

**BYLAWS
OF
THE VILLAGES AT STONEBRIDGE HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is THE VILLAGES AT STONEBRIDGE HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association." The principal office of the Association shall be located at 3900 Frontage Road, Suite 1, Bullhead City, Arizona, or such other location within the State of Arizona, County of Mohave, as may be designated by the board of directors of the association. The meetings of members and directors may be held at such places within the State of Arizona, County of Mohave, as may be designated by the Board of Directors.

**ARTICLE II
PURPOSE AND POWERS**

2.1 Purpose. This association is formed to serve as the Owner's Association or governing body under that certain Declaration of Covenants, Conditions and Restrictions (Declaration) and which is or will be recorded in Official Records of Mohave County, Arizona, as the same may be amended from time to time.

2.2 Definitions. Terms defined in the Declaration of Covenants, Conditions and Restrictions for THE VILLAGES AT STONEBRIDGE shall have the same meaning and definition in these Bylaws.

2.3 Powers of Association. As provided in and pursuant to the Declaration, the character of the business or activity which this Association initially intends to conduct in this state is, to the extent permitted by applicable law, to serve as the Owner's Association or governing body, under said Declaration for the maintenance, repair, replacement, administration and operation of the Common Elements, and Property and to perform such duties and functions, and to exercise such rights, as are given and assigned by the Declaration as the same may hereafter be amended. In the conduct of its business, the purpose of this corporation, to the extent authorized by its Board of Directors and the Declaration, shall be to do all things that a non-profit corporation might do under the laws of the State of Arizona.

**ARTICLE III
MEMBERSHIP**

3.1 Non-Stock; No Dividend. The corporation shall be a non-profit, non-stock corporation and shall be owned by its members. No dividends or pecuniary profits shall be paid to its members. The members shall have no individual interest in the profits of the Association, if any.

3.2 Ownership Requirement. Membership in the corporation shall be limited to every owner of a Lot or Parcel. Upon purchase of such Lot or Parcel the purchaser thereof shall become a member of this corporation and such owner shall remain a member of this corporation until such member's death or until such time as such member's Lot or Parcel is conveyed, at which time such member's membership in this corporation shall automatically cease. Membership may not be transferred, pledged or alternated separate and apart of the Lot or Parcel.

3.3 List of Members. No certificates of membership shall be issued. Membership shall be evidenced by an official list of said members, which list shall be kept by the Secretary of the corporation.

3.4 Voting Rights. Voting rights for Class A and Class B members shall be as provided in the Declaration.

ARTICLE IV MEETINGS

4.1 Annual Meetings. 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 on a day and date as determined by the Board of Directors.

4.2 Special Meetings. Special meetings of the members may be called at any time by a majority of the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

4.3 Notice of Meetings. Written notice of each meeting of the members shall be given, by mailing a copy of such notice, postage prepaid, no less than 30 days or more than 60 days before such meeting to each member entitled to vote thereat, 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, date and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

4.4 Record Date. Record Date shall mean and refer to that date set by the Board of Directors for determining the members entitled to vote at the next meeting. The Record Date shall not be more than ten (10) business days nor less than three (3) business days before the meeting.

4.5 Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-fifth (1/5) of the 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, until a quorum as aforesaid shall be present or be represented.

4.6 Proxies. At all meetings of members, each member may vote in person or by proxy only to another member or to a specific director of the board of directors. All proxies shall be in writing on the form promulgated by the association and filed with the secretary on or before the Record Date. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot. No proxy shall be valid beyond one (1) year from the date it is executed.

4.7 Action By Written Consent. Any action, except election of directors, which may be taken at any annual or special meeting of the members may be taken without a meeting and without prior notice, if authorized by a written consent setting forth the action so taken, signed by members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all members were present and voted, and filed with the Secretary of the Association. Any member giving a written consent, or such member's proxy holder, may revoke any such consent by a writing received by the Association prior to the time that written consents of the number of members required to authorize the proposed action have been filed with the Secretary of the Association, but may not do so thereafter. Such revocation shall be effective upon its receipt by the Secretary of the Association.

4.8 Order of Business. The order of business at all meetings of the owners of units shall be as follows:

- (a) Roll call, establishment of a quorum.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading and approval of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Report of committees.
- (f) Election of inspectors of election, if appropriate.
- (g) Election of directors, if appropriate.
- (h) Unfinished business.
- (i) New business.
- (j) Membership question and answer.

ARTICLE V
BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

5.1 Number. The affairs of this Association shall initially be managed by a Board of five (5) directors, who need not be Members of the Association.

5.2 Term of Office. During the Class "B" Control Period, the Directors shall be appointed by the Declarant. At the first annual meeting of the Membership after the termination of the Class B Control Period the Members shall elect five (5) Directors all of whom shall be a Member. Two (2) Directors shall be elected to serve a term of three (3) years, two (2) Directors shall be elected to serve a term of two (2) years, and one (1) Director shall be elected to serve a term of one (1) year. Upon the expiration of the initial term of office of each such Director, a successor shall be elected to serve a term of three (3) years. Thereafter, all Directors shall be elected to serve three (3) year terms.

5.3 Authority to Conduct Business; Number of Directors. The affairs and business of the Association shall be conducted by the Board of Directors who shall be members of the Association. The Board of Directors shall have the power to act in all instances on behalf of the Association, except as otherwise provided in the Declaration, these Articles and the Bylaws, to the extent permitted by law.

5.4 Removal. Any director may be removed from the Board, with or without cause, by a majority vote of each class of members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

5.5 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.

5.6 Action Taken without a Meeting. The directors shall have the right to take any action, to the extent permitted by law, in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VI
NOMINATION AND ELECTION OF DIRECTORS

6.1 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. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be

appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. 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. Such nominations may be made from among members in good standing.

6.2 Election. Election to the Board of Directors shall be by secret written ballot. At such election, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VII MEETINGS OF DIRECTORS

7.1 Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly, at such day, place and hour as may be fixed from time to time by resolution of the Board.

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

7.3 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.

ARTICLE VIII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

8.1 Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association and shall continue until such default is cured. Such rights may also be suspended, after notice and opportunity for a hearing, for a period not to exceed 60 days for infraction of any other rule or regulation;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this association and not reserved to the membership by other provisions of these Bylaws, Articles of Incorporation, 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) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

(f) establish the Architectural Committee provided for in the Declaration.

(g) adopt and publish Board Resolutions governing the administrative policies and procedures for the daily operations of the Association.

8.2 Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate 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 one-fourth (1/4) of the Class A members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period; and,

(3) impose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(d) issue, or to cause an appropriate officer to issue, upon demand by 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 liability and hazard insurance on property owned by the Association;
- (f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (g) cause the Common Area to be maintained.

ARTICLE IX OFFICERS AND THEIR DUTIES

9.1 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 by resolution create.

9.2 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.

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

9.4 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.

9.5 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 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 effective.

9.6 Vacancies. A vacancy in any office may be filled by appointment of the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

9.7 Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

9.8 Duties. The duties of the officers are as follows:

9.8.1 PRESIDENT. The President shall reside 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 co-sign all checks and promissory notes.

9.8.2 VICE-PRESIDENT. 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.

9.8.3 SECRETARY. 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.

9.8.4 TREASURER. 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; cause an annual audit of the Association books, or financial report, as directed by the Board, to be made by an 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 membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE X COMMITTEES

Committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Directors at a meeting are hereby authorized. Such committees shall perform such duties and have such powers as may be provided in the resolution. Each committee shall be composed and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

10.1 Violation Committee. The Board of Directors shall appoint a Violations Committee consisting of at least two (2) and no more than five (5) members acting in accordance with the provisions of the Declaration, the Articles of Incorporation, these Bylaws, and such resolutions as the Board of Directors may adopt. The Violation Committee shall be the policing unit of the Association for the enforcement of the Declaration, Articles of Incorporation, these Bylaws, Rules of Conduct and such resolutions as may be adopted by the Board.

10.1.1 Demand for Abatement. Upon discovery, through inspection, referral or otherwise, the Violations Committee shall make demand for abatement of violation on the property owner in writing. Said demand for abatement shall state the nature of the violation, the action necessary to abate the same, a time period not to exceed ten (10) days to abate said violation without penalty or fine, state the penalty or fine as the case may be should the property owner fail to timely comply with the demand for abatement, the right of the property owner to appeal in writing the demand for abatement to the Board of Directors within the time permitted to abate the violation without penalty or fine (which shall not exceed ten (10) days) and that such right to appeal is waived if not timely filed.

10.1.2 Appeal of Board of Notice of Violation and Demand for Abatement.

If the Violation Committee makes demand for abatement, the property owner may appeal to the Board of Directors by giving written notice of such appeal to the Board within the time period to abate the violation without fine or penalty (which shall not exceed ten (10) days) after receipt of demand for abatement. The Board of Directors shall hear the matter with reasonable promptness after reasonable notice of such hearing to the property owner and shall decide with reasonable promptness, whether or not there has been a violation and, if so, the nature thereof and the action or cost, if any, to abate the violation. The property owner shall be entitled to present evidence and testimony on his behalf at the appeal hearing before the Board of Directors. The decision of the Board of Directors shall be final and binding on all parties.

10.2 Architectural Review Committee.

10.2.1 Appointment of Committee. The Board of Directors shall appoint an Architectural Review Committee consisting of five (5) members. The Board of Directors may, but need not, appoint members of the Board to the Architectural Review Committee.

10.2.2 Meeting(s) of Committee. The Committee shall meet from time to time as necessary to perform its duties hereunder. The vote of a majority of the Committee or the written consent of a majority of the Committee taken without a meeting shall constitute an act of the Committee.

10.2.3 Removal; Term. Members of the Architectural Review Committee appointed by the Board of Directors may be removed at any time by the Board, and shall serve for such term as may be designated by the Board or until resignation or removal by the Board.

10.2.4 Address of Committee. The address of the Architectural Review Committee shall be at the principal office of the Association.

10.2.5 Notice of Noncompliance. If, as a result of inspections or otherwise, the Architectural Review Committee finds that any improvement to property has been done without obtaining the approval of the Architectural Review Committee or was not done in substantial

compliance with the description and materials furnished by the Applicant to the Architectural Review Committee or was not completed within one (1) year after the date of the approval by the Architectural Review Committee, the Architectural Review Committee shall notify the Applicant in writing of the noncompliance which notice shall be given, in any event, within twenty (20) days after the Architectural Review Committee receives a Notice of Completion from the Applicant. The notice shall specify the particulars of the noncompliance and shall require the Applicant to take such action as may be necessary to remedy the noncompliance within ten (10) days.

10.2.6 Appeal to Association Board of Finding of Noncompliance. If the Architectural Review Committee gives a notice of noncompliance, the Applicant may appeal to the Board of Directors by giving written notice of such appeal to the Board and the Architectural Review Committee within ten (10) days after receipt of the notice of noncompliance by the Applicant. The Board of Directors shall hear the matter with reasonable promptness after reasonable notice of such hearing to the Applicant and the Architectural Review Committee and shall decide, with reasonable promptness, whether or not a noncompliance exist and, if so, the nature thereof and the estimated cost of correcting or removing the same. The decision of the Board of Directors shall be final and binding on all parties.

10.2.7 Correction of Noncompliance.

(1) If Applicant fails to comply with the Architectural Review Committee demand to remedy the noncompliance and does not timely appeal to the Board of Directors as provided in subparagraph (f) of this Section IX.2, the Committee may, at its option, record a Notice of Noncompliance against the property on which the noncompliance exists, may remove the noncomplying improvement to property or take such action as may be necessary to otherwise remedy the noncompliance. Applicant shall reimburse the Association, upon demand, for all expenses incurred therewith. Said expenses shall constitute a lien against the real property upon which the noncompliance exist and may be collected in the same manner as a monthly assessment. The right of the Association to remedy or remove any noncompliance shall be in addition to all other rights and remedies which the Association may have at law, in equity, or under the Declaration.

(2) If the Board of Directors determines that a noncompliance exists, the Applicant shall remedy or remove the same within a period of not more than ten (10) days from the date of the receipt by the Applicant of the ruling of the Board of Directors. If the Applicant does not comply with the Board ruling within such period, the Board may, at its option: (i) record a Notice of Noncompliance against the property on which the noncompliance exists, (ii) levy a fine in an amount not less than one hundred dollars (\$100.00) per month for each month the noncompliance exists, (iii) may remove the noncomplying improvement to property, and/or (iv) may otherwise remedy the noncompliance. The Applicant shall reimburse the Association, upon demand, for all expenses incurred therewith. Said expenses shall constitute a lien against the real property upon which the noncompliance exists and may be

collected in the same manner as a monthly assessment. The right of the Association to remedy or remove any noncompliance shall be in addition to all other rights and remedies which the Association may have at law, in equity, or under the Declaration.

ARTICLE XI BOOKS AND RECORDS

11.1 Inspection by Members. The official list of members, books of account, and minutes of meetings of the members, of the Board, and of committees shall be made available for inspection and copying by any member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to this interest as a member, at the office of the Association or at such other place as the Board shall prescribe. Members may be charged reasonable fees relative to the inspection and copying of records.

11.2 Rules for Inspection. The Board shall establish reasonable rules with respect to:

(a) notice to be given to the custodian of the records by the member desiring to make the inspection;

(b) hours and days of the week when such an inspection may be made; and

(c) payment of the cost of reproducing copies of documents requested by a member.

(d) payment of the cost of preparing records for inspection by the member if the request is extensive and/or involves voluminous records.

11.3 Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extra copies of documents at the reasonable expense of the Association.

ARTICLE XII ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association the annual and special assessment(s) which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within fifteen (15) days after the due date, the assessment shall be subject to a late fee and interest from the date of delinquency at the rate of eighteen (18) percent per annum or as determined by Board Resolution, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose against the property. Interest, costs, and reasonable attorney's fees shall be added to the amount of such

assessment or action. No owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XIII CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference, the words: "THE VILLAGES AT STONEBRIDGE HOMEOWNERS ASSOCIATION, INC. -- ARIZONA -- Incorporated."

ARTICLE XIV AMENDMENTS

14.1 These Bylaws may be amended by the fifty-one percent (51%) vote of the members.

ARTICLE XV CONFLICTS

15.1 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, the Declaration shall control.

ARTICLE XVI MISCELLANEOUS

The fiscal year of the Association shall be set by Board Resolution, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XVII DISSOLUTION

The Association may be dissolved with the written assent by not less than two-thirds (2/3) of each class of members. Upon dissolution of the Association, other than incident to a merger, or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

These Bylaws were adopted by the Board of Directors at its meeting held
_____, 2003.

JACK DUVA, President

Attest:

RONALD V. GENOVESE, Secretary