

BYLAWS  
OF  
WOODHILL HOMEOWNERS ASSOCIATION

ARTICLE I

ARTICLES OF INCORPORATION

Section 1. Any reference herein made to the "Articles" will be deemed to refer to the Articles of Incorporation of Woodhill Homeowners Association, an Arizona nonprofit corporation (the "Association"), and all amendments thereto as at any given time on file with the Arizona Corporation Commission.

Section 2. The Articles will in all respects be considered senior and superior to these Bylaws, with any inconsistency to be resolved in favor of the Articles, and these Bylaws will be deemed automatically amended from time to time to eliminate any such inconsistency which may exist.

ARTICLE II

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

Reference is made to that certain Declaration of Covenants, Conditions and Restrictions for Woodhill recorded on October 4, 1996, at Recorder's No. 96-016228 in the records of Gila County, State of Arizona (hereinafter called the "Declaration"). The Declaration, as amended from time to time as therein provided, is incorporated herein by this reference and the term "Declaration" shall include the Declaration, as amended from time to time. All capitalized terms not otherwise defined herein shall be deemed to have the same meanings as are given those words in the Declaration. The Declaration will in all respects be considered senior and superior to the Articles and the Bylaws, with any inconsistency to be resolved in favor of the Declaration.

ARTICLE III

MEMBERSHIP

Section 1. 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.

Section 2. Members: Every Owner of a Lot automatically shall be a Member of the Association and shall remain a Member thereof until such time as his

ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Such membership shall be appurtenant to and may not be separate from ownership of any Lot to which the membership is attributable.

Except as otherwise provided in the Declaration, the rights, duties and obligations of a Class A Member cannot and shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of such Class A Member's Lot and then only to the transferee thereof. Such transfer may be effected by deed, intestate succession, testamentary disposition, foreclosure, trustee's sale or other legal process authorized under Arizona law, and shall operate to transfer the membership appurtenant thereto to the new Owner and any attempt to make any other form of transfer shall be void.

Section 3. Annual Meetings: The annual meetings of the Members shall be held in Payson, Arizona, during the second week of December of each year, at such place as may be fixed by the Board of Directors and as set out in the notice of the meeting for the purpose of electing members of the Board of Directors.

Section 4. Special Meetings: All meetings of the Members other than the annual meetings shall be special meetings. Special meetings of the members may be held at such places and at such times as may be fixed by the Board of Directors whenever called in writing by the President, by a majority of the Board of Directors, by the Declarant (provided Declarant owns, in the aggregate, not less than 25% of the Lots), or by 25% of the Class A Members.

Section 5. Notices: Each Member of the Association shall be notified by the Secretary by written notice hand delivered or mailed to such Member's address within the Property (unless the Secretary has received a written notice from such Member designating a different address) at least ten days, but no more than fifty days, before the date of any annual or special meeting, stating the time and place of the meeting. The notice of a special meeting of the Members shall also state the purpose for which the meeting is called, including the general nature of any proposed amendment to the Declaration or these bylaws, any change in assessments that require the approval of the Members, and any proposal to remove a Director or officer. If a Member owns more than one Lot, one notice to such Member hand delivered or mailed to the address for any of such Lot shall be sufficient. In all such cases the date of receipt of a hand delivery shall be considered the date of delivery and, in the case of mailing, the date of mailing of the notices shall be considered the date such notices were deposited in the United States mail, first class, postage prepaid. Notices need only be given to Members appearing as such on the books of the Association at the time of mailing of the notices. The failure of any Member to receive actual notice for a meeting of the Member, whether annual or special, does not affect the validity of any action taken at that meeting.

Section 6. Waiver: The attendance of a Member at a meeting shall constitute a waiver of notice of such meeting, except where a Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not

lawfully called or convened. No call or notice of any meeting of the Members shall be necessary if a waiver of call and notice is signed by all the Members.

**Section 7. Quorum:** At any annual or special meeting of the Members, the Members entitled to vote and holding at least 50% of all votes and who are present in person (or by proxy) shall constitute a quorum for the transaction of business. In the absence of a quorum, the chairman of the meeting may adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

**Section 8. Members Entitled to Vote:** In the event any Lot is owned by two or more Persons, whether by joint tenancy, tenancy in common, community property or otherwise, each such Person may be considered a joint member for the membership as to such Lot, and such Persons shall jointly designate to the Board of Directors, in writing, one of their number who shall have the power to vote said membership, and, in the absence of such designation and until such designation is made, the Board of Directors shall either: (a) make such designation, in which event such designation shall be binding for all purposes; or (b) declare that until all Persons who together hold such membership jointly make such written designation, the vote(s) attributable to such membership shall not be cast or counted on any questions before the Members; provided, however, that if any one of such Persons casts a vote representing a certain Lot without objection from any other Person sharing ownership of such Lot, that Person will thereafter be conclusively presumed to be acting with the authority and consent of all other Persons sharing ownership of such Lot unless and until objection thereto is made to the Board of Directors, in writing.

The voting of any Member may be suspended by action of the Board of Directors during any period when the Member has failed to pay any Assessment then due and payable; but, upon payment of all past due Assessments, such Member's voting rights shall be automatically restored.

Notwithstanding the foregoing, so long as the Class B membership is in existence, no Class B Member shall at the same time be a Class A Member nor shall a Class B Member have any Class A votes, and the membership and number of votes of the Class B Member(s) shall be determined in accordance with Section 9 below. Subject to Section 9, each Owner, other than Declarant, so long as the Class B Membership is in existence, shall have one vote for each Lot owned by such Owner.

**Section 9. Voting Classes:** The Association shall have the following two classes of voting Members:

Class A Members shall be all Owners except Declarant (until the conversion of Declarant's Class B membership to Class A membership as provided below). Subject to the authority of the Board of Directors to suspend an Owner's voting rights in accordance with the provisions hereof, a Class A Member shall have the number of votes provided in Section 8.

The Class B Member shall be Declarant. The Class B Member shall be entitled to three votes for each Lot owned by such Member. Declarant shall have the right, at any time and from time to time, to assign all or any part of Declarant's voting rights appurtenant to its Class B membership (as well as all or any other rights appurtenant thereto) to one or more Persons acquiring, for purposes of development and sale, any part of the Property. Further, Declarant shall have the right, at any time and from time to time, to designate an individual or individuals to exercise Declarant's voting rights (whether appurtenant to Class A or Class B membership), provided, however, that such designation shall not act as an assignment by Declarant of its membership or voting rights hereunder. Subject to the provisions relating to a De-Annexation, as provided in the Declaration, the Class B membership automatically shall cease and be converted to a Class A membership upon the happening of the first of the following events:

- (a) the date which is 90 days after the date upon which the Declarant owns, in the aggregate, less than 25% of the Lots;
- (b) the date which is ten years after the date the Declaration is Recorded; or
- (c) the date on which Declarant records a written notice electing to convert the Class B membership to Class A membership.

Section 10. Proxy: A Member entitled to vote may vote in person or by proxy executed in writing by the Member or by his duly authorized attorney in fact. All proxies shall be filed with the Secretary at the commencement of any meeting. No proxy may be valid after 25 months from the date of its execution.

Section 11. Right to Vote: No change in the ownership of a Lot shall be effective for voting purposes until the Board of Directors receives written notice of such change together with satisfactory evidence thereof. The vote for each Member must be cast as a single unit. Split or fractional votes shall not be allowed. Any Owner of a Lot which is leased or which is subject to a valid, outstanding and recorded executory agreement of sale may, in the lease, agreement of sale or other written instrument, assign the voting right appurtenant to the Lot to the lessee thereof or to the purchaser thereof under such agreement of sale, as applicable, provided that a copy of the written assignment of such voting rights is furnished to the Secretary prior to any meeting at which such lessee or purchaser seeks to exercise such voting right.

Section 12. Declarant: Declarant shall be a Member of the Association for so long as Declarant holds any Class A or Class B memberships.

Section 13. Action by Unanimous Written Consent: Any action which may be taken at an annual or special meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members.

Section 14. Irregularities: All informalities and/or irregularities in calls,

notices of meetings and in the manner of voting, credentials, and methods of ascertaining those present, shall be deemed waived if no objection is made at the meeting.

Section 15. Assessments: As more fully provided in the Declaration, each Member is obligated to pay Assessments to the Association. All such Assessments are secured by a continuing lien and mortgage upon the Lot against which the Assessments are made, as more fully provided in the Declaration.

#### ARTICLE IV

#### DIRECTORS

Section 1. Management: Subject to the limitations of these Bylaws, the Articles, the Declaration, and the laws of the State of Arizona, the affairs of the Association shall be managed, and all corporate powers shall be exercised, by or under the direction of its Board of Directors. The Board of Directors shall have the powers, rights, duties and authorities vested in or delegated to the Association, and not reserved to the Members, by the laws of the State of Arizona, these Bylaws, the Articles and by the Declaration. Without limiting the generality of the foregoing, as more fully provided in the Declaration, the Board of Directors shall fix the amount of the Assessments, establish and maintain an operating fund in which the Board of Directors shall deposit all funds paid to the Association, and adopt, amend and repeal the Association Rules. The Directors need not be residents of the State of Arizona. So long as there is a Class B Member, members of the Board of Directors need not be Owners. At such time as there are only Class A Members, at least a majority of the members of the Board of Directors must be Owners. If a Class A Member is an entity, the Class A Member may authorize an individual to represent the Class A Member who shall be permitted to be a member of the Board of Directors. No Director, officer or agent of the Association shall authorize or allow any corporate funds to be expended for any purposes other than as set forth in the Articles or for purposes reasonably incidental thereto.

Art IV § 2  
Amended by  
Resolution  
Of Bd. Of  
Directors to  
5 members  
Mar 14, 05  
See page 10

← Section 2. Number: As required under Arizona corporate law, as a nonprofit corporation, at all times the Board of Directors of the Association shall consist of no less than three Directors. The initial Board of Directors of the Association shall consist of three Directors. The Board of Directors as named in the Articles of Incorporation shall serve until the first annual meeting of the Members, at which time the Members, consisting of a quorum, may increase the number of members constituting the Board of Directors.

Section 3. Election: Except for the initial members of the Board of Directors which were named as members of the Board of Directors in the Articles of Incorporation, in any election of the members of the Board of Directors, every Owner entitled to vote at such an election shall have one vote. The candidates receiving the highest number of votes, up to the number of the Board members to be elected shall be deemed elected.

Section 4. Quorum: A quorum for the transaction of business at any meeting of the Directors shall consist of a majority of the Board of Directors then in office

and present at any meeting.

Section 5. Manner of Acting: The act of a majority of the Directors present at a meeting duly held at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law, by the Articles, by these Bylaws or by the Declaration.

Section 6. Annual and Regular Meetings: An annual meeting of the Directors shall be held immediately after the adjournment, and at the place, of the annual meeting of the Members. Regular meetings of the Directors may be held without notice at regular intervals at such places and at such times as the Board of Directors may from time to time by resolution provide.

Section 7. Special Meetings: Special meetings of the Board of Directors shall be held at such times and places as may be designated by the Board of Directors whenever such meetings are called orally or in writing by the President or a majority of the Board of Directors. Notices of special meetings shall be given by the Secretary to each Director, orally, or in writing, at least three days before the time fixed for the meeting. Such notice shall advise each Director of the time, place and general purpose of the meeting, and shall be delivered personally, or shall be given by telephone or telegram, or, if sent by United States mail, such three days notice shall be deemed to have been given if the notice is postmarked at least five days before the date of the meeting. By unanimous consent of the Directors, special meetings of the Board may be held at any time without call or notice, or waiver of call and notice.

Section 8. Term: Each Director elected at annual meetings of the Members of the Association shall be elected for a term of one year. A Director may serve as a member of the Board of Directors for successive terms.

Section 9. Participation in Meetings by Means of Conference Telephone: Members of the Board of Directors, or any committee of the Board of Directors, may participate in a meeting of the Board of Directors or of such committee by means of a conference telephone or similar communications device whereby all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

Section 10. Adjournment: A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

Section 11. Presumption of Assent: A Director of the Association who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken, unless that Director's dissent shall be entered in the minutes of the meeting, or unless that Director shall have filed written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof, or shall have forwarded such dissent by United States certified mail, return receipt requested, to the Secretary of the Association immediately after the

Art IV § 8  
Amended by  
Resolution  
Of Bd. Of  
Directors to  
2 yr staggered  
Terms  
Mar 14, 05  
See page 10

adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 12. Action by Unanimous Written Consent: Any action which may be taken at an annual or special meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

Section 13. Vacancies: In the event of death, resignation, or termination of office of a Director for any reason, such vacancy shall be filled by vote of the majority of the Directors present at a properly called meeting of the Board of Directors, and the Director elected to fill such vacancy shall complete the term of office of the Director so replaced.

Section 14. Expenses: No Director shall receive compensation for any services rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of the obligations and duties hereunder.

Section 15. Minutes: The Board of Directors shall cause to be kept, full, true and accurate records of its acts and corporate affairs.

## ARTICLE V

### OFFICERS

Section 1. Designation of Officers: The Directors shall elect the officers of the Association at the annual meetings of the Directors; provided, however, that elections of additional officers may be held at any other meeting of the Board of Directors specifically called for such purpose. The officers of the Association shall consist of a President, Secretary and Treasurer, who need not be residents of the State of Arizona, members of the Board of Directors or Members of the Association. The Association may, in its sole discretion, elect any number of Vice Presidents as the Directors deem advisable. The offices of Vice President and Treasurer may be held by the same person. Even if permitted by law, the office of Secretary and President may not be held by the same person. The Board of Directors may appoint other assistant officers, which assistant officers shall have authority to perform such duties as may be prescribed by the Board of Directors or the President.

Section 2. Removal: Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors, with or without cause, whenever in its judgment the best interests of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officers so removed.

Section 3. Resignation: Any officer may resign at any time by giving written notice to the President or Secretary. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in such notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Association under any contract of which the officer is a party.

Section 4. President: The President shall be the chief executive of the Association. The President shall preside at all meetings of the Board of Directors; shall be ex officio a member of all standing or special committees; shall have general charge of the activities of the Association; shall sign on behalf of the Association all contracts and other written instruments to be executed by the Association; and shall see that all resolutions of the Board of Directors are carried into effect. The President shall do and perform such other acts and duties as may be required by the Board of Directors, but the authority of the President shall be subject to the control and direction of the Board of Directors at all times.

Section 5. Vice President: The Vice President shall do and perform such acts and duties as may be required by the Board of Directors or by the President. In the event of the resignation, inability to act, or absence of the President, the Vice President, if one has been elected, shall perform the duties and functions of the President. If no Vice President has been elected, the Treasurer shall perform the duties and functions of the President.

Section 6. Secretary: The Secretary shall keep a permanent and complete record of all proceedings of each meeting of the Members and each meeting of the Board of Directors; shall give or cause to be given, when required, notice of all meetings of the Members and/or the Board of Directors; shall keep an accurate list of all Members of the Association and their addresses, and shall perform such other duties as may be prescribed by the Board of Directors or the President. An Assistant Secretary, if appointed, shall in the event of the Secretary's absence or inability to act, perform the duties and functions of the Secretary.

Section 7. Treasurer: The Treasurer shall have the custody of the Association's funds and shall keep full and accurate accounts of receipts and disbursements, and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Association as may be ordered by the Board of Directors, demanding proper vouchers for such disbursements. The Treasurer shall prepare and submit a written financial report at each annual meeting of the Members, and shall render to the President an account of all transactions as Treasurer and such additional reports of the financial condition of the Association as the Board of Directors may require. An Assistant Treasurer, if appointed, shall, in the event of the Treasurer's absence or inability to act, perform the duties and functions of the Treasurer.

Section 8. Committees: The President shall, with the approval of the Board of Directors, appoint such standing or special committees, councils, or boards of such size as the President or Board of Directors may deem necessary to properly carry on the activities and effect the objects and purposes of the Association. Such committees shall perform such duties as the President or the Board of Directors may direct.

Section 9. Compensation: The President, Vice President, Secretary, Treasurer and any assistant officers shall not receive any compensation for their services rendered to the Association. However, such officers may be reimbursed for their actual



expenses incurred in the performance of their duties. The Board of Directors may fix and pay such compensation for other officers or employees of the Association as the Board of Directors deems proper.

#### ARTICLE VI

#### NONPROFIT STATUS

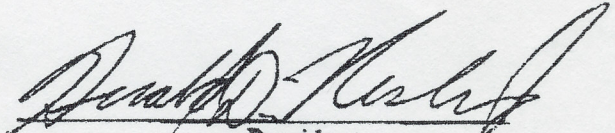
The Association is a nonprofit corporation under Arizona corporate laws and shall be operated in accordance with provisions applicable to nonprofit Arizona corporations. The Association is not intended to generate a profit. The Association is intended to be treated as a tax-exempt organization under Section 528 of the Internal Revenue Code of 1986, as amended. All fees, dues and Assessments levied by the Association shall be used exclusively to manage, maintain and care for the property of the Association and to reimburse the Association for the costs incurred in bringing an Owner into compliance with the Articles, these Bylaws, the Declaration and any rules and regulations adopted.

#### ARTICLE VII

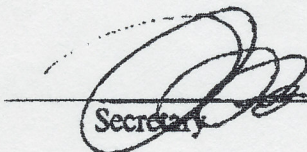
#### AMENDMENTS

These Bylaws may be amended by the written consent of the Board of Directors or by the Members entitled to vote and holding at least 2/3 of all votes; provided, however, that as to particular matters as set forth in the Declaration, the percentage of the voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision.

Adopted: December 2, 1996

  
\_\_\_\_\_  
President

Attest:

  
\_\_\_\_\_  
Secretary *Robert Nebela*

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE WOODHILL HOMEOWNERS ASSOCIATION  
TO AMEND THE BYLAWS TO INCREASE THE NUMBER  
OF DIRECTORS FROM THREE TO FIVE AND TO CHANGE  
THE TERM OF THE DIRECTORS FROM ONE YEAR  
TO TWO YEARS**

**WHEREAS**, Section 2 of Article IV of the Bylaws currently provides that the Board of Directors shall consist of no less than three members and further provides that the members of the Association may increase the number of the members of the Board of Directors by majority vote of the membership at an annual meeting, and;

**WHEREAS**, At the annual meeting of the Association held December 17, 2003, the members of the Association approved an increase in the number of the Board of Directors from three to five, and;

**WHEREAS**, Section 8 of Article IV of the Bylaws currently provides that each Director elected at the annual meeting of the Association shall be elected for a term of one year, and;

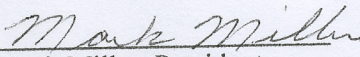
**WHEREAS**, Article VII of the Bylaws provides that the Bylaws of the Association may be amended by the written consent of the Board of Directors.

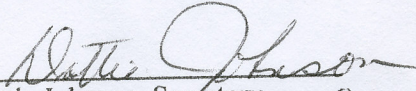
**NOW, THEREFORE IT IS HEREBY RESOLVED, ORDERED AND DETERMINED BY THE BOARD OF DIRECTORS OF THE WOODHILL HOMEOWNERS ASSOCIATION** as follows:

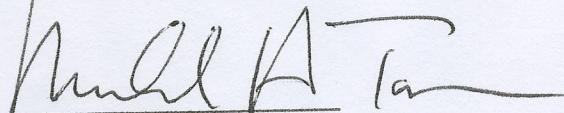
**SECTION 1:** That Section 2 of Article IV of the Bylaws is amended to show that the Board of Directors shall consist of five members.

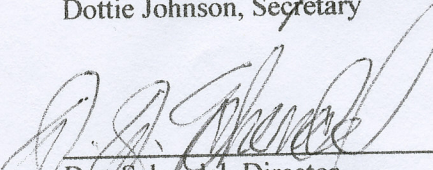
**SECTION 2:** That Section 8 of Article IV of the Bylaws is amended to show that the members of the Board of Directors shall be elected for a term of two years, with two members elected in the first year and three members elected in the following year, with staggered two year terms thereafter.

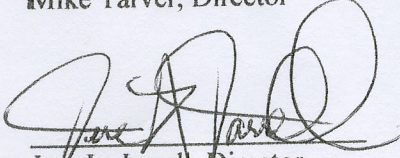
**PASSED AND ADOPTED AT A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE WOODHILL HOMEOWNERS ASSOCIATION HELD March 3, 2005.**

  
Mark Miller, President

  
Dottie Johnson, Secretary

  
Mike Tarver, Director

  
Don Schendel, Director

  
Jere L. Jarrell, Director

**Resolution to amend Article IV Sections 2 and 8 adopted Mar 14, 2005**