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BYLAWS
OF
EMPIRE STORAGE CONDOMINIUM OWNERS ASSOCIATION

ARTICLE I
NAME

The name of the corporation is EMPIRE STORAGE CONDOMINIUM OWNERS ASSOCIATION, hereinafter referred to as the Association.

ARTICLE II
PRINCIPAL OFFICE

The principal office of the corporation shall be located in Lake Havasu City, Arizona. The meetings of members and directors may be held at such places in the State of Arizona, County of Mohave, as may be designated by the Board of Directors.

ARTICLE III
DEFINITIONS

(a) "Act" shall mean Section 33-1201, et seq., Arizona Revised Statutes, pertaining to Condominiums in the State of Arizona.

1 (b) "Association" shall refer to the EMPIRE STORAGE
2 CONDOMINIUM OWNERS ASSOCIATION, whose membership shall include
3 each Owner of a Condominium Unit in the Property and whose
4 function shall be to serve as the OWNERS' ASSOCIATION as
5 defined in the Act. The Association will be incorporated under
6 the name of EMPIRE STORAGE CONDOMINIUM OWNERS ASSOCIATION, an
7 Arizona non-profit corporation, prior to the conveyance of a
8 Condominium Storage Unit by Declarant.

9 (c) "Association Rules" shall mean and refer to the
10 rules and regulations adopted by the Association pursuant to
11 this Declaration and in furtherance of the Bylaws and in
12 accordance with the Act.

13 (d) "Assessments" shall mean the charges against
14 Owners to defray the Common Expenses as well as miscellaneous
15 Special Assessments, Special Assessments for capital
16 improvements, and Special Assessments for the purpose of
17 restoring and reconstructing the Property in the event of
18 casualty, all as provided in this Declaration.

19 (e) "Board" shall mean the Board of Directors of the
20 Association elected pursuant to the Bylaws and serving as the
21 governing body of the Association.

22 (f) "Bylaws" shall mean the Bylaws adopted by the
23 Association pursuant to the Act for the purpose of regulating
24 the affairs of the Association, as the same may be amended from
25 time to time.

26 (g) "Common Expenses" shall mean the actual and
estimated costs for:

1 (1) maintenance, management, operation, repair
2 and replacement of the Common Elements which are maintained by
3 the Association;

4 (2) deficiencies arising by reason of unpaid
5 Assessments;

6 (3) management and administration of the
7 Association, including, but not limited to, compensation paid
8 by the Association to managers, accountants, attorneys and
9 employees;

10 (4) utilities, including, but not necessarily
11 limited to electricity, trash pickup and disposal, water (if
12 any), landscaping services and related services;

13 (5) insurance and bonds required by this
14 Declaration or any additional insurance and bonds obtained by
15 the Board in its discretion;

16 (6) the establishment of reasonable reserves
17 as the Board shall deem appropriate in its discretion;

18 (7) other miscellaneous charges incurred by
19 the Association or the Board pursuant to this Declaration, the
20 Bylaws, or Association Rules in furtherance of the purposes of
21 the Association or in discharge of the duties and powers of the
22 Association.

23 (h) "Common Elements" or "Common Area(s)" shall mean
24 the entire Property excluding the Condominium Units but
25 including the Office Condominium Unit.

26 (i) "Condominium Storage Unit", "Condominium Unit"
or "Unit" shall mean a part of the Property, designed or

1 intended for independent use as a storage unit, together with
2 the pro rata fractional interest in the Common Elements and any
3 exclusive and non-exclusive easements appurtenant thereto. Each
4 Condominium Storage Unit shall consist of the space enclosed
5 and bounded by the horizontal and vertical planes as shown on
6 the Plat; provided, however, that no structural components of
7 the Building in which each Condominium Storage Unit is located,
8 and no pipes, wires, conduits, ducts, flues, shafts or utility,
9 water or sewer lines (if any) situated within such Condominium
10 Storage Unit and forming part of any system serving one or more
11 other Condominium Storage Unit, shall be a part of the Units.

12 (j) "Declarant" shall mean Blue Water Development 2,
13 L.L.C., an Arizona Limited Liability Company.

14 (k) "Declaration" shall mean that certain
15 Declaration of Condominium, Covenants, Conditions and
16 Restrictions for EMPIRE STORAGE CONDOMINIUMS, as the same may
17 from time to time be amended.

18 (l) "Occupant" shall mean a Person or Persons, other
19 than an owner, in possession of a Condominium Storage Unit.

20 (m) "Office Condominium Unit" shall refer to that
21 Unit as designated on the Plat for use as an office, together
22 with that Unit's pro rata share of the Common Elements.

23 (n) "Owner" shall mean the Person or Persons who are
24 vested with record title to a Condominium Storage Unit
25 according to the records of the County Recorder of Mohave
26 County, Arizona. However, Owner shall not include a Person who
holds an interest in a Condominium Storage Unit merely as

1 security for the performance of an obligation. Declarant shall
2 be considered the record Owner of any Condominium Unit prior to
3 its initial conveyance by Declarant.

4 (o) "Person" shall mean a natural individual,
5 corporation, partnership, trustee or other legal entity capable
6 of holding title to real property.

7 (p) "Property" shall mean the real property, the
8 Buildings, improvements and permanent fixtures located thereon,
9 and all easements and rights appurtenant thereto.

10 (q) "Restrictions" shall mean the covenants,
11 conditions, assessments, easements, liens and restrictions set
12 forth in this Declaration.

13 (r) "Unoccupied" with reference to any Condominium
14 Storage Unit or Units shall mean any Condominium Storage Unit
15 that has been constructed but not yet conveyed by Developer or
16 Declarant.

17 **ARTICLE IV**

18 **MEMBERSHIP**

19 Section 1. MEMBERS

20 Every Owner of a Condominium Storage Unit which is
21 subject by the covenants of record to Assessment shall be a
22 member of the Association. Membership shall be appurtenant to
23 and may not be separated from ownership of any Condominium
24 Storage Unit which is subject to Assessment. The rights and
25 obligations of an Owner and membership in the Association
26 shall not be assigned, transferred, pledged, conveyed, or

1 alienated in any way except upon transfer of ownership to such
2 Condominium Storage Unit, or by intestate succession,
3 testamentary disposition, foreclosure of a mortgage of record,
4 or such other legal process that is now in effect or as may
5 hereafter be established under or pursuant to the laws of the
6 State of Arizona. Any attempt to make a prohibited transfer
7 shall be void. Any transfer of ownership shall operate to
8 transfer said membership to the new Owner, and a reasonable
9 charge may be assessed by the Association for each such
10 transfer.

11
12 Section 2. ASSESSMENT

13 The rights of membership are subject to the payment
14 of monthly and special Assessments levied by the Association,
15 the obligation of which Assessment is imposed against each
16 Owner and becomes a lien upon the property against which
17 Assessments are to be made as provided by the Declaration.

18 Section 3. SUSPENSION

19 The membership rights of any person whose interest
20 in the properties is subject to Assessments under this
21 Article, whether or not he be personally obligated to pay such
22 Assessments, may be suspended by action of the Directors,
23 during the period when the Assessments remain unpaid; but,
24 upon payment of such Assessments, his/her rights, and
25 privileges shall be automatically restored. After the Board
26 has adopted and published rules and regulations governing the

1 use of Common Areas and facilities and the personal conduct of
2 any person thereon, as provided in these Bylaws, they may, in
3 their discretion, suspend the rights of any such members for
4 violation of such rules and regulations for a period not to
5 exceed SIXTY (60) days or levy fines according to such a
6 schedule as may be adopted or revised by the Board of
7 Directors from time to time.

8 **ARTICLE V**

9 **VOTING RIGHTS**

10 All Owners of a Condominium Storage Unit shall be
11 Members and entitled to one vote for each Condominium Storage
12 Unit owned. When more than one person holds an interest, all
13 such person shall become Members. The vote for such
14 Condominium Storage Unit shall be exercised as they among
15 themselves determine, but in no event shall more than one vote
16 be cast with respect to any Condominium Storage Unit, and
17 fractional votes shall not be allowed.

18 **ARTICLE VI**

19 **PROPERTY RIGHTS AND RIGHTS OF**

20 **ENJOYMENT OF COMMON AREAS**

21 **Section 1. MEMBERS**

22 Each Member shall be entitled to the use and
23 enjoyment of the Common Areas and facilities as provided by
24 the Declaration, these Bylaws and reasonable Rules and
25 Regulations affecting the properties.
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Section 2. DELEGATION OF USE

Any Member may delegate his/her rights of enjoyment in the Common Areas and facilities to the Members of his/her family who use the properties or to any of his/her tenants who rent/lease the Condominium Storage Unit. Such Members shall notify the Secretary in writing of the name of any such person and of the relationship of the Member to such person. The rights and privileges of such person are subject to suspension to the same extent as those of the Member delegating the right of enjoyment.

ARTICLE VII

ASSOCIATION PURPOSES AND POWERS, RIGHTS AND

DUTIES OF ASSOCIATION AND ITS MEMBERS

Section 1.

The purposes for which the Association has been organized are set forth in Article IV of the Articles of Incorporation.

Section 2.

The Association and its Members shall have all the powers, rights, duties and obligations set forth in the Articles of Incorporation for the Association, these Bylaws, rules and regulations pursuant thereto, and recorded restrictions of the property, and as any of the same may be duly adopted or amended.

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ARTICLE VIII

DIRECTORS

Section 1. NUMBER

The initial number of directors of the corporation shall be THREE (3). Following Declarant's Period of Control, the authorized number of Directors of the corporation shall be not less than THREE (3) nor more than FIVE (5) until changed by amendment of the Articles of Incorporation or by a Bylaw duly adopted by the Members amending this Section of Article VIII of the Bylaws.

Section 2. ELECTION

The term of the Directors named in the Articles of Incorporation shall be until the first annual meeting of the Members, or, if the Association is still under Declarant's control, until their successors are duly chosen and qualify. At the expiration of the initial terms of office of each Director, his/her successor shall be elected to service for a One (1) year term. The Directors shall hold office until their successors have been elected and hold their first meeting, and, thereafter, the Directors shall be elected at the annual meeting of Members to be held each year.

Section 3. REMOVAL

Following Declarant's Period of Control, any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the

1 event of death, resignation, or removal of a Director, such
2 vacancy may be filled by the affirmation vote of a majority of
3 the remaining Directors even though less than a quorum of the
4 Board of Directors. A Director elected to fill a vacancy
5 shall serve for the unexpired term of his predecessor.

6 Section 4. COMPENSATION.

7 No Director shall receive compensation for any
8 service he may render to the Association. However, any
9 Director may be reimbursed for his actual expenses incurred in
10 the performance of his duties.

11 Section 5. ACTION TAKEN WITHOUT A MEETING

12 The Directors shall have the right to take any
13 action in the absence of a meeting which they could take at a
14 meeting by obtaining the written approval of all the
15 Directors. Any action so approved shall have the same effect
16 as though taken at a meeting of the Directors.

17 ARTICLE IX

18 NOMINATION AND ELECTION OF DIRECTORS

19 Section 1. NOMINATION.

20 Nomination for election to the Board of Directors
21 may be made by a Nominating Committee. Nominations may also
22 be made from the floor at the annual meeting. The Nominating
23 Committee shall consist of a Chairman, who shall be a member
24 of the Association. The Nominating Committee shall be
25 appointed by the Board of Directors prior to each annual
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1 meeting of the members, to serve from the close of such annual
2 meeting until the close of the next annual meeting and such
3 appointment shall be announced at each annual meeting. The
4 Nominating Committee shall make as many nominations for
5 election to the Board of Directors as it shall in its
6 discretion determine, but not less than the number of
7 vacancies that are to be filled. Such nominations must be
8 made from among members or non-members. The Board may serve
9 as the nomination committee, at its option.

10
11 Section 2. ELECTION

12 Election to the Board of Directors shall be as
13 specified by the Board. At such election each member entitled
14 to vote shall have the right to vote, in person or by proxy,
15 one vote for each Condominium Storage Unit owned by him/her
16 for as many persons as there are to be elected and give one
17 candidate as many votes as the number of directors to be
18 elected multiplied by the number of his/her Condominium
19 Storage Units shall equal, or to distribute the votes on the
20 same principle among as many candidates as he may see fit.
21 The persons receiving the largest number of votes shall be
22 elected.

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24 ARTICLE X

25 **POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

26 Section 1.

The Board of Directors shall have power:

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(a) To call special meetings of the Members whenever it deems necessary and it shall call a meeting at any time upon written request of one-fourth (1/4) of the voting membership, as provided in Article XIV, Section 2.

(b) To appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient. Nothing contained in these Bylaws shall be construed to prohibit the employment of any Member, Officer or Director of the Association in any capacity whatsoever.

(c) To establish, levy and assess, and collect the assessments or charges referred to in Article IV, Section 2.

(d) To adopt and publish rules and regulations governing the use of the Common Areas and facilities and the personal conduct of the Members and their guests thereon.

(e) To exercise for the Association all powers, duties and authority vested in or delegated to this Association, except those reserved to Members in the covenants.

(f) In the event that any Member of the Board of Directors of this Association shall be absent from Three (3) consecutive regular meetings of the Board of Directors, the Board may by action taken at the meeting during which said third absence occurs, declare the office of said absent

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Director to be vacant.

(g) To retain the services of an experienced, professional manager to manage the Property. Appropriate fidelity bond coverage shall be required for any employee of the manager who handles funds of the Association. The Board of Directors may by written contract delegate in whole or in part to a manager such of duties, responsibilities, functions and powers hereunder of the board of Directors as are delegable. The services of any manager retained by the Board of Directors shall be paid for with funds from the Common Expense Fund. Any management contract, employment contract or lease of recreational or parking areas or facilities, or any contract lease, including franchises or licenses, to which the Declarant or an affiliate of the Declarant is a party which binds the Association either directly or indirectly shall provide that without cause such agreement may be terminated by the Board of Directors or the Association, without penalty at any time after transfer of control by the Declarant, upon no more than thirty (30) days written notice to the other party thereto.

Section 2.

It shall be the duty of the Board of Directors:

(a) To 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

1 at any special meeting when such is requested in writing by
2 one-fourth (1/4) of the voting membership, as provided in
3 Article XIV Section 2.

4 (b) To supervise all officers, agents and employees
5 of this Association, and to see that their duties are properly
6 performed.

7 (c) As more fully provided in the Declaration:

8 (1) To fix the amount of the Assessment
9 against each unit for each Assessment period at least (30)
10 days in advance of such date or period and, at the same time;

11 (2) To prepare a roster of the properties and
12 Assessments applicable thereto which shall be kept in the
13 office of the Association and shall be open to inspection by
14 any Member, and, at the same time;

15 (3) To send written notice of each Assessment
16 to every Owner subject thereto.

17 (d) To issue, or to cause an appropriate officer to
18 issue, upon demand by any person a certificate setting forth
19 whether any Assessment has been paid. Such certificate shall
20 be conclusive evidence of any Assessment therein stated to
21 have been paid.

22 (e) To procure and maintain adequate liability and
23 hazard insurance on property owned by the Association.

24 (f) To cause all officers or employees having
25 fiscal responsibilities to be bonded, as it may deem
26

1 appropriate; and

2 (g) To cause the Common Area to be maintained.

3 ARTICLE XI

4 MEETINGS OF DIRECTORS

5 Section 1. REGULAR MEETINGS.

6 The first Board of Directors shall meet annually and
7 thereafter, regular meetings of the Board of Directors shall
8 be held at such place and hour as may be fixed from time to
9 time by resolution of the Board. Should said meetings fall
10 upon a legal holiday, then that meeting shall be held at the
11 same time on the next day which is not a legal holiday.

12 Section 2. SPECIAL MEETING

13 Special meetings of the Board of Directors shall be
14 held when called by the president of the Association, or by
15 any two directors, after not less than Three (3) days notice
16 to each director.

17 Section 3. WAIVERS

18 The transaction of any business at any meeting of
19 the Board of Directors, however called and noticed, or
20 wherever held, shall be as valid as though made at a meeting
21 duly held after regular call and notice if a quorum is present
22 and, if either before or after the meeting, each of the
23 directors not present signs a written waiver of notice, or a
24 consent to the holding of such meeting, or an approval of the
25 minutes thereof. All such waivers, consents or approvals
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shall be filed with the corporate records and made a part of the minutes of the meeting.

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.

Section 4. SPECIAL APPOINTMENTS

The Board may elect such other officers as the affairs of the Association may require, each of whom shall such duties as the Board may, from time to time, determine.

Section 5. RESIGNATION AND REMOVAL

Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time 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.

Section 6. VACANCIES

A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he/she replaced.

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Section 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.

ARTICLE XII

DUTIES OF OFFICERS

The duties of the offices are as follows:

President

(a) The president shall preside 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.

Vice President

(b) 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.

Secretary

(c) 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

1 meetings of the Board and of the members; keep appropriate
2 current records showing the members of the Association
3 together with their addresses, and shall perform such other
4 duties as required by the Board.

5 Treasurer

6 (d) The treasurer shall receive and deposit in
7 appropriate bank accounts all monies of the Association and
8 shall disburse such funds as directed by resolution of the
9 Board of Directors; shall sign all checks and promissory notes
10 of the Association; keep proper books of account; shall
11 prepare an annual budget and a statement of income and
12 expenditures to be presented to the membership at its regular
13 annual meeting, and deliver a copy of each to the members;
14 cause an annual review or compilation of the Association books
15 to be made at the completion of the Association's fiscal year
16 if requested by the Board of Directors; and, in general,
17 perform all the duties incident to the office of Treasurer and
18 such other duties as from time to time may be delegated or
19 assigned by the President or by the Board of Directors. If
20 required by the Board of Directors, the Treasurer shall give,
21 at the Association's expense, a bond for the faithful
22 discharge of his/her duties in such sum and with such surety
23 or sureties as the Board of Directors shall determine.
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ARTICLE XIII

COMMITTEES

Section 1. OPTIONAL COMMITTEES

The Board of Directors may appoint a Nominating Committee, as provided in these Bylaws, and in addition, may appoint other committees as deemed appropriate in carrying out the purposes of the Association.

Section 2. DUTIES

It shall be the duty of each committee to receive complaints from members on any matter involving Association functions, duties and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

ARTICLE XIV

MEETINGS OF MEMBERS

Section 1. ANNUAL MEETINGS

Regular annual meetings of the Members shall be held.

Section 2. SPECIAL MEETINGS

Special meetings of the Members may be called at any time by the president or by 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 entire membership.

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Section 3. NOTICE OF MEETINGS

Notice of any meetings shall be given to the Members by the Secretary. Notice may be given to the Member either personally, or by sending a copy of the notice through the mail, postage thereon fully prepaid to his address appearing on the books of the corporation. Each Member shall register his address with the Secretary, the notices of meetings shall be mailed to him/her at such address. Notice of any meeting, regular or special, shall be mailed at least Fifteen (15) days in advance of the meeting and shall set forth in general the nature of the business to be transacted.

ARTICLE XVIII

AMENDMENTS

Section 1.

These Bylaws may be amended, at a regular or special meeting of the Members, by a majority vote of a quorum consisting of at least twenty-five percent of the Members present in person or by proxy, provided that those provisions in these Bylaws which are governed by the Articles of Incorporation of this Association may not be amended except as provided in the Articles of Incorporation or applicable law; and provided further that any matter stated herein to be or which is in fact governed by the Declaration applicable to the Properties may not be amended except as provided in such Declaration.

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Section 2.

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 in the Declaration applicable to the Properties referred to in Section 1 of this Article and these Bylaws, the Declaration shall control; and in the case of any conflict in the Declaration applicable to the Properties referred to in Section 1 and these Bylaws, the Declaration shall control.

READ AND APPROVED this ____ day of _____, 2005.

EMPIRE STORAGE OWNERS ASSOCIATION,
an Arizona non-profit corporation

By: _____

Its: _____