

BY-LAWS
Of the
CLIFF ROSE HOMEOWNERS ASSOCIATION, INC

INTRODUCTION

This restatement of the By-Laws of the Cliff Rose Homeowners Association, Inc. replaces in its entirety the original By-Laws dated February 24, 1988, and also supersedes all prior revisions.

ARTICLE I
Name and Location of Association

Section 1.1 **Name.** The name of the corporation is Cliff Rose Homeowners Association, Inc. (Herein referred to as the “Association”).

Section 1.2 **Office.** The principal office shall be the sales office of Savage Enterprises, Inc. in Cliff Rose until such time as that office is no longer in use. The mailing address of the Cliff Rose Homeowners Association is P.O. Box 10831, Prescott, Arizona 86304.

ARTICLE II
Governing Documents

Section 2.1 The Governing Document of the Association in order of precedence is as follows:

Section 2.1.a **The Articles of Incorporation of Cliff Rose Homeowners Association, Inc.**, dated February 23, 1988. (Herein referred to as the “Articles”)

Section 2.1.b **The Articles of Association and Declaration of Covenants, Conditions & Restrictions of Cliff Rose**, a Planned Area of Development, dated March 30, 1987, including all amendments. (Herein referred to as the “Declaration” and/or the ‘CC&Rs’.)

Section 2.1.c **The By-Laws of Cliff Rose Homeowners Association**, current revision. (Herein referred to as the “By-Laws”)

Section 2.1.d **The Rules and Regulation of Cliff Rose Homeowners Association**, current revision. (Herein referred to as the “Rules and Regulations”)

ARTICLE III Membership

Section 3.1 **Qualification.** Membership in the Association shall be limited to the record Owners of Lots

Section 3.2 **Voting Rights.** Subject to the provisions of Section 3.1, the Owner of a Lot shall be entitled to one (1) vote on each matter submitted to a vote of the Members. The vote attributable to each Lot must be cast as a whole; fractional votes shall not be allowed. In the event that a Lot is owned by two (2) or more Persons or a corporation or trust, the joint or common owners shall designate to the Association in writing one of their number who shall have the right to cast votes with respect to such Lot. If the Owner is a corporation, the corporation must designate, in writing, who shall be able to vote on behalf of the corporation. If the Owner is a trust, the trustee shall be able to vote on behalf of the trust. If multiple Persons own a Lot and are unable to agree upon how their vote shall be cast, they shall lose their right to vote on the matter in question. If any Member casts a vote representing a certain Lot, it will thereafter be conclusively presumed that he was acting with the authority and consent of all other Owners of the sale Lot unless objection thereto is made at the time the vote is cast. In the event that more than one (1) vote is cast with respect to a particular Lot, all such votes shall be deemed void. In the event that an Owner owns more than one (1) Lot, such Member shall be entitled, subject to the provisions of Section 3.3, to one (1) vote for each Lot owned.

Section 3.3 **Good Standing.** If a Member otherwise entitled to vote is delinquent in the payment of yearly assessments, fines, penalties, interest, late charges, transfer fees, cost of collection, lien fees, attorneys' fee or other monies owed to the Association or is not in compliance with the terms of the Association's Articles, CC&Rs, the By-Laws or the Rules and Regulation of the Association, the Board of Directors may, in its sole discretion, certify that such Member is not in good standing and such Member's rights to vote shall be suspended until the delinquency, breach or violation is paid in full, cured or corrected.

Section 3.4 **Transfer of Membership.** Membership in the Association is inextricably and irrevocably connected with ownership of a Lot and may not be transferred independently of such ownership.

ARTICLE IV Meetings of Members

Section 4.1 **Annual Meeting.** An annual meeting of the Members of the Association shall be held at least once every 12 months on or about October 1st. The Board of Directors shall determine the exact date and the location, subject to provisions of Section 4.3. The meeting shall be for the purpose of electing or announcing the results of the election of Directors and transacting such other business as may properly come before the

meeting, including the presentation of a financial report. The annual meeting shall be conducted pursuant to the provisions of Arizona Revised Statutes (A.R.S.) §33-1812.

Section 4.2 Special Meetings. Special meetings of the Members may be called by the President, the Board of Directors, or by the written request signed by Members having at least ten percent (10%) of the total authorized votes in the Association. Any special meeting of the Members shall be conducted pursuant to the provisions of Arizona Revised Statutes (A.R.S.) §33-1812.

Section 4.3 Place of Meeting. Meetings of the members shall be held at a suitable place within the City of Prescott, Yavapai County, Arizona, designated by the Board of Directors.

Section 4.4 Notice of Meeting. Written notice stating the place, day and hour of the annual meeting of Members shall be hand delivered or delivered by first-class U.S. Mail to all Members, or posted in the distribution boxes within the Association no less than twenty (20) days before the date of such meeting, by or at the direction of the Secretary. Notices for special meetings of Members shall be hand delivered or delivered by first-class U.S. Mail to all Members, not less than ten (10) nor more than sixty (60) days before the date of such meeting, by or at the direction of the Secretary. In the case of special meetings, the purpose for which the special meeting is called shall be stated in the notice and no business shall be transacted at such special meeting except as stated in the notice.

Section 4.5 Absentee Ballot. Each Member may vote in person or by Absentee Ballot, (Hereafter referred to as Absentee).

Section 4.6 Quorum. The presence in person or by absentee ballot at a meeting of Members representing fifteen percent (15%) of the membership entitled to vote on such matters to be taken up by the Members shall constitute a quorum for any action, except as otherwise provided in the Articles, the CC&Rs, or these By-Laws. If however, such quorum shall not be present or represented at any meeting, the Members entitled to vote there shall have the power to adjourn the meeting, without notice other than the announcement at the meeting, until a quorum shall be present or represented.

Section 4.7 Manner of Acting. A majority of the votes entitled to be cast on a matter to be voted upon by the Members present in person or by absentee ballot at a meeting at which a quorum is present shall be necessary for the adoption thereof unless a greater proportion is required by statute, the CC&Rs or these By-Laws.

Section 4.8 Minutes. Minutes shall be taken at all meetings of Members. Copies of the minutes shall be available and distributed to each group Cliff Rose distribution box for inspection. The minutes of the meeting shall also be posted on the Association Web site, cliffrosehoa.org.

Section 4.9 **Non-cumulative Voting.** All voting shall be done on a non-cumulative basis, meaning that each Member shall have a single vote for each vacant seat of the Board of Directors or issue presented to the Association.

ARTICLE V Board of Directors

Section 5.1 **Association.** The Association shall be governed by a Board of Directors (Herein referred to as the “Board”). There will be at least four (4) and not more than nine (9) Directors on the Board.

Section 5.2 **Qualifications of Directors.** All Directors must be Members in good standing of the Association in accordance with the provisions of Section 3.3, but need not be resident of the State of Arizona. If an Owner is a corporation, partnership or trust, an officer, partner, trustee or beneficiary of such Owner may serve as a Director. If a Director shall fail to meet the qualifications of good standing or Membership at any time during the term, he or she will thereupon cease to be a Director and his or her place on the Board shall be deemed vacant.

Section 5.3 **Declarant.** In addition to the Director, the Declarant or assigns shall hold at least one (1) position on the Board until all Lots are sold.

Section 5.4 **Compliance.** All Board members must be in compliance with the requirements set forth in Arizona Revised Statute §10-3202(D). If a Director ever becomes in violation of Arizona Revised Statute §10-3202(D), the Board of Directors may immediately remove said Director from office and said Director shall be replaced pursuant to Section 5.7 herein.

Section 5.5 **Powers & Duties.** The Board of Directors shall manage the affairs of the Cliff Rose Homeowners Association. 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 that are required by the Declaration, statute or these Bylaws to be exercised or performed by Members. In addition to the powers and duties granted and imposed by statute and the Governing Documents, the powers and duties of the Board of Directors shall include, but are not limited to, the following:

- A. To open bank accounts on behalf of the Association and designate the signatories thereon, including requiring and nominating individuals to sign checks on behalf of the Association using a dual-signature format;
- B. To accept such properties, improvements, rights, and interest as may be conveyed, leased, assigned, or transferred to the Association;
- C. To maintain and otherwise manage all of the Common Area and all facilities, improvements, and landscaping thereon; to pay all taxes and assessments, if any, which may properly be levied against the Common Area; to repair,

rehabilitate, and restore the Common Area; and to insure the Common Area against risks as the Board shall determine in accordance with the Governing Documents;

- D. To do all things necessary to carry out and enforce the terms and provisions of the Governing Documents and to do all things and acts, including the payment of all maintenance, operating and other costs, which in the sole discretion of the Board shall be deemed to be in the best interest of the Members of the Association or for the peace, comfort, safety, or general welfare of the Members of the Association, all in accordance with the Governing Documents;
- E. To enter into agreements with third parties authorizing such parties to carry on any activities which might legally be carried on by the Association and delegated by the Association to third parties;
- F. Conduct reserve studies as directed and approved by the Board;
- G. To appoint committees of the Board and to delegate to such committees the authority to carry out certain duties of the Board, to the extent permitted by statute the Governing Documents of Arizona law;
- H. To estimate the amount of the annual budget; to provide the manner and time of assessing and collecting from the Owners, the Assessments provided for in the Governing Documents;
- I. To take necessary action to enforce the Declaration, the By-Laws and the Rules and Regulations to resolve complaints among members. This can take the form of cease and desist notices, fines and liens on property. This action will be enforced pursuant to a super majority of the Board. A super majority is defined as one or more votes than a majority. If a Board member is personally involved with an existing problem, he or she would not have a vote in the matter;
- J. To establish and maintain working capital, reserve and contingency accounts in an amount to be determined by the Board;
- K. To establish, levy, collect and enforce by any lawful means a schedule of fines, penalties, transfer fees, administrative charges, late charges, interest, and costs of collection;
- L. To do all other acts and things required by applicable law or statute or authorized in the Declaration but not explicitly set out above;

- M. In general, to do and perform such acts and things and to transact such business in connection with the foregoing objective and purposes as may be necessary or appropriate.

Section 5.6 Terms of Directors. Each Director will serve a two (2) year term on a calendar year basis. Directors will be elected each year on an alternating basis. The Board will select a President, Vice-President, Secretary, and Treasurer. The offices of Secretary and Treasurer may be held by the same Director. No other Director shall simultaneously hold more than one position at a time.

Section 5.7 Replacement of Directors. Each year, an election will be held to replace outgoing Directors. A nominating committee shall be appointed by the Board of Directors to seek out interested residents to serve as new Directors. Ballots will be distributed to all Association members in sufficient time that results can be announced at the annual fall meeting. Ballots may also be collected and tallied at the annual Meeting so that results can be announced at the meeting. The Board may, but is not required to, appoint a Director to fill the term of a vacant Director.

Section 5.8 Board Meeting Time & Location. The Board must meet at least once every other month, but may meet more often if deemed necessary. The time and location of each meeting shall be noted on the minutes of the last meeting and placed in the distribution boxes (located at U.S. Mail boxes.) Also posted on our Website:(www.cliffrose.org). Notification of special or emergency meetings shall be placed in the distribution boxes and posted on our website no less than 24 hours prior to the meeting.

Section 5.9 Open Meeting. All Board meetings shall be open to all members, except sessions that may be held to discuss and vote upon personnel or legal matters. The business to be discussed in Executive sessions shall first be announced at the open meeting.

Section 5.10 Removal of Directors – Any Director may be removed from the Board, with or without cause, by a majority vote of the members of the Association at a Special or Regular Meeting.

Section 5.11 Waiver of Notice - The transaction of any meeting of the Board shall be valid as though taken at a meeting duly held after regular call and notice if a quorum is present and either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes. Notice shall also be deemed given to any Director who attends the meeting without protesting before or at the beginning of the meeting about lack of adequate notice.

ARTICLE V

The Association may have a seal, but is not required to do so.

ARTICLE VI

The Board shall maintain a set of Rules and Regulations (ARTICLE II, Section 2.1.d) for the betterment of the Cliff Rose Homeowners Association, Inc. These Rules and Regulations will be in addition to any rules specified in the other documents but will not take the place of or override other rules. They may reinforce or expand upon other rules. The Rules and Regulations can be amended by a majority vote of the Board or by a majority vote of the members at a regular or special meeting of the Association.

ARTICLE VII

Section 7.1 The By-Laws may be amended by a majority vote of the Board of Directors or by a majority vote of those attending in person or by absentee ballot at a regular or special meeting of the members of the Association.

Section 7.2 In the event of conflict between the Articles of Incorporation and these By-Laws, the Articles shall control. In the event of conflict between the Declaration and these By-Laws, the Declaration shall control.

Section 7.3 The non-profit corporation laws of the State of Arizona shall control in the event the Articles of Incorporation, Declaration and By-Laws do not set forth procedures or rules.