

BYLAWS
OF
SLAYTON RANCH HOMEOWNER'S ASSOCIATION

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ARTICLE I: Name and Location

The name of the corporation is SLAYTON RANCH HOMEOWNER'S ASSOCIATION, hereinafter referred to as the "Association". The mailing address of the Association shall be provided in the Articles of Incorporation.

ARTICLE II: Definitions

The words and terms used herein shall be deemed to have the same meanings given those words and terms in that certain Declaration of Covenants, Conditions and Restrictions, attached hereto and incorporated herein.

ARTICLE III: Meeting of Members

Section 1. Annual Meetings. The annual meeting of the members shall be held on the second Wednesday of July each year at a date, time, and location as designated by the Board of Directors.

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 by a majority of the Members entitled to vote.

Section 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 such notice, postage prepaid, not less than fifteen (15) days nor more than sixty (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, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting. Meetings of Members and Directors may be held at such places within the State of Arizona, County of Coconino, as may be designated by the Board of Directors.

Section 4. Quorum.

(a) The presence of members either in person or by absentee ballot of thirty three percent (33%) of the Membership shall constitute a quorum for the Annual Meeting in which the Election of the Board of Directors is conducted.

(b) The presence of Members either in person or by proxy of thirty three percent (33%) of the Membership shall constitute a quorum for all other member meetings, 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.

Section 5. Proxies. At meetings of Members, except the annual meeting for the Election of the Board of Directors, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot or Parcel. No proxy may be valid after one meeting from the date of its execution. Proxies shall be valid only for the stated purpose on the proxy for that duly called meeting of the membership to execute said proxy.

Section 6. Absentee Ballot. At the Annual meeting of the Members

for the Election of the Board of Directors, each Membership may vote in person at the meeting or by Absentee Ballot, per the Absentee Ballot instructions. Absentee Ballots shall be used to establish a quorum of the membership. All Absentee Ballots shall be in writing and requested through the Management Company or the Board of Directors and returned via mail to the Management Company or Board of Directors prior to the Annual Meeting date. Members may vote in person by Absentee Ballot at the office of the Management company prior to the date of the Annual Meeting. Absentee Ballots for member voting purposes are only to be used at the Annual Meeting of the members for the Election of the Board of Directors.

ARTICLE IV: Board of Directors: Selection; Term of Office

Section 1. Number. The affairs of this Association shall be managed by a Board of Directors, who must be members of the Association. The Board shall have the exclusive right of determining the affairs of the Association. The Board shall consist of not less than 3 nor more than 5 Directors.

Section 2. Term of Office. The Members shall elect directors to replace those Directors whose terms have expired, and all such Directors shall be elected for a term of 3 years. The length of terms may be modified by the Members at a regular or special meeting of the Members by a vote of a majority of a quorum of Members present in person or by proxy and the number of Directors may be increased to not more than 5 by the vote of the Members or the Board at a regular or special meeting of the Members or Board of Directors by a vote of a majority of a quorum of Members or Board Members present in person or by proxy. In the event of an increase in the number of Directors, the Members, at the first annual meeting after the increase, shall designate the terms for the new directorships by a vote of a majority of a quorum of Members present in person at that meeting. If the new directorships are created and filled by the Board between annual meetings, the newly elected Directors shall serve until the next annual meeting of the Members.

Section 3. Removal and Vacancies. Any Director may be removed from the Board, with cause as determined by ARTICLE IV, Section 6, Performance Standards, as determined by a unanimous written vote of the remaining Board members at a duly called meeting of the Board of Directors. In the event of the death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and such successor shall serve for the unexpired term of his predecessor.

Section 4. Compensation.

(a) No Director and/or Committee Member shall receive compensation for any service he may render to the Association in such capacity. However, any Director and/or Committee Member may be reimbursed for his actual expenses incurred in the performance of his duties subject to Board authorization.

(b) No Director, or immediate family member, and/or Committee Member shall be permitted to engage in any contract labor work with the Association.

Section 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 approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 6. Performance Standards. Board members may be asked to resign and/or be removed from their Board position, upon the failure to attend three consecutive regularly scheduled Board meetings and/or failure to attend at least 50% of and/all duly called Board meetings in a six month period of office. Such resignation and/or removal will be by a unanimous written vote of the remaining Board members at a duly called meeting of the Board of Directors.

ARTICLE V: Nomination and Election of Directors.

Section 1. Nomination. Nomination for election to the Board of Directors shall be made:

(a) By members through a Board approved Nomination Questionnaire which shall be made available to all members at least by (*month, date*) of the year preceding the Annual Meeting. Said Nomination Questionnaire shall be mailed to the Board of Directors at least 30 days prior to the Annual Meeting for which the elections are to take place. Said nominees will be announced in the Annual Meeting announcement via the completed Nomination Questionnaire and noticed to all members as defined in ARTICLE III, Section 3, Notice of Meetings.

(b) By floor nomination, with a motion and second from the membership of said candidate and verbal acceptance of that nomination from said candidate.

No write in candidates shall be permitted for election of the

Board of Directors.

Section 2. Cumulative Voting for Board Members. In any election of the members of the Board, every owner of a Membership entitled to vote at such an election shall have the number of votes for each Membership equal to the number of directors to be elected. Each member shall have the right to cumulate his votes for one candidate or to divide such votes among any number of the candidates. The candidates receiving the highest number of votes, up to the number of the Board members to be elected, shall be deemed elected.

Section 3. Election. Election to the Board of Directors shall be by secret written ballot either in person at the Annual Meeting or by Absentee Ballot. At such election, the Members may cast in person at the Annual Meeting or by Absentee Ballot, 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.

ARTICLE VI: Meetings of Directors

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least annually with notice, at such place and hour as may be fixed from time to time by resolution by the Board.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors after not less than three (3) days notice to each Director.

Section 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 VII: Powers and Duties of the Board of Directors

Section 1. Powers. The Board of Directors shall have the power to:

(a) Adopt and publish rules and regulations governing the use of the Common Area, the personal conduct of the Members and their guests thereof and any other matters contemplated by the Declaration or Articles and to establish penalties for the infraction thereof;

(b) Suspend the voting rights and right to use of the Common Area of a Member during any period in which such Member shall be in default in the payment of any Assessment levied by the Association. Such rights may also be suspended (i) for a period until brought current in good standings for an infraction of the Declaration, or the Association Rules and (ii) for successive until current in good standings if any such infraction is not corrected during any prior current in good standing suspension period; however, no such suspension may be made toward restricting the use of the Common Area, which would prevent the use and enjoyment of the Owners Lot as a residence or restrict his access or parking rights;

(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, the Articles or the Declaration;

(d) Declare the office of a member of the Board of Directors to be vacant as provided in Article IV, Section 3 and Section 6, and;

(e) Employ a manager, independent contractors, or such other employees as they deem necessary and to prescribe the duties of such persons.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all of 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 two number of 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 and Parcel at least ninety (90) days in advance of each Annual Assessment period; and

(2) Take such action, as and when the Board deems such action appropriate but after notice as provided in the Declaration, to foreclose the lien against any property for which Assessments are not paid and/or to

bring an action at law against the Member 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 certificates shall be conclusive evidence of such payment, as against any bona fide purchase of, or lender on, the Lot or Parcel in question;

(e) Procure and maintain adequate liability and hazard insurance on the general Common Area;

(f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(g) Cause the maintenance responsibilities of the Association set forth in the Declaration to be performed.

ARTICLE VIII: Officers and their Duties

Section 1. Enumeration of Officers. The officers of this Association shall be a President and a 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.

Section 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.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for three (3) year unless he 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 hold office for such period, have such authority, and perform 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 of 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 by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

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 (1) of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

(a) President. 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 consign all checks and promissory notes.

(b) Vice President. The Vice President shall act in the place and stead of the President in the event of his absence or inability or refusal to act and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary. The Secretary shall cause the following to be done: record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; 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 perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall cause the following to be done: 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; shall keep proper books of account; shall cause the books to be audited at a minimum of every three years within the scope of work as directed by the Board of Directors and shall prepare an annual budget and statement of income and expenditures to be presented to the Membership at its regular annual meeting and delivered to the Members.

(e) Delegation. The Board may delegate the duties listed above or other duties to a manager or managing agent, or other; however, such delegation shall not relieve any member of the Board of his responsibility for such duties.

ARTICLE IX: Committee

The Board of Directors shall appoint committees as deemed appropriate in carrying the purpose of the Association.

ARTICLE X: Books and Records

The books, records, and papers (exclusive of proprietary and confidential Member records) of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles and the Bylaws of the Association shall be available for inspection by any Member at the principal of the Association, where copies may be purchased at reasonable cost.

ARTICLE IX: Assessments

As more fully provided in the Declaration, each Member is obligated to pay to the Association Annual Assessments and Special Assessments 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 on the due date, the Assessment shall bear interest, and the Association may file an action of law against the Owner personally obligated to pay the same or foreclose on the lien against the property, as provided in the Declaration. Interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such Assessments. The Owner may waive or otherwise escape liability for the Assessments provided for by nonuse of the Common Area or abandonment of his Lot or Parcel.

ARTICLE XII: Corporate Seal

The Association may or may not have a corporate seal.

ARTICLE XIII: Amendments

Section 1. Amendments. These Bylaws may be amended in a manner not inconsistent with the Declaration or Articles, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by

proxy (as defined b=in Article III, Section 4 & 5).

Section 2. Right of Amendment If Requested by Governmental Agency or Federally Chartered Lending Institutions. Anything in the Bylaws to the contrary notwithstanding, the Board reserves the right to amend all or any part of the Bylaws to such an extent and with such language as may be requested by the FHA or the VA and to further amend the Bylaws to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of the Bylaws or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Lot(s) or Parcel(s). It is the desire of the Membership to retain control of the Association and its activities through the Board of Directors. If any amendment requested pursuant to the provisions of this Section deletes, diminishes or alters such control, the Board shall have the right to prepare, provide for and adopt as an amendment hereto, other and different controlling provisions.

ARTICLE XIV: Interpretation

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 XV: Fiscal Year

The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December each year.

Cont.

CERTIFICATION

These Bylaws are set forth to comply with the requirements of the statutes relating to Homeowners associations in Arizona.

In case any of these Bylaws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the statute will apply.

APPROVED AND ADOPTED this _____ day of _____, 20____.

_____ Howard Hanson - President

