

SECOND AMENDED AND RESTATED BYLAWS
OF
RANCHO PALO VERDE HOMEOWNERS ASSOCIATION, INC.

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SECOND AMENDED AND RESTATED BYLAWS

OF

RANCHO PALO VERDE HOMEOWNERS ASSOCIATION, INC.

1. GENERAL PROVISIONS

1.1. Principal Office. The principal office of this corporation shall be located at the place as is designated in the Articles of Incorporation or such other place as the Association may designate from time to time in accordance with the Arizona statutes governing nonprofit corporations, but meetings of members and directors may be held at such other place within the State of Arizona as may be designated by the Board of Directors.

1.2. Defined Terms. Capitalized terms used in these Bylaws without definition shall have the meanings specified for such terms in the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Rancho Palo Verde recorded in Book 2334, page 842, records of Mohave County, Arizona.

1.3. Conflicting Provisions. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

1.4. Corporate Seal. The Association may have a seal in a form approved by the Board.

1.5. Designation of Fiscal Year. The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation of the Association.

1.6. Books and Records. The books, records and papers of the Association shall be available for inspection by any Member during reasonable business hours. The Project Documents shall be available for inspection by any Member during reasonable business hours at the principal office of the Association, where copies may be purchased at reasonable cost.

1.7. Amendment.

1.7.1. These bylaws may be amended, at a regular or special meeting of the Members, by a vote of the Members having more than 50% of the votes entitled to be cast by the Members present in person or by proxy.

1.7.2. The Declarant, as long as the Declarant owns any Lot, and thereafter, the Board, without a vote of the Members and without the consent of any First Mortgagee, may amend these Bylaws in order to conform these Bylaws to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project, the Plat or the Project Documents is required by law or requested by the Declarant or the Board.

1.7.3. So long as there is a Class B membership in the Association, any amendment of these Bylaws must be approved by the Veterans Administration or the Federal Housing Administration.

1.7.4. So long as the Declarant owns any Lot, any amendment to these Bylaws must be approved in writing by the Declarant.

1.8. Indemnification. To the event it has the power to do so under the Arizona Nonprofit Corporation Act, A.R.S. §10-1001, et seq., the Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Association, by reason of the fact that he is or was a member, director, officer, employee or agent of the Association or is or was serving at the request of the Association as a member, director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, and against judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted, or failed to act, in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Indemnification of any such person shall be made in accordance with the procedures set forth in the Arizona Nonprofit Corporation Act.

1.9. Prior Bylaws Superseded. These Second Amended and Restated Bylaws shall supersede in their entirety any Prior Bylaws, and any amendments thereto, adopted by the Board or the members.

2. MEETINGS OF MEMBERS

2.1. Annual Meeting. An annual meeting of the Members of the Association shall be held at least once every twelve (12) months at such time and place as is determined by the Board.

2.2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board or upon written request signed by Members having at least one-fourth (1/4) of the total authorized votes in the Association.

2.3. 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 meeting by mailing a copy of each notice, postage prepaid, no less than fifteen (15) days and no more than sixty (60) days prior to 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, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place of the meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Association may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each member entitled to vote at the meeting. By attending a meeting, a Member waives any right he may have had to object to the meeting on the basis that the proper notice of the meeting was not given in accordance with these Bylaws or the statutes of the State of Arizona.

2.4. Quorum. Except as otherwise provided in the Articles, the Declaration or these Bylaws, the presence in person or by proxy of Members entitled to cast one-tenth (1/10th) of the total authorized votes in the Association shall constitute a quorum at all meetings of the Members. If a quorum shall not be present at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

2.5. Proxies. At all meetings of the Members a vote may be cast in person or by proxy. A proxy may be granted by any Member in favor of only another Member, the Board of Directors of the Association, the Declarant, or the Member's mortgagee, or in the case of a non-resident Member, the lessee of such Member's Lot, his attorney or managing agent. A proxy shall be duly executed in writing and it shall be valid only for the particular meeting designated in the proxy. All proxies must be filed with the Secretary prior to the commencement of the meeting for which the proxy is given. The proxy shall be deemed revoked upon the owner attending the meeting or by actual receipt by the person presiding over the meeting of a notice of revocation signed by the Member who granted the proxy.

2.6. 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 or notice.
- c. Reading 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. Member input.

3. BOARD OF DIRECTORS

3.1. Number. The affairs of this Association shall be managed by a board of three (3) directors. So long as there is a Class B membership in the Association, the directors need not be members of the Association. After the termination of the Class B membership, all directors must be Members of the Association. The Board may increase the number of directors on the Board but the number of directors must always be an odd number and shall not exceed nine (9) directors.

3.2. Election and Term of Office. At the first annual meeting of the Association the term of office of the Directors shall be set and staggered: One (1) director shall serve a one (1) year term; one (1) director shall serve a two (2) year term and one (1) director shall serve a three (3) year term. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and hold their first meeting.

3.3. Removal. At any annual or special meeting of the Members duly called, any one or more of the members of the board of directors may be removed from the Board with or without cause by Members having more than fifty percent (50%) of the votes entitled to be cast by the members present in person or by proxy at the meeting, and a successor may then and there be elected to fill the vacancy thereby created.

3.4. 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.

3.5. 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 consent of all the

directors. Any such written consent shall be filed with the minutes of the proceedings of the Board.

3.6. Vacancies. Except for vacancies on the Board caused by the removal of a director in accordance with the provisions of Section 3.3 of these Bylaws, any vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum or by a sole remaining director, and any director so chosen shall hold office until the next election of the directors when a successor is elected and qualified. Any newly created directorship shall be deemed a vacancy. When one or more directors resigns from the Board, effective at a future time, a majority of the directors then in office, including those who have so resigned, may fill such vacancy, the vote on the vacancy to take effect when such resignation becomes effective. If by reason of death, resignation or otherwise, the Association has no directors in office, any officer or Member may call a special meeting of the Members for the purpose of electing the Board of Directors.

3.7. Meetings.

3.7.1. Meetings of the Board, regular or special, shall be held at least quarterly and may be held by means of conference telephone or other similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation at such meeting shall constitute presence in person at the meeting.

3.7.2. Regular meetings of the Board may be held with or without notice at such time and place as is determined from time to time by the Board.

3.7.3. Special meetings of the Board may be called by the President on three (3) business days notice to each director, given in writing, by hand delivery, mail or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) directors.

3.7.4. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting except when a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

3.8. Quorum. A majority of the 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.

3.9. Powers and Duties. 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 as are not by the Project Documents required to be exercised or done by the Members. In addition to the duties imposed by these Bylaws or by any resolution of the Members that may hereafter be adopted, the Board shall have the following powers and duties:

3.9.1. Open bank accounts on behalf of the Association and designate the signatories thereon;

3.9.2. Make, or contract for the making, of repairs, additions to, or improvements to or alterations of the Common Area, in accordance with the Project Documents, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

3.9.3. In the exercise of its discretion, enforce by legal means the provisions of the Project Documents;

3.9.4. Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair, replacement of the Common Area and provide services for the Members, and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties;

3.9.5. Provide for the operation, care, upkeep and maintenance of all of the Common Area and borrow money on behalf of the Association when required in connection with any one instance relating to the operation, upkeep and maintenance for the Common Area; provided, however, the consent of Members having at least two-thirds (2/3) of the total votes in the Association shall be obtained either in writing or at a meeting called and held for such purpose in accordance with the provisions of these Bylaws in order for the Association to borrow in excess of \$5,000;

3.9.6. Prepare and adopt an annual budget for the Association prior to the commencement of each fiscal year;

3.9.7. Adopt and publish rules and regulations governing the use of the Common Area and facilities and the personal conduct of the Members and their family members, guests, lessees and invitees thereon and establish penalties for the infraction thereof;

3.9.8. Suspend the voting rights and the right to use of the Common Area of a Member during and period in which such Member shall be in default in the payment of any Assessment or other amounts due under the terms of the Project Documents for a period of fifteen (15) days and for a period not to exceed sixty (60) days for any infraction of the Project Documents;

3.9.9. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of the Project Documents;

3.9.10. 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;

3.9.11. Employ, hire and dismiss such employees as they deem necessary and to prescribe their duties and their compensation;

3.9.12. 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 any Member entitled to vote;

3.9.13. Supervise all officers, agents and employees of the Association and see that their duties are properly performed;

3.9.14. Levy, collect and enforce the payment of assessments in accordance with the provisions of the Declaration;

3.9.15. Issue, or cause an appropriate officer to issue upon demand to and 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;

3.9.16. Procure and maintain adequate property, liability and other insurance as required by the Declaration;

3.9.17. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

3.9.18. Cause the Common Area to be maintained, as more fully set forth in the Declaration.

3.10. Managing Agent. The Board may employ for the Association and the Project a "Managing Agent" at a compensation established by the Board. The Managing Agent shall perform such duties and services as the Board shall authorize, including, but not limited to, all of the duties listed in the Project Documents except for such duties and services that under the Project Documents may not be delegated to the Managing Agent. The Board may delegate to the Managing Agent all of the powers granted to the Board or the officers of the Association by the Project Documents other than the power (i) to adopt the annual budget, any amendment thereto or to levy Assessments; (ii) to adopt, repeal or amend

Association Rules; (iii) to designate signatories on Association bank accounts; (iv) to borrow money on behalf of the Association; (v) to acquire real property.

4. OFFICERS AND THEIR DUTIES

4.1. Enumeration of Officers. The principal officers of the Association shall be the president, the vice president, the secretary, and the treasurer all of whom shall be elected by the Board. All officers must be a member of the Board.

4.2. Election of Officers. The election officers shall take place at the first meeting of the Board following each annual meeting of the Members.

4.3. Term. The officers of the 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.

4.4. 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.

4.5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by 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 it effective.

4.6. 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 he replaces.

4.7. Multiple Offices. Any two or more offices may be held simultaneously by the same person except the offices of President and Secretary.

4.8. Powers and Duties. To the extent such powers and duties are not assigned or delegated to a manager pursuant to Section 3.10 of these Bylaws, the powers and duties of the officers shall be, as follows:

4.8.1. President. The president shall be the chief executive officer of the Association; shall preside at all meetings of the Board or the Members; shall see that orders and resolutions of the Board are carried into effect; and have general and active management of the business of the Association;

4.8.2. 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;

4.8.3. 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 preform such other duties as required by the Board;

4.8.4. Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds for appropriate Association purposes as set forth in the Project Documents; keep proper books of account; 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; and, in general, perform all the duties incident to the office of treasurer.

5. FINES

5.1. Power of Board to Impose Fines. Pursuant to the power granted to the Board by the Declaration, the Board or appropriate committee shall have the right to impose reasonable fines against an Owner for a violation of any provision of the Project Documents by the Owner, his family, tenants or guests.

5.1.1. Any fines imposed pursuant to this Article 5 shall be the joint and several liability of all of the joint Owners of a Lot.

6. COMMITTEES

6.1. General. 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.

6.2. Violations Committee. The Board of Directors shall appoint a Violations Committee.

6.2.1. Committee Composition. The committee shall consist 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 of the Board of Directors may adopt. The Violations 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.

6.2.2. 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, 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.

6.2.3. Appeal to 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 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.

6.3. Architectural Review Committee. The Board of Directors shall appoint an Architectural Committee.

6.3.1. Committee Composition. The Architectural Review Committee shall consist of not less than three (3) nor more than five (5) members. Two (2) members shall constitute a quorum.

6.3.2. Meeting. 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.

6.3.3. Appointment of Members; Removal of Members. Members of the Committee shall be appointed by the Board. The

Board of Directors may, but need not, appoint members of the Board to the Architectural Review Committee. Members of the Architectural Review Committee appointed by the Board 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.

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

7. ARCHITECTURAL APPROVAL

7.1. Approval of Improvements Required. The approval of the Architectural Review Committee shall be required for any exterior Improvement to Property.

7.2. Improvement to Property Defined. "Improvement to Property" requiring approval of the Architectural Review Committee shall mean and include, without limitation:

- a. the construction, alteration, addition, modification, decoration, redecoration, or reconstruction of any Improvement, whether a building, sign, fence, wall or other structure;
- b. the construction, installation, erection or expansion of any building, structure or other Improvements, including utility facilities;
- c. the demolition or destruction, by voluntary action, of any building, structure or other Improvements;
- d. the grading, excavation, filling or similar disturbance to the surface of the land including, without limitation, change of grade, change of ground level, or change of drainage pattern;
- e. landscaping, planting, clearing or removing of trees, shrubs, grass or plants; and
- f. any change or alteration of any previously approved Improvement to Property including any change of exterior appearance, color or texture.

7.3. Submission of Plans. Prior to commencement of work to accomplish any proposed Improvement to Property, the Property Owner or his authorized agent ("Applicant") shall submit to the Architectural Review Committee at its offices such descriptions, surveys, plot plans, drainage plans, elevation drawings, construction plans, specifications and samples of materials and colors as the Architectural Review Committee shall reasonably

request showing the nature, kind, shape, height, width, color, materials, cost and location of the proposed Improvement to Property. The Applicant shall be entitled to receive a receipt for the same from the Architectural Review Committee or its authorized agent. The Architectural Review Committee may require submission of additional plans, specifications or other information prior to approving or disapproving the proposed Improvement to Property. Until receipt by the Architectural Review Committee of all required materials in connection with the proposed Improvement to Property, the Architectural Review Committee may postpone review of any materials submitted for approval.

7.4. Criteria for Approval. The Architectural Review Committee shall approve any proposed Improvement to Property only if it deems in its reasonable discretion that the Improvement to Property in the location indicated will not be detrimental to the appearance of the surrounding areas of the Development as a whole; that the appearance of the proposed Improvement to Property will be in harmony with the surrounding areas of the Development; that the Improvement to Property will not detract from the beauty, wholesomeness and attractiveness of the Development or the enjoyment thereof by Owners; and that the upkeep and maintenance of the proposed Improvement to Property will not become a burden on the Association. The Architectural Review Committee shall have the right to deny approval of any plans or specifications which are not, in its opinion, suitable or desirable for aesthetic or any other reason, and shall have the right to take into consideration the harmony and conformity of the building with the surrounding buildings (and landscaping) and the suitability of the same with surrounding area and the effect of such structure or building as seen from adjacent or neighboring properties. The Architectural Review Committee may condition its approval of any proposed Improvement to Property upon the making of such changes therein as the Architectural Review Committee may deem appropriate.

7.5. Committee Guidelines or Rules. The Architectural Review Committee shall issue guidelines or rules relating to the procedures, materials and information to be submitted and additional factors which will be taken into consideration in connection with the approval of any proposed Improvement to Property.

7.6. Architectural Review Fee. The Architectural Review Committee may, in its guidelines or rules, provide for the payment of a fee in an amount not to exceed FIFTY DOLLARS and no/100 (\$50.00) to accompany each request for approval of any proposed improvement to Property. The Architectural Review Committee may provide that the amount of such fee shall be uniform for similar types of any proposed Improvement to Property or that the fee shall be determined in any other reasonable manner, such as based upon the reasonable cost of the proposed Improvement to Property.

7.7. Decision of Committee. The decision of the Architectural Review Committee shall be made within thirty (30) days after receipt by the Architectural Review Committee of all materials required by the Architectural Review Committee. The decision shall be in writing and, if the decision is not to approve a proposed Improvement to Property, the reasons therefor shall be stated. The decision of the Architectural Review Committee shall be promptly transmitted to the Applicant at the address furnished by the Applicant to the Architectural Review Committee.

7.8. Appeal to Association Board. If the Architectural Review Committee denies or refuses approval of a proposed Improvement to Property, the Applicant may appeal to the Board of Directors by giving written notice of such appeal to the Association and the Architectural Review Committee within ten (10) days after such denial or refusal. The Board of Directors shall hear the appeal 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 the proposed Improvement to Property shall be approved. The decision of the Board of Directors shall be final and binding on all persons.

7.9. Failure of Committee to Act on Plans. Any request for approval of a proposed Improvement to Property shall be deemed approved, unless disapproval or a request for additional information or materials is transmitted to the Applicant by the Architectural Review Committee within thirty (30) days after the date of receipt by the Architectural Review Committee of all required materials.

7.10. Prosecution of Work After Approval. After approval of any proposed Improvement to Property, the proposed Improvement to Property shall be accomplished as promptly and diligently as possible and in complete conformity with the description of the proposed Improvement to Property and any materials submitted to the Architectural Review Committee in connection with the proposed Improvement to Property. Failure to complete the proposed Improvement to Property within one (1) year after the date of construction or to complete the Improvement to Property strictly in accordance with the description and materials furnished to the Architectural Review Committee shall operate automatically to revoke the approval of the proposed Improvement to Property. Landscaping shall be completed in the front yard prior to occupancy.

7.11. Notice of Completion. Promptly upon completion of the Improvement to Property, the Applicant shall give written Notice of Completion to the Architectural Review Committee and, for all purposes hereunder, the date of receipt of such Notice of Completion by the Architectural Review Committee shall be deemed to be the date of completion of such Improvement to Property.

7.12. Inspection of Work. The Architectural Review Committee or its duly authorized representative shall have the right to inspect any Improvement to Property prior to or after completion, provided that the right of inspection shall terminate sixty (60) days after the Architectural Review Committee shall have received a Notice of Completion from the Applicant.

7.13. 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 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.

7.14. Failure of Committee to Act After Completion. If, for any reason other than the Applicant's act or neglect, the Architectural Review Committee fails to notify the Applicant of any noncompliance within twenty (20) days after receipt by the Architectural Review Committee of written Notice of Completion from the Applicant, the Improvement to Property shall be deemed in compliance if the Improvement to Property was, in fact, completed as of the date of Notice of Completion.

7.15. Appeal to Association Board of Finding of Noncompliance. If the Architectural Review Committee gives any 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 there has been such noncompliance 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.

7.16. Correction of Noncompliance.

7.16.1. Correction of Noncompliance. If Owner fails to comply with the Architectural Committee demand to remedy the non-compliance and does not timely appeal to the Board as provided in paragraph 7.15 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, and the Owner shall reimburse the Association, upon demand, for all expenses incurred therewith. If such expenses are not promptly repaid by the Owner or Owner to the Association, the Committee may levy Reimbursement Assessment against the Owner for such costs and expenses. 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. If the Board of Directors determines that a noncompliance exists, the Owner shall remedy or remove the same within a period of not more than ten (10) days from the date of receipt by the Owner of the ruling of the Board of Directors. If the Owner does not comply with the Board ruling within such period, the Board may, at its option, may record a Notice of Noncompliance against the property on which the noncompliance exists, may remove the noncomplying Improvement to Property or may otherwise remedy the noncompliance, and the Owner shall reimburse the Association, upon demand, for all expenses incurred therewith. If such expenses are not promptly repaid by the Applicant or Owner to the Association, the Board may levy a Reimbursement Assessment against the Owner for such costs and expenses. 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.

7.17. No Implied Waiver or Estoppel. No action or failure to act by the Architectural Review Committee or by the Board of Directors shall constitute a waiver or estoppel with respect to future action by the Architectural Review Committee or the Board of Directors with respect to any Improvement to Property. Specifically, the approval by the Architectural Review Committee of any Improvement to Property shall not be deemed a waiver of any right or an estoppel to withhold approval or consent for any similar Improvement to Property or any similar proposals, plans, specifications or other materials submitted with respect to any other Improvement to Property.

7.18. Committee Power to Grant Variances. The Architectural Review Committee may authorize variances from compliance with any of the provisions of the Declaration, including restrictions upon height, size, floor area or placement of structures or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require. Such variances may not in any way detract from the appearance of the premises, or in any way be detrimental to the public welfare or to the property of other persons located within the development, all in sole opinion of the Committee. Such variances must be evidenced in writing, and must be signed by a majority of the members of the Architectural Review Committee, and shall become effective only upon recordation

in the office of the Recorder of Mohave County. If any such variance is granted, no violation of the provisions of the Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of a variance shall not operate to waive any of the terms and provisions of the Declaration for any purpose except as to the particular property and particular provision covered by the variance, nor shall the granting of any variance affect the jurisdiction of the Architectural Review Committee, nor shall the granting of a variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the property concerned, including, but not limited to, zoning ordinances and regulations affecting the Owner's use thereof.

7.19. Compensation of Members. Members of the Architectural Review Committee shall receive no compensation for services rendered other than reimbursement of out of pocket expenses incurred by them in the performance of their duties hereunder.

7.20. Meetings of Committee. The Architectural Review Committee shall meet from time to time as necessary to perform its duties hereunder. The Architectural Review Committee may, from time to time, by resolution in writing adopted by a majority of the members, designate a Committee Representative (who may, but need not, be one of its members) to take any action or perform any duties for or on behalf of the Architectural Review Committee, except the granting of approval to any Improvement to Property and granting of variances. The action of such Committee Representative within the authority of such Committee Representative or the written consent or the vote of a majority of the members of the Architectural Review Committee shall constitute action of the Architectural Review Committee.

7.21. Records of Actions. The Architectural Review Committee shall keep a permanent record of all its actions.

7.22. Estoppel Certificates. The Board of Directors shall, upon the reasonable request of any interested party and after confirming any necessary facts with the Architectural Review Committee, furnish a certificate with respect to the approval or disapproval of any Improvement to Property or with respect to whether any Improvement to Property was made in compliance herewith. Any person, without actual notice to the contrary, shall be entitled to rely on said certificate with respect to all matters set forth therein.

7.23. Nonliability for Committee Action. None of the Architectural Review Committee, any member of the Committee, any Committee Representative, the Association, or any member of the Board of Directors shall be liable to any loss, damage or injury arising out of or in any way connected with the performance of the

duties of the Architectural Review Committee unless due to the willful misconduct or bad faith of the party to be held liable. In reviewing any matter, the Architectural Review Committee shall not be responsible for reviewing, nor shall its approval of any Improvement to Property be deemed approval of the Improvement to Property from the standpoint of safety, whether structural or otherwise, or conformance with building codes or other governmental laws or regulations.

7.24. Construction Period Exception. During the course of actual construction of any permitted structure or Improvement to Property, and provided construction is proceeding with due diligence, the Architectural Review Committee and the Board of Directors may temporarily suspend the enforcement of the provisions contained in the Declaration as to the property upon which the construction is taking place to the extent necessary to permit such construction; provided that, during the course of any such construction, nothing is done which will result in a violation of any of the provisions of the Declaration upon completion of construction and nothing is done which will constitute a nuisance or unreasonable interference with the use and enjoyment of other property.

CERTIFICATION

I hereby certify that the foregoing Bylaws were duly adopted by the Board of Directors of the Association on the 27th day of July, 1998.



President.