

**BYLAWS
OF
Cottages at Cedar Ridge Homeowners
Association, INC.**

**ARTICLE 1
OFFICE**

Principal Office – In addition to its known place of business, which shall be the office of its statutory agent, Cottages at Cedar Ridge Homeowners Association, INC. shall maintain a principal office in the State of Arizona.

Other Offices – The Association may also maintain offices at such other place or places, either within or without of the State of Arizona, as may be designated from time to time by the Board of Directors, where the business of the Association may be transacted with the same effect as though done at the principal office.

**ARTICLE 2
PURPOSES, DEFINITIONS and POWERS**

In amplification of the purposes for which the corporation has been formed as set forth in the Articles of Incorporation, the corporation has the purposes of maintenance of the common property, establishing and enforcing rules and regulations for the betterment of the property required or desired within the property for the general use and benefit of all owners.

(a) Definitions

1. “ARCHITECTURAL CONTROL COMMITTEE” The Architectural Control Committee established as provided in Article IX.
2. “AREA OF COMMON RESPONSIBILITY” The Common Area, together with such other areas for which the Association is assigned or assumes responsibility pursuant to the terms of the Declaration or applicable covenants, contracts or agreements.
3. “ARTICLES OF INCORPORATION” or “ARTICLES” The Articles of Incorporation of Cottages at Cedar Ridge Homeowners Association, Inc., as filed with the State of Arizona Corporation Commission, as they may be amended.
4. “ASSOCIATION” Cottages at Cedar Ridge Homeowners Association, Inc., an Arizona nonprofit corporation, its successors and assigns.
5. “BASE ASSESSMENTS” Assessments levied on all Units subject to assessment, to fund Common Expenses for the general benefit of all Units, as more particularly described in the Declaration, Article VIII.
6. “BOARD OF DIRECTORS” or “BOARD” The body responsible for

administration of the Association, selected as provided in the Declaration, and generally serving the same role as the board of directors under State of Arizona corporate law.

7. "BY-LAWS" The By-Laws of Cottages at Cedar Ridge Homeowners Association, Inc., as adopted by the Association, as they may be amended.

8. "CLASS "A" MEMBERS" The member of the Association as described in Section 3.3 of the Declaration.

9. "CLASS "B" MEMBERS" the Declarant as described in Section 3.3 of the Declaration.

10. "COMMON AREA" All real and personal property, including easements, which the Association owns, leases or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners.

11. "COMMON EXPENSES" The actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of all Owners, including any reasonable reserve, as the Board may find necessary and appropriate pursuant to the Declaration, the By-Laws and the Articles of Incorporation, including, without limitation, the costs of performing the Association's responsibilities as provided in the Declaration. Common Expenses shall not include any expenses incurred with respect to the initial development, original construction, installation of infrastructure, original capital improvements or other original construction costs unless approved by a majority of the Class "A" Members.

12. "COMMUNITY DOCUMENTS" shall mean, but not be limited to: Plat Map, Declaration, Bylaws, Articles of Incorporation, Architectural Review Committee Standards, Rules, Regulations or Policies developed by the Board or the Association.

13. "COMMUNITY-WIDE STANDARD" The standard of conduct, maintenance or other activity generally prevailing throughout the Property. Such standard is expected to evolve over time as development progresses and may be more specifically determined by the Declarant, the Board of Directors and the Architectural Control Committee.

14. "DECLARANT" Grayson, LLC., or any successor, successor-in-title, or assign who takes title to any portion of the Property for the purpose of development and or sale and who is designated as Declarant in the recorded instrument executed but the immediately preceding Declarant; provided, there shall be no more than one Declarant at any time.

15. "DECLARATION" or "CC&Rs" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions including Amendments applicable to the Property recorded in the office of the Coconino County Recorder.

16. "DEVELOPER" shall refer to Grayson, LLC successors and assigns.

17. "DIRECTOR" shall mean any member of the Association that is duly elected under the Declaration, Bylaws, Rules, Regulations, Policies or Community Documents at an

Annual or Special Meeting of the Membership for the purpose to fill a vacant position of the Board of Directors which governs the business of the Cottages at Cedar Ridge.

18. "LOT" shall mean the Parcels as shown on the Plat Map, either individually or collectively, as the case may be, and any divisions thereof as provided by the Declaration.

19. "MEMBER" A Person subject to membership in the Association as provided in the Declaration, Section 3.2.

20. "MEMBERSHIP" shall mean the collective of the Unit Owners or their representative as members of the Association.

21. "MORTGAGE" A mortgage, deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Unit.

22. "MORTGAGEE" A beneficiary or holder of a Mortgage.

23. "MORTGAGOR" Any Person who gives a Mortgage.

24. "OWNER" One or more Persons who hold the record title to any Unit, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Unit is sold under a recorded contract of sale, then upon recording of such contract, the purchaser (rather than the fee owner) will be considered the Owner, if the contract specifically so provides.

25. "PERSON(S)" The natural person, a corporation, a partnership, a trustee, or any other legal entity.

26. "PROPERTY" The real property described in Exhibit "A" of the Declaration.

27. "PUBLIC RECORDS", "RECORD" and "of RECORD" An instrument of record in or the act of recording an instrument with, the office of the County Recorder for Coconino County, Arizona.

28. "SPECIAL ASSESSMENTS" as further explained in the Declaration, Section 8, Subsection 8.5, shall mean assessments in addition to "Base Assessments" collected by the Association for Capital Improvements.

29. "UNIT" A portion of the Property, whether improved or unimproved, which may be independently owned or conveyed and which is intended for development, use, and occupancy as a detached residence for a single family. The term shall refer to the land which is part of the unit as well as any improvements thereon. The term shall include, by way of illustration but not limitation, single-family detached houses on separately platted lots, as well as vacant land intended for development as such, but shall not include Common Area or property dedicated to the public.

30. "USE RESTRICTION and RULES" Those use restrictions and rules affecting

the Property, which may be adopted, modified and repealed as set forth in Declaration Article X. The initial Use Restrictions and Rules as set forth in Exhibit "B" of the Declaration.

All definitions in the Declaration of Covenants, Conditions, and Restrictions of Cottages at Cedar Ridge Homeowners Association shall be incorporated in these bylaws.

(b) Powers.

The Association shall have the power to: Maintain, operate, repair, landscape, plant and otherwise manage all common elements;

1. Purchase and maintain policies of public liability and hazard insurance with respect to the common property;
2. Pay all *ad valorem* real property taxes and all special improvement or other assessment levied and assessed against the common elements;
3. Construct, maintain and operate all community services of any kind and nature required or desired within the property for the general use and benefit of all owners;
4. Employ such personnel as may be deemed necessary by the Association for the construction, operation, maintenance and repair of the common property;
5. As hereinafter provided, collect and enforce all regular and special assessments against the owners of Units in the Association;
6. Indemnify the directors, officers, employees, and agents of the Association, including former directors, officers, employees, and agents to the full extent provided by the Title 10, Arizona Revised Statutes;
7. Perform all acts, which can lawfully be performed by a corporation and are not inconsistent with the Articles of Incorporation, or the Covenants, Conditions, and Restrictions of the Cottages at Cedar Ridge, the provisions of Title 33, Chapter 16 of Arizona Revised Statutes.
8. The Association, at all times, shall keep, or cause to be kept, true and accurate records of account in accordance with accepted accounting principles and Arizona Revised Statute requirements.
9. The Association, upon reasonable written request and during reasonable business hours, shall make available for inspection by each Owner, Member or their representative, the books, records and financial statements of the Association together with current copies, as amended from time to time, of the Declaration, the Articles, Bylaws, Association Rules and Architectural Review Committee Standards as required by Arizona Revised Statutes 33-1805, Association financial and other records.

ARTICLE 3
MEMBERS

(a) Voting. The Association shall have two (2) classes of membership, Class “A” and Class “B”.

Class A. - Class “A” members shall be all Owners except The Class “B” Member, if any. Class “A” Members shall have one equal vote for each Unit in which hold the interest required for membership under Declaration Section 3, Subsection 3.2; provided, there shall be only one vote per Unit and no vote shall be exercised for any property which is exempt from assessment under “Declaration” Section 8, Subsection 8.9

Class B. - The Class “B” Member shall be the Declarant and the Declarant shall be entitled to three (3) votes for each Lot owned. The total votes which the “Declarant” shall be entitled to cast may be cast in such proportion on any matters as the Declarant may determine. The rights of the Class “B” Member, including the right to approve, or withhold approval of actions proposed under the “Declaration”, are specified in the relevant sections of the “Declaration”. The Class “B” Member may appoint the majority of the members of the Board of Directors as long as Declarant has any right, title or interest in any portion of the property.

The Class “B” membership shall terminate upon the earlier of:

- a. when Declarant no longer has any right , title, or interest in any portion of the Property; or
- b. when Declarant, in its discretion, Declarant so determines and declares in a recorded instrument.

Upon termination of the Class “B” membership, Declarant shall be a Class “A” Member entitled to Class “A” votes for each Unit which it owns.

(b) Membership. Every Owner shall be a Member of the Association. There shall be only one membership per Unit. If a Unit is owned by more than one Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights and privileges of an Owner which is not a natural person may be exercised by any officer, director, partner or trustee, or by any other individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association. For any property used in a residence club, the members or the residence club are not Owners, but shall enjoy the privileges of membership in the Association during their stay at the property.

(c) Voting The Owner of each Lot shall be entitled to vote as described in Article 4, Subsection (f) of these Bylaws on all matters requiring or allowing a vote of the members of the Association. Each Owner’s vote shall be suspended if such Owner is delinquent in any Assessment or in violation of the community documents, as more clearly defined in Article 8 of these Bylaws.

(d) Multiple Ownership. In any situation where a Member is entitled personally to exercise the vote for his or her Unit and there is more than one Owner of such Unit, the vote for such Unit shall be exercised as the co-Owners determine among themselves and advise the Secretary of the Association in writing prior to the vote being taken. Absent such advice, the Unit's vote shall be suspended if more than one Person seeks to exercise it.

ARTICLE 4 **MEETINGS OF MEMBERS**

(a) Annual Meeting. An annual meeting of the members for the purpose of hearing reports from all officers and standing committees and election of Directors shall be held in the County of Coconino, State of Arizona on the fourth (4th) Tuesday of January of each year, or such other date as may be determined by the Board of Directors, at a time and place to be fixed by the directors.

(b) Regular Meetings. In addition to the annual meetings, regular meetings of the members may be held at such time and place as may be determined by the Board of Directors.

(c) Special Meetings. A special meeting of the members may be called by the President, Board of Directors, or twenty-five percent (25%) of the members. A special meeting of the members must be called within twenty (20) days by the President, if requested by the Board of Directors, or requested in writing by twenty-five (25%) of the members.

(d) Notice of Meetings. Notice stating the place, day and hour of any meeting of members shall be published as widely as is practical to promote attendance at such meeting in accordance with A.R.S. 33-1804.

(e) Quorum.

- A twenty-five percent (25%) of the members, either in person or represented by absentee ballot, shall constitute a quorum for the election of Directors for the Association.
- A seventy-five percent (75%) of the members, either in person or represented by absentee ballot, shall constitute a quorum for the approval of Special Assessments.
- A seventy-five percent (75%) of the members, either in person or represented by absentee ballot, shall constitute a quorum for the transaction of business at any meeting of the members for the purpose of amending Community Documents or any other such action so designated by the Association, Board of Directors or Arizona Revised Statutes that require the participation of the collective membership.
- If less than a majority of the members are present at said meeting, in person or by absentee ballot, a majority of the members of the Board present may adjourn the meeting from time to time without further notice.

(f) Votes. The total number of votes in the Association shall be on the basis of one (1) vote per Lot pursuant to Section 3 of the "Declaration". Unless otherwise specifically provided herein, all Association matters shall be determined by a quorum of the membership.

(g) Declarant Vote. During the period of Declarant control, the Declarant shall be entitled to three (3) votes for each Lot either in person or by proxy. Declarant Vote shall cease when:

a. Declarant no longer has any right, title, or interest in any portion of the Property; or

b. Declarant, in its discretion, so determines and declares in a recorded instrument.

(h) Absentee Votes. After termination of the period of Declarant control, votes allocated to a Property may not be cast pursuant to an absentee ballot. The association shall provide for votes to be cast in person, by absentee ballot or may provide for an alternative form voting as approved by the Board of Directors.

a. The absentee ballot shall set forth each proposed action.

b. The absentee ballot shall provide an opportunity to vote for or against each proposed action.

c. The absentee ballot is valid for only one specified election or meeting of the members and expires automatically after the completion of the election or meeting.

e. The absentee ballot specifies the time and date by which the ballot must be delivered to the board of directors in order to be counted, which shall be at least seven days after the date that the board delivers the blank absentee ballot to the member.

f. The absentee ballot does not authorize another person to cast votes on behalf of the member.

Notwithstanding any provision in this Declaration, the Articles or Bylaws, after termination of the period of Declarant control, votes allocated to a lot may not be cast pursuant to a proxy. The Association shall provide for votes to be cast in person and by absentee ballot and, in addition, the association may provide for voting by some other form of delivery, including the use of e-mail and fax delivery.

ARTICLE 5 **BOARD OF DIRECTORS**

The Declarant shall have the right at its sole discretion to appoint the initial Board of Directors for the Association from the membership.

(a) General Powers. The governance and affairs of the Association shall be conducted by the Board as herein provided and in accordance with the Articles and Declaration.

(b) Election. The Directors shall be elected for the term hereinafter set forth by a quorum of the members. Such election shall be held at the annual meeting set forth by Article 4 of these Bylaws or Special Meeting so designated for the purpose of such action.

(c) Number, Tenure and Qualifications. The number of Directors shall be no less than three (3) and no more than five (5), and each must be a member of the Association and eligible to

vote on any issue before the Membership.

Each director shall hold office from the date of the meeting at which he is elected, until his successor shall have been elected and qualified.

At the annual or special meeting whereas these bylaws are adopted, there shall be an initial election of the Board of Directors. This election shall provide for Two (2) directors to be elected to serve for three (3) year terms, Two (2) directors elected to serve for two (2) year terms and one (1) director shall be elected to serve for a one (1) year term, establishing staggered term limits for all Board members positions. There after upon the termination of each standing Board Members term of office, incumbent or replacement Board members shall be elected at each Annual Meeting or Special Meeting so designated for the purpose of such action to serve no less than a term of three (3) years.

Tenure of directors is subject to the following: A director may be removed: 1) If any director fails to attend any three (3) consecutive scheduled meetings of the Association or the Board, including Annual Meetings, Special Meetings, Regular Meetings, Executive Board Meetings or any other meeting called on behalf of the Association by the President, Board of Directors, or any quorum of the members of the Association or 2) if any director exceeds the authority of their position and such action is deemed to be a conflict of interest or adverse to the interest of the Association, or, 3) if by a majority vote of members present where a quorum exists at any meeting, a director's removal may be motioned for and seconded from the Board of Directors, by written petition of a quorum of the members of the Association, or by motion from the floor, however this form of removal may only occur once during said director's term of office. If a Board member is removed from office, with or without cause, by any methods previously mentioned, the removed member is restricted from holding a Board Members or Officers position with the Association for a period of 3 calendar years plus the remainder of their existing term of office.

(d) Regular Meetings. The Board of Directors shall meet regularly at least once a year, at a time and place it shall select.

(e) Special Meetings. A special meeting of the Board of Directors may be called by or at the request of the president or of any member of the board.

(f) Notices. Notice of any special meeting of the Board of Directors shall be given at least two (2) days prior thereto, by written notice delivered in personal, sent by mail to the member's address of record with the Association or by any other delivery method deemed appropriate by the Board of Directors, to each member of the Board of Directors or the board may waive notice of any meeting.

(g) Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the board, but if less than a majority of the members of the board are present at said meeting, a majority of the members of the board present may adjourn the meeting from time to time and without further notice.

(h) Manner of Acting. The act of a majority of the members of the Board of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

(i) Vacancies. Any vacancy in the Board of Directors or in the officers of the Association caused by the death, resignation, removal or other disqualification of a director or an officer may be filled by a majority vote of the remaining directors by the election of some other member who shall hold such office of director or officer for the unexpired term. However, prior to such action by the board, the members shall have the right, at any special meeting called for that purpose, to fill any vacancy occurring on the board.

(j) Board's Determination Binding. In the event of any dispute or disagreement between any Owners, Members, or any other Persons subject to the Declaration, relating to the Association, or any question of interpretation or application of the provisions of the Declaration, the articles, Bylaws, Association Rules or Architectural Review Committee Standards, the determination thereof by the Board shall be final and binding on each and all such Owner, Member or Persons. The Board may, at its discretion, delegate the resolution of such dispute or disagreement to a committee appointed by the Board or the President.

(k) Maximum Debts. No expenditure of funds in excess of five hundred dollars (\$500) for any one bill shall be approved or authorized without majority approval of the Board of Directors. Written contracts, Board agreements, utilities, or any other such agreement entered into by the Board of Directors on behalf of the Association, shall be considered preapproved and require no further action by the Board of Directors under this clause.

(l) Chairman of the Board. The Chairman of the Board, if one shall have been appointed by the other members of the Board and be serving, shall preside at all meetings of the Board of Directors and shall perform such other duties as may be from time to time assigned to him or her by the Board of Directors.

(m) Compensation. No Director shall receive compensation for any service in capacity of Director he or she may render to the Association except as provided in the Declaration. Any Director may, however, be reimbursed for actual expenses incurred in the performance of duties in the Director capacity or receive compensation for services performed for the corporation not in the capacity of a Director.

ARTICLE 6 **OFFICERS**

(a) Officers. The officers of the Association shall be a president, a vice president, a secretary and a treasurer. Members of the Board of Directors may hold an Officers position and any one (1) person may hold more than one Officers position.

(1) The officers are not required to be Property Owners. The officers may be a management firm or any other such entity the Board of Directors deems appropriate.

(2) The property owners have the power to hire and fire the management firm by a majority vote of owners.

(b) Qualifications and Methods of Election. The officers shall be appointed by a vote of the Board of Directors at the board meeting following the annual membership meeting, and shall serve for a term of one (1) year. The officers shall begin their terms at the close of the board

meeting at which they are elected.

(c) President. The president shall preside at all meetings of the Association and the Board of Directors at which he is present, shall exercise general supervision of the affairs and activities of the Association, and shall serve as a member *ex officio* of all standing committees and shall execute all properly approved amendments to the Declaration of Covenants, Conditions and Restrictions of the Cottages at Cedar Ridge. The president shall sign all contracts for service, legal documents, agreements and any other such legal instrument so designated by the Board of Directors.

(d) Vice President. The vice president shall assume the duties of the president during his absence.

(e) Secretary. Secretary shall keep the minutes of all of the meetings of the Association and of the Board of Directors, which shall be an accurate and official record of all business transacted and shall be the custodian of all corporate records, and shall certify and cause to be recorded all properly approved amendments to the declaration of Covenants, Conditions, and Restrictions of the Cottages at Cedar Ridge.

(f) Treasurer. The treasurer shall receive all corporate funds accurately and keep them in a bank authorized by the Board of Directors. The treasurer shall pay out funds only on notice by the Board of Directors and be responsible for the creation, regulation and distribution of the annual budget for the Association with Board of Directors final approval.

(g) Managing Firm. The Board of Directors may, at their discretion, hire a Management firm. All powers, duties and rights of the Association, or the Board of Directors, as provided by law or herein, may be delegated to a managing firm under a management agreement; provided, however, that no such delegation shall relieve the Association of its obligation to perform any such delegated duty. Any agreement for professional management, or any other contract providing for services of the Association or any other party, shall not exceed a term of three (3) years, which term may be renewed by agreement of the parties for successive three (3) year periods, and shall further provide for termination by either party with or without cause and without payment of termination fee upon ninety (90) days' written notice.

(h) Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, shall be filled by election by the Board of Directors for the unexpired portion of the term.

ARTICLE 7 **STANDING COMMITTEES**

(a) The Board of Directors shall have the power to organize committees as required to carry on the purpose of the Association.

(b) Architectural Control Committee. The Board of Directors of the Association shall create an Architectural Control Committee to evaluate all landscaping and building on the property for

compliance with the provisions of the Covenants, Conditions, and Restrictions of Cottages at Cedar Ridge. The committee shall act in accordance with CC&R Article IX, Architectural Control and shall make recommendations to the Board of Directors for final approval or decline of any plans prior to construction of any structure upon any lot. The Architectural Review Committee shall consist of three (3) members, appointed from time to time by the Board of Directors.

ARTICLE 8 **ASSESSMENTS**

(a) Assessments. Each Unit Owner shall be responsible to pay the regular assessment commencing on the first day of the month following the date of the recordation of the deed or purchase contract wherein the Unit Owner acquired legal, beneficial or equitable title to the Lot. The assessments are in dollars per year and are subject to change by the Association. The initial assessments shall be as follows:

The Unit Owner acquiring his or her interest from the Declarant during the calendar year shall be obligated for a pro rata portion thereof. The provisions for the assessments are set forth in Article VIII, Assessments of the Covenants, Conditions, and Restrictions of Cottages at Cedar Ridge, and Title 33, Chapter 16 of Arizona Revised Statutes.

(b) Computation of Base Assessment. At least ninety (90) days before the beginning of each fiscal year, the Board shall prepare a budget covering the estimated Common Expenses for the coming year, including a capital contribution to establish a reserve fund in accordance with a budget separately prepared as provided by the Declaration.

(c) The Board of Directors may at their discretion, raise the annual assessment no more than twenty percent (20%) greater than the immediately preceding fiscal year's assessment, unless Arizona Revised Statutes provide for an alternative rate of increase. All additional assessments greater than twenty percent (20%) or what is approved by state statute shall be voted on at the annual meeting of the membership and may not be increased without prior approval of seventy-five percent (75%) of the membership of the Association. In the event no assessment greater than twenty (20%) percent is approved at the annual meeting, the Board of Directors may call a special meeting of the membership as necessary to approve or reject a larger annual assessment. In the event no additional larger annual assessment over twenty percent (20%) is approved within sixty (60) days following the annual meeting, the assessment for such year shall not exceed the twenty percent (20%) of the prior year as approved by the Board of Directors.

(d) Special Assessments. In addition to other authorized assessments, the Association may levy Special Assessments from time to time to cover unbudgeted, extraordinary or other expenses which the Board determines to be more appropriately handled outside of the annual operating budget. Any such Special Assessment shall be levied against all Units. Special Assessments shall be payable in such a manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved. Any Special Assessment adopted by the Board shall become effective thirty (30) days after notice of such Special assessment is sent to the Owners unless disapproved at a meeting by at least seventy-five percent (75%) of the Class "A" Members and by the Class "B" Member, if such exists.

In the event the Association undertakes to provide materials or services which benefit individual

Members, Owners, Guests, Tenants or Units and which can be accepted or not by individual Members, Owners, Guests or Tenants; such Members, Owners, Guests or Tenants, in accepting such materials or services agree that the cost thereof shall be a Special Assessment.

(e) Late Fees and Interest. Each assessment not paid within fifteen (15) days after the due date set forth on the invoice from the Association shall be assessed a late fee of fifteen dollars (\$15) by the Association and any additional handling costs assessed in the collection, documentation or accounting of such fees. All unpaid assessments in arrears forty-five (45) days or longer shall accrue interest thereon at a rate set by the Board of Directors, not to exceed provisions set forth by Arizona Revised Statutes, from the original due date.

(f) Lien. All assessments, together with interest (computed from the due date of such assessment at a rate of ten percent (10%) per annum or such higher rate as the Board may establish, subject to the limitations of State of Arizona law), reasonable late charges in such an amount as the Board may establish by resolution, costs, and reasonable attorneys' fees, shall be a charge and continuing lien upon each Unit against which the assessment is levied until paid, as more particularly provided in the Declaration. Each such assessment, together with interest, late charges, costs, and reasonable attorneys' fees, also shall be the personal obligation of the Person who was the Owner of such Unit at the time the assessment arose. Upon a transfer of title to a Unit, the grantee shall jointly and severally be liable with the grantor for any assessments and other charges due at the time of conveyance. However, no first Mortgagee who obtains title to a Unit by exercising the remedies provided in its Mortgage shall be liable for unpaid assessments which accrued prior to such acquisition of title. The Association may enforce such lien by court action, CC&R or any other remedy available by State of Arizona law.

(g) Penalties. For violation of any Rules, Regulations or Policies set by the Board, violation of the Articles, of the Bylaws or violation of the Covenants, Conditions, and Restrictions of Cottages at Cedar Ridge, the Board of Directors shall set forth the procedures for imposing such penalties, including the right of a member to contest such penalties, by resolution and in accordance with A.R.S. 33-1803, Penalties; notice to member of violation.

(h) Reserve Budget and Capital Contribution. The Board shall prepare annually reserve budgets for both general purposes which take into account the number and nature of those assets within the Area of Common Responsibility which have an expected life of more than one year, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution in an amount sufficient to permit meeting the projected needs of the Association, as shown on the budget, with respect both to amount and timing by annual Base Assessments over the budget period.

ARTICLE 9 SUPPLEMENTAL PROVISIONS; CONFLICTS

(a) Supplemental Provision. Unless conflicting rules, regulations or procedures are

expressly set forth in the Declaration of Covenants, Conditions, and Restrictions for the Cottages at Cedar Ridge, the Articles of Incorporation, or these Bylaws, the provisions of Title 33, Chapter 16 of Arizona Revised Statutes concerning rules, regulations, procedures and administrative operation shall be considered to be supplemental rules, regulations and procedures for the administrative operations of the Cottages at Cedar Ridge.

(b) Conflicts. Any conflict between the provisions of these Bylaws, the provisions of the Covenants, Conditions, and Restrictions of the Cottages at Cedar Ridge, the provisions of Title 33, Chapter 16 of Arizona Revised Statutes shall be resolved in the following priority:

- a. Mandatory Provisions of Title 33, Chapter 16 of Arizona Revised Statutes;
- b. Covenants, Conditions, and Restrictions of the Cottages at Cedar Ridge;
- c. Bylaws of the Cottages at Cedar Ridge;
- d. Rules, Regulations and Policies of the Cottages at Cedar Ridge; and
- e. Optional Provisions of Title 33, Chapter 16 of Arizona Revised Statutes.

ARTICLE 10 **FISCAL YEAR**

The fiscal year of the corporation shall start January 1st.

ARTICLE 11 **AMENDMENTS**

(a) Amendments to these bylaws shall be made as provided by law and in accordance with CC&R Article XIII, General Provisions, Subsection 13.2 Amendment except as provided below:

- The Board of Directors may amend by a majority vote of the Directors:

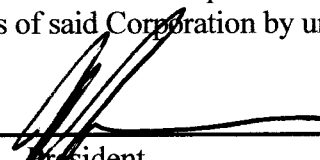
Article 2, Section (b) Definitions

Article 8, Section (e) Late Fees and Interests

(b) The Board of Directors shall present any resolution to alter, amend or repeal any bylaw to the membership at the Annual Meeting or a Special Meeting called for such purpose. Such changes shall be deemed approved upon an affirmative vote of seventy-five percent (75%) of the collective members of the Association.

DATED this 19 day of October, 2015

The undersigned certifies that he is the President of the Association and as such certifies that the preceding is a true and complete set of Bylaws of said Corporation, as duly adopted by the Board of Directors of said Corporation by unanimous consent.



Justin Jobe - President