount, shall not release any owner from his obligation to pay the assessment for that or any subsequent year by the assessment fixed for the current year and shall continue until such budget is determined and assessment levied.

SECTION 6. Special assessments and emergency assessments shall be levied as stipulated in Article VI, Sections 5 and 6 of the CC&R's.

ARTICLE XI

Amendments

SECTION 1. These By-Laws, or any of them, may be altered, amended or repealed or new By-Laws may be made by the Board by majority vote or at any annual or special meeting, of the members, by two-thirds (2/3) vote of the members present in person or by proxy, provided that the proposed action in respect thereof shall be stated in the notice of such meeting, or that such notice shall be waived.

SECTION 2. To the extent that these By-Laws conflict with either the CC&R's or the Articles of Incorporation, the CC&R's or Articles of Incorporation, as the case may be, shall be deemed controlling.

ARTICLE XII

Books

SECTION 1. There shall be kept at the residence of the Association's President, or other designated place, correct books of all business and transactions of the Association, a copy of these By-Laws and the membership book of the Association which shall contain the names of all persons who are members of the Association showing their respective places or residence, the lot or lots owned and the time when they, respectively, became the owners thereof.

ARTICLE XIII

Fiscal Year

SECTION 1. The Fiscal Year of the Association shall be the calendar year.

ARTICLE XIV

Waiver of Notice

SECTION 1. Whenever, under the provision of any law of the State of Arizona or the Articles of Incorporation, or of these By-Laws or any resolution of the Board, the Association or the Board is authorized to take any action after notice to members or Directors, or after the lapse of a prescribed period of time such action may be taken without notice and without the lapse of any period of time, if, at any time before or after such action shall be completed, such notice or lapse of time shall be waived in writing by the person or persons entitled to notice or entitled to participate in the action to be taken or, in the case of a member, by an attorney-in-fact thereunto authorized.

SECTION 2. Any meeting of members or the Board at which all members or all Directors, respectively, are present, or with respect to which notice is waived by all absent members or Directors, may be held at any time, for any purpose and at any place, and shall be deemed to have been validly called and held, and all acts done and business conducted at any such meeting shall be deemed valid in all respects.

ARTICLE XV

Miscellaneous

SECTION 1. Headings and Titles:

Headings and Titles in these By-Laws, including those of Sections and Subsections, are intended solely for convenience of reference, and the same shall not, nor shall any of them, affect that which is set forth in such Section or Subsections, nor any of the terms or provisions of these By-Laws or the meaning thereof.

SECTION 2. Notices:

An entry in the minutes of a meeting of members or the Board to the effect that notice has been duly given shall be prima facie evidence that due notice of such meeting was given as required by law and these By-Laws. No mistake, inadvertence or excusable neglect in the giving of any notice required by these By-Laws, nor the contents of any thereof, shall affect the validity of any meeting called thereby, or any proceedings had at any such meeting.

AMENDMENT TO THE BYLAWS

RESOLUTION OF THE BOARD OF DIRECTORS OF TIMBER RIDGE OWNERS' ASSOCIATION

On February 11, 1992, at a special meeting of the Board of Directors of the Timber Ridge Owners' Association, Inc., the following resolution was duly passed:

RESOLVED, that the following rules shall apply regarding delinquent assessments:

A. Interest on delinquent assessments shall accrue at the rate of one and one-half percent (1 1/2%) per month, commencing at the date the assessment was due.

B. A late charge of \$5.00 per month will be assessed for each and every month an assessment remains unpaid after its due date.

C. The President and Secretary are authorized and instructed to file a Notice of Lien on each and every lot for which an assessment has remained delinquent for more than sixty (60) days after its due date.

D. The President and Secretary are authorized and instructed to file a foreclosure of the lien if the lien is not paid within 60 days from the date the lien was filed.

E. The sum of \$100.00 will be added to an unpaid assessment for the filing of each and every lien together with any cost of service of the lien.

F. All attorney's fees and costs incurred in collecting upon the lien will be added to an unpaid assessment whether or not such action proceeds to suit.

