

**BYLAWS  
of  
ELK RIDGE PROPERTY OWNERS' ASSOCIATION, INC.**

**Revision 1**

**June 2009**

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BYLAWS OF  
ELK RIDGE PROPERTY OWNERS' ASSOCIATION, INC.

ARTICLE I

GENERAL

Section 1. Purpose. Elk Ridge Property Owners' Association, Inc. is an Arizona non-profit corporation organized for the purpose of acting as the council of Owners, pursuant to a Declaration of Covenants, Conditions and Restrictions for Elk Ridge, recorded in the Office of the County Recorder of Gila County, Arizona.

Section 2. Conflict with Declaration. Should any provision of these Bylaws be inconsistent or conflict with any provision of the Declaration, such provision of the Declaration shall supersede and take precedence over any such provision of these Bylaws.

Section 3. Application of Bylaws. All present and future Owners, Occupants and their respective licensees, invitees and employees shall be subject to and be bound by all of the provisions of these Bylaws. The act of Ownership or the mere occupancy of a Lot shall establish a conclusive presumption that these Bylaws are accepted, ratified and will be complied with by such Owner or Occupant.

ARTICLE II  
DEFINITIONS

Section 1. "Association" shall mean and refer to Elk Ridge Property Owners' Association, Inc., an Arizona non-profit corporation, its successors and assigns.

Section 2. "Board" shall mean and refer to the Board of Directors of the Association.

Section 3. "Declaration" shall mean the Declaration of Covenants, Conditions and Restrictions for Elk Ridge, recorded on Nov 9, 1995, in Fee-No. 95-673749, in the Official Records of the Gila County Recorder, as amended on May 14, 2009, Receipt No. 09-3288 in the Official Records of the Gila County Recorder.

Section 4. "Lot" shall mean and refer to the numbered parcels of real property within Elk Ridge, together with all improvements constructed or to be constructed thereon and appurtenances thereto.

Section 5. "Majority" or "Majority of Members" shall mean the Owners of Lots holding more than fifty percent (50%) of the votes entitled to be cast with respect to the affairs of the Association.

Section 6. "Member" shall mean an Owner of a Lot.

Section 7. "Mortgage" means any recorded, filed or otherwise perfected instrument given in good faith and for valuable consideration which is not a fraudulent conveyance under Arizona law as security for the performance of an obligation, including without limitation, a deed of trust, but shall not include any instrument creating or evidencing solely a security interest arising under the Uniform Commercial Code. "Mortgagee" means a person secured by a mortgage, including trustee and beneficiary under deed of trust. "Mortgagor" means the party executing a Mortgage, including a Trustor under a deed of trust. "First Mortgage" means a mortgage which is the first and most senior of all mortgages upon the same property.

Section 8. "Occupant" shall mean a person or persons, other than a Member, in rightful possession of a Lot.

Section 9. "Owner" shall mean and refer to the record owners, whether one or more person or entities, of equitable or beneficial title (or legal title if the same has merged) of any Lot. "Owner" shall include a purchaser of a Lot under an agreement for sale within the meaning of Arizona Revised Statutes Section 33-741. "Owner" does not include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation.

Section 10. "Person" shall mean a natural individual, corporation, partnership, trustee or other entity capable of holding title to real property.

Section 11. Other capitalized words and terms used in these Bylaws but not defined herein shall have the same meaning as set forth in the Declaration except where the context requires a different meaning.

### ARTICLE III MEMBERS

Section 1. Eligibility. The Membership of the Association shall consist of all Owners of Lots in Elk Ridge. Membership in the Association shall be mandatory and no Owner during its ownership of a Lot shall have the right to relinquish or terminate its Membership in the Association.

Section 2. Succession. The Membership of an Owner shall terminate when it ceases to be an Owner of a Lot, and its Membership in the Association shall automatically be transferred to the new Owner succeeding to such ownership interest.

Section 3. Annual Meetings. Annual meetings of the Members shall be held each year before the start of the Association's fiscal year at such hour and such place as may be specified in a written notice of such meeting.

Section 4. Special Meetings. Special meetings of the Members may be called at any time by the President or by a majority of the Board, or upon written request of more than one-fourth (1/4) of the Members.

Section 5. 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 meetings, by mailing a copy of such notice, postage prepaid, at least ten (10) days prior to the date of such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books and records of the Association. 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 6. Quorum. The presence of Members entitled to cast twenty-five percent (25%) of all the votes of the Members shall constitute a quorum. If the required quorum is not present, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum shall be present.

Section 7. Absentee Ballot. Voting by proxy is not permitted. Votes shall be cast in person or by absentee ballot. Any action taken at a regular annual meeting of the members shall comply with all of the following if absentee ballots are used: (1) the absentee ballot shall set forth each proposed action; (2) the absentee ballot shall provide an opportunity to vote for or against each proposed action; (3) the absentee ballot is valid for only one specified election or meeting of the members and expires automatically after the completion of the election or meeting; (4) the absentee ballot specifies the time and date by which the ballot must be delivered to the board of directors in order to be counted, which shall be at least seven days after the date that the board delivers the un-voted absentee ballot to the member; and (5) the absentee ballot does not authorize another person to cast votes on behalf of the member. Votes cast by absentee ballot are valid for the purpose of establishing a quorum.

### ARTICLE IV

BOARD OF  
DIRECTORS

Section 1. Number. The affairs of this Association shall be managed by a Board of at least three (3) and no more than seven (7) Directors.

Section 2. Term of Office. All directors shall be elected for a term of one (1) year.

Section 3. Qualifications. Except as otherwise provided herein, each Director shall be an Owner. If a Director shall cease to meet such qualifications during his/her term, said Director will thereupon cease to be a Director, and his/her place on the Board shall be deemed vacant.

Section 4. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the members of the Board. In the event of death, resignation or removal of a Director, his/her successor shall be selected by a majority of the remaining members of the Board and shall serve for the unexpired term of his/her predecessor.

Section 5. Compensation. No Director shall receive compensation for any service he/she may render to the Association. However, any Director may be reimbursed for his/her actual expenses incurred in the performance of his/her duties as a Director.

Section 6. 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 (including e-mail) of all Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V  
NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting by any Member not in default. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors at least forty-five (45) days prior to each annual meeting and shall serve until such annual meeting has been concluded. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot or oral vote. Those candidates for election to the Board receiving the greatest percentage of votes cast either in Person or by absentee ballot at the meeting shall be elected.

ARTICLE VI  
MEETINGS OF  
DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board may be held monthly without notice, at such place and hour as may be affixed from time to time by resolution of the Board.

Section 2. Special Meetings. Special meetings of the Board may be held and called by the President of the Association, or by any two (2) Directors, after not less than three (3) days' notice to each Director, or within a reasonable time after the presentation to the President of the Association of a petition signed by one-quarter (1/4) of the Members.

Section 3. Quorum. A majority of the number of 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. The Board shall have the power to:

- (a) Elect and remove the Officers of the Association;
- (b) Enforce the provisions of the Declaration and Rules;
- (c) Suspend the rights of a Member to vote during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations promulgated by the Board;
- (d) Engage the services of an agent or other professionals upon such terms and for such compensation as the Board may approve;
- (e) Make repairs within the individual Lots where such repairs are required for the welfare or safety of other Lot Owners;
- (f) Declare the office of a Member of the Board to be vacant in the event such Member shall be absent from three (3) consecutive regular meetings of the Board;
- (g) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Members by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;
- (h) Open bank accounts on behalf of the Association and designate the signatories thereon;
- (i) Prepare and adopt an annual budget for the Association prior to the commencement of each fiscal year; and
- (j) In the exercise of its discretion, enforce by legal means the provisions of the Declaration and Rules.

#### ARTICLE VII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The Officers of this Association shall be a President and Vice President, who shall at all times be Members of the Board of Directors, a Secretary, and a Treasurer, and such other Officers as the Board may from time to time provide for by resolution.

Section 2. Election of Officers. The election of Officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The Officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless such Officer shall sooner resign, or shall be removed or otherwise be disqualified to serve.

Section 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 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 giving written notice to the Board, the President or the Secretary. Such resignation

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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 of the Officer replaced.

Section 7. Multiple Offices. Any two (2) or more offices may be held by the same Person except the offices of President and Secretary.

Section 8. Duties. The duties of the Officers are as follows:

(a) President: The President shall be the Chief Executive Officer of the Association and shall supervise and control all of the business and affairs of the Association. He/she shall, when present, preside at all meetings of the Members and all meetings of the Board of Directors. He/she may sign, with or without any other Officer of the Association as authorized by the Board, liens, contracts or other Instruments which the Board has authorized to be executed, except where the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other Officer or Agent of the Association or shall be required by law to be otherwise signed or executed. He/she shall have the power to appoint and remove one or more administrative Vice Presidents of the Association and such other assistants to the various elected Officers of the Association as is necessary for the accomplishment of their duties. In general, he/she shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board.

(b) Vice-President: In the absence of the President, or in the event of his/her death, inability or refusal to act, the Vice President, or if there is more than one Vice President, the Senior Vice President, shall perform the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. Otherwise, such Senior and other Vice Presidents shall perform only such duties as may be assigned by the President or by the Board.

(c) Secretary: The Secretary shall keep the minutes of all meetings and proceedings of the Board and of the Members in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws, or as required by law; be custodian of the records; keep or cause to be kept under his/her general supervision a register of the name and post office address of each Member as furnished by such Member; have general charge of the transfer books of the Association; and, in general, perform all duties incident to the office of the Secretary and such other duties as may be assigned to him/her by the President or by the Board.

(d) Treasurer: The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Association; receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all monies in the name of the Association in such banks, trust companies, or other depositions as shall be directed by the Board; shall sign all checks and promissory notes of the Association shall keep proper books of account; shall cause an annual audit or review of the books of the Association to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Members at the regular annual meeting of the Members, and shall deliver a copy of such to the Members.

Section 9. Committees. The Board may appoint an Architectural Committee, or the Board may act in the capacity of the Architectural Committee, as provided in the Declaration. In addition, the Board shall appoint Firewise and other committees as the Board may deem appropriate to carry out the purposes of the Association.

#### ARTICLE VIII BOOKS AND RECORDS

Section 1. Books and Records. The books, records and papers of the Association shall, at all times during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation, and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, and copies may be purchased at reasonable cost from the Association.



ARTICLE IX  
INDEMNIFICATION

Section 1. General. Subject to the provisions of A.R.S. Section 10-1005(B), the Association shall indemnify and hold harmless each of its Directors and Officers, each Member of any committee appointed by the Board, and the Board, against any and all liabilities arising out of any acts of the Directors, Officers, Committee Members, or Board, or arising out of their status as Directors, Officers, Committee Members, unless any such act is a result of gross negligence or criminal intent. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses including, by way of illustration but not of limitation, attorneys' fees and costs reasonably incurred in connection with the defense of any claim, action or proceeding, whether civil, criminal, administrative or other, in which any such Director, Officer, Committee Member, or Board, may be involved by virtue of such Person having the status of a Director, Officer, Committee Member, or Board, provided, however, that such indemnity shall not be operative with respect to any matters to which such Person shall have been finally adjudged in such action or proceeding to be liable for gross negligence or criminal intent in the performance of his/her duties.

ARTICLE X  
AMENDMENTS

Section 1. Amendments. These Bylaws may be amended, changed or modified at a regular or special meeting of the Board of Directors called for that purpose. These Bylaws may not be amended if such Amendment would be inconsistent with the Declaration or the Articles.

ARTICLE XI  
COMPLAINTS AND FINES

See Declaration Article 2 Section 2.12 as amended.

The foregoing revision to the Bylaws were adopted and approved by the Board of Directors on

June 20, 2009

Shelby D. Cunniff  
Secretary