

**BYLAWS  
OF THE  
GRANVILLE COMMUNITY ASSOCIATION, INC.**

**ARTICLE I  
GENERAL**

**Section 1. Purpose.** Granville Community Association, Inc. (the "Association") is an Arizona non-profit corporation organized for the purpose of acting as the council of Owners, pursuant to a Declaration of Covenants, Conditions and Restrictions for Granville (the "Declaration"), which is to be recorded, shortly after the adoption of these Bylaws, in the official records of Yavapai County, Arizona. As of the date of these Bylaws are adopted, a copy of the Declaration, in the form in which it is anticipated to be recorded, is in the files of the Association, and until such Declaration is recorded, capitalized terms used herein but not otherwise defined in these Bylaws shall have the meaning assigned to them in the unrecorded form of the Declaration in the Association's files. From and after the date the Declaration is recorded, all references in these Bylaws to the Declaration shall be deemed to refer to the recorded Declaration (as amended from time to time), and all other capitalized terms used herein but not otherwise defined in these Bylaws shall have the meanings assigned to them in the recorded Declaration (as amended from time to time).

**Section 2. Conflict with Declaration.** Should any provision of these Bylaws be inconsistent or conflict with any provision of the Declaration, such provision of the Declaration shall supersede and take precedence over any such provision of these Bylaws.

**Section 3. Application of Bylaws.** All present and future Owners, occupants and their respective licensees, invitees and employees shall be subject to and be bound by all of the provisions of these Bylaws. The act of ownership or the mere occupancy of a Lot shall establish a conclusive presumption that these Bylaws are accepted, ratified and will be complied with by such Owner or occupant.

**ARTICLE II  
DEFINITIONS**

**Section 1.** "Board" shall mean and refer to the Board of Directors of the Association.

**Section 2.** "Common Expenses" shall mean the expenses for the operation, maintenance, repair and restoration of the Common Areas, proposed park site and related facilities, including but not limited to, salaries, wages, payroll taxes, attorney's and accountant's fees, supplies, materials, parts, services, maintenance, repairs and

replacements, landscaping, insurance, fuel, power and adequate reserves for the maintenance, restoration and replacement of the Common Areas, proposed park site and related facilities and the appurtenances thereto.

**Section 3.** "Declarant" shall mean and refer to Granville Development Company, Inc., an Arizona corporation, including its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development and an Assignment of Declarant's Rights is recorded.

**Section 4.** "Lot" shall mean and refer to any separate parcel of real property shown upon any recorded subdivision map of the Property, together with all improvements constructed or to be constructed thereon and appurtenances thereto, with the exception of the Common Areas, proposed park site and related facilities.

**Section 5.** "Majority" or "Majority of Members" shall mean the Owners of Lots holding more than fifty percent (50%) of the votes entitled to be cast with respect to the affairs of the Association.

**Section 6.** "Member" shall mean any person, corporation, partnership, joint venture or other legal entity, including Declarant and Developer(s), who is a member of the Association, based upon ownership of a Lot.

**Section 7.** "Mortgage" shall mean any recorded instrument as security for the performance of an obligation, including, without limitation, a deed of trust. "Mortgagee" shall mean a lending institution or a person secured by a mortgage, including a Trustee and Beneficiary under a deed of trust, and "Mortgagor" shall mean the party executing a mortgage, including a Trustor under a deed of trust. "First Mortgage" shall mean a mortgage which is the first and most senior of all mortgages upon the same Property.

**Section 8.** "Occupant" shall mean a person or persons, other than a Member, in rightful possession of a Lot.

**Section 9.** "Owner(s)" shall mean and refer to the record owner, whether one or more persons or entities, of equitable or beneficial title (or legal title if the same has merged) of any Lot(s). "Owner(s)" may also include those persons further defined in the Declaration.

**Section 10.** "Person" shall mean a natural individual, corporation, partnership, trustee or other entity capable of holding title to real property.

**Section 11.** "Voting Owners" shall mean all of the Owners who are entitled to cast one or more votes in the Association.

### ARTICLE III

#### MEMBERS

**Section 1. Eligibility.** The Membership of the Association shall consist of all Owners of Lots in Granville. Membership in the Association shall be mandatory and no Owner

during its ownership of a Lot shall have the right to relinquish or terminate its Membership in the Association.

**Section 2. Succession.** The Membership of an Owner shall terminate when it ceases to be an Owner of a Lot, and its Membership in the Association shall automatically be transferred to the new Owner succeeding to such ownership interest

**Section 3. Annual Meetings.** The first annual meeting of the Members shall be held within one (1) year from the first close of escrow of a Lot at such hour and at such place as may be specified in a written notice of such meeting, and each subsequent regular annual meeting of the Members shall be held each year at such place as may be designated in the written notice of such meeting.

**Section 4. Special Meetings.** Special meetings of the Members may be called at any time by the President or by a majority of the Board, or upon written request of more than one-fourth (1/4) of the Class A Members.

**Section 5. 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 meetings, by mailing a copy of such notice, postage prepaid, at least ten (10) days prior to the date of such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books and records of the Association. Written notice of any meeting called for the purpose of taking any action authorized under Article VI, Section 3 or 4 of the Declaration shall be sent to all Members not less than fifteen (15) days nor more than sixty (60) days in advance of such meeting. All notices shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

**Section 6. Voting.** The Association shall have two (2) classes of voting Membership:

**Class A.** Class A Members shall be all Owners of Lots within the Property, with the exception of the Declarant, as such term is defined in the Declaration, and shall be entitled to one (1) vote for each Lot owned. When more than one (1) Person holds an interest in any Lot, all such persons shall be Members. The voting for such Lot shall be exercised as such persons among themselves determine, or, in the absence of such determination, as determined by the Board of Directors, but in no event shall more than one (1) vote be cast, with respect to any Lot. If any Owner or Owners cast a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that such Owner or Owners were acting with the authority and consent of all other Owners of the same Lot.

**Class B:** The Class B Members shall be the Declarant and shall be entitled to three (3) votes for each Lot owned by the Declarant within the Property. The total votes which the Declarant shall be entitled to cast may be cast in such proportion on any matter as Declarant may determine. Each Class B Membership shall cease and be converted to Class A Membership, without further act or deed, upon the happening of any of the following events:

- (a) Upon the conveyance by Declarant of any Lot to an Owner, other than in connection with the assignment by the Declarant of all or substantially all of its rights under the Declaration (including a pledge or assignment by the Declarant to any lender as security), with respect to a particular Lot so sold or otherwise disposed of; or
- (b) With respect to all remaining Class B Memberships, upon the first to occur of the following:
  - (i) When the total votes entitled to be cast by the Class A Membership equal or exceed the total votes entitled to be cast by the Class B Membership; or
  - (ii) The last day of December, 2022.

If any lender to whom any Declarant has assigned, or hereafter assigns, as security all or substantially all of its rights under the Declaration succeeds to the interest of such Declarant by virtue of said assignment, the Class B Memberships formerly held by such Declarant shall not be terminated thereby, and such lender shall hold the Class B Memberships on the same terms as such were held by such Declarant

**Section 7. Quorum.** The presence of Members or of proxies entitled to cast twenty-five percent (25%) of the votes cast by the Voting Owners shall constitute a quorum at all meetings of the Members. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

**Section 8. Proxies.** At all meetings of Members, each Member may vote in person, by proxy or by mail-in ballot. A proxy may be granted by any Member in favor of only another Member, the Secretary 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, its 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.

## ARTICLE IV

### BOARD OF DIRECTORS

**Section 1. Number.** The business and affairs of this Association shall be initially managed by a Board of two (2) directors. After the termination of the Class B Membership in the Association, the number of directors shall be increased to seven (7). The number of directors must always be an odd number.

**Section 2. Term of Office.** So long as there is a Class B Membership in the Association, the Board shall be appointed and may be removed by the Declarant. After the termination of the Class B Membership in the Association, the Board shall be elected by the Members at each annual meeting of the Members. At the first annual meeting of the Members following the termination of the Class B Membership, at least one (1) director shall be elected for a term of one (1) year; at least one (1) director shall be elected for a term of two (2) years; and at least one (1) director shall be elected for a term of three (3) years, and, at each annual meeting thereafter, the Members shall elect at least one (1) director for a term of three (3) years so as to stagger the terms of office of the Board.

**Section 3. Qualifications.** Each director shall be a Member or Owner (or if a Member is a corporation, partnership or trust, a director may be an officer, authorized agent, partner or trustee of such Member). If a director shall cease to meet such qualifications during its term, said director will thereupon cease to be a director, and its place on the Board shall be deemed vacant. The requirements of this section shall not apply to directors elected as a result of any of the votes cast by the Class B Membership.

**Section 4. Removal.** Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Board. In the event of death, resignation or removal of a director, its successor shall be selected by a majority of the remaining members of the Board and shall serve for the unexpired term of its predecessor.

**Section 5. Compensation.** Initially, no director shall receive compensation for any service it may render to the Association. However, any director may be reimbursed for its actual expenses incurred in the performance of its duties as a director. In the future, directors may be entitled to compensation if such compensation is approved by a majority vote of the members at a duly called annual meeting.

**Section 6. Action Taken Without a Meeting.** The Board 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 directors. Any action so approved shall have the same effect as though taken at a meeting of the Board.

## ARTICLE V

### NOMINATION AND ELECTION OF DIRECTORS

**Section 1. Nomination.** Nominations for election to the Board of Directors may be made from the floor at the annual meeting by any Member not in default. Nominations may also be made by a Nominating Committee. A Nominating Committee shall consist of a Chairman, who shall be a Member of the Board, and two (2) or more Members of the Association. The Nominating Committee would be appointed by the Board at least forty-five (45) days prior to each annual meeting and shall serve until such annual meeting has been concluded. The Nominating Committee shall make as many

nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

**Section 2. Election.** Election to the Board of Directors shall be by secret written ballot or oral vote. Those candidates for election to the Board receiving the greatest percentage of votes cast either in person, by proxy or by mail-in ballot at the meeting shall be elected. While Class B Membership is in effect, the Class B Members shall appoint all directors without any vote therefore being held.

## ARTICLE VI

### MEETINGS OF DIRECTORS

**Section 1. Regular Meetings.** Regular meetings of the Board may be held at such place and hour as may be affixed from time to time by the Board.

**Section 2. Special Meetings.** Special meetings of the Board may be held and called by the President of the Association, or by any two (2) directors, after not less than three (3) days notice to each director, or within ten (10) days after the presentation to the President of the Association of a petition signed by one-quarter (1/4) of the Class A Members.

**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.

**Section 4. Powers.** The Board shall have all of the powers necessary for the administration of the affairs of the Association and may do all such acts and things as are not by the Declaration, Articles or these Bylaws required to be exercised or done by the Members. In addition to the dues imposed by these Bylaws or by any resolution of the Members that may hereafter be adopted, the Board shall have the following powers:

- (a) Elect and remove the Officers of the Association;
- (b) Adopt and publish rules and regulations governing the use of the Common Areas, proposed park site and related facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (c) Suspend the rights of a Member to vote and to use the Common Areas, proposed park site and related facilities 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 after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations promulgated by the Board. If such infraction of published rules and regulations is not cured within the initial sixty (60) day suspension period, the suspension may be extended until such time as such infraction is cured.

- (d) Engage the services of an agent to manage the maintenance, repair, replacement of the Common Areas, proposed park site and related facilities, or any part thereof, for all of the Members, upon such terms and for such compensation as the Board may approve ("Agent"). Any agreement for the services of any such Agent shall provide for termination by the Association with or without cause, and without payment of a termination fee, upon thirty (30) days written notice, and no such agreement shall be for a duration in excess of one (1) year, renewable by agreement of the parties for successive one (1) year periods;
- (e) Make repairs within the individual Lots where such repairs are required for the welfare or safety of other Lot Owners or for the preservation or protection of the Common Areas, proposed park site and related facilities;
- (f) Grant or relocate easements over, access to or through the Common Areas, proposed park site and related facilities as the Board may determine to be beneficial to the Members;
- (g) Declare the office of a Member of the Board (unless a Member which was elected by the Class B Member) to be vacant in the event such Member shall be absent from three (3) consecutive regular meetings of the Board; and
- (h) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Members by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

**Section 4. Duties.** It shall be the duty of the Board to:

- (a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;
- (b) Supervise all Officers, agents and employees of the Association and to see that their duties are properly performed;
- (c) As more fully provided in the Declaration, to:
  - (1) Administer, operate, maintain and repair the Common Areas, proposed park sites and related facilities;
  - (2) Determine the Common Expenses of the Association at least thirty (30) days in advance of each annual assessment period;

- 3) Send written notice of each Member's proportionate share of the Common Expenses to every Member subject thereto; and
  - (4) Record a notice and claim of lien against any Lot for which assessments are not paid, and may foreclose the same within a reasonable time, and bring an action at law against the Member personally obligated to pay the same.
- (d) Issue, or to cause an appropriate Officer or Agent to issue, upon written request by any Person, having any interest in any Lot, a statement setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board or Agent for the issuance of such a statement. If the statement provides that an assessment has been paid, such statement shall be conclusive evidence of such payment;
  - (e) Procure and maintain adequate casualty and liability insurance as more fully provided  
in the Declaration; and
  - (f) Open bank accounts on behalf of the Association and designate the signatories thereon.

## ARTICLE VII

### OFFICERS AND THEIR DUTIES

**Section 1. Enumeration of Officers.** The Officers of this Association shall be a President and Vice President, who shall at all times be Members of the Board, a Secretary and a Treasurer, and such other Officers as the Board may from time to time provide for by resolution.

**Section 2. Election of Officers.** The election of Officers shall take place at the first meeting of the Board of Directors, held no later than sixty (60) days 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 one (1) year unless such Officer shall sooner resign, or shall be removed or otherwise be 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, except those Officers elected by the Class B Members. Any Officer may resign at any time giving written notice to the Board, the President or



the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**Section 6. Vacancies.** A vacancy in any office may be filled by appointment by the Board. The director or Officer appointed to such vacancy shall serve for the remainder of the term of the director or 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 be the chief executive officer of the Association and shall supervise all of the business and affairs of the Association. He shall, when present, preside at all meetings of the Members and all meetings of the Board of Directors. He may sign, with or without any other Officer of the Association as authorized by the Board, deeds, mortgages, bonds, contracts or other instruments which the Board has authorized to be executed, except where the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other Officer or Agent of the Association or shall be required by law to be otherwise signed or executed. He shall have the power to appoint and remove one or more administrative Vice Presidents of the Association and such other assistants to the various elected Officers of the Association as is necessary for the accomplishment of their duties. In general, he shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board.
- (b) **Vice-President:** In the absence of the President, or in the event of its death, inability or refusal to act, the Vice President, or if there is more than one Vice President, the Senior Vice President, shall perform the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. Otherwise, such Senior and other Vice Presidents shall perform only such duties as may be assigned by the President or by the Board.
- (c) **Secretary:** The Secretary shall keep the minutes of all meetings and proceedings of the Board of Directors and the minutes of all meetings of the Members in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws, or as required by law; be custodian of the records and see that the documents are properly executed when such is duly authorized; keep or cause to be kept under its general supervision by a registrar or Agent appointed by the Board, a register of the name and post office address of each Member as furnished by such Member; have general charge of the books of the Association; and in general perform all duties

incident to the office of the Secretary and such other duties as may be assigned by the President or by the Board. The books and records of the Association may be stored by the Secretary or by the Agent employed by the Association.

- (d) Treasurer: The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Association; receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all monies in the name of the Association in such banks, trust companies or other depositories as shall be directed by the Board; shall sign all checks and promissory notes of the Association, except in those instances where the Board has delegated the authority to sign checks to a Agent employed by the Association; shall keep proper books of account; shall cause an annual audit or review of the books of the Association to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Members at the regular annual meeting of the Members, and shall deliver a copy of such to the Members; and shall perform such other duties incident to the office of Treasurer.

Section 9. Committees. The Board may appoint an Architectural Committee, or the Board may act in the capacity of the Architectural Committee, as provided in the Declaration. In addition, the Board shall appoint other committees as the Board may deem appropriate to carry out the purposes of the Association.

## ARTICLE VIII

### BOOKS AND RECORDS

Section 1. Books and Records. The books, records and papers of the Association shall, at all times during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation, and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, and copies may be purchased at reasonable cost from the Association.

## ARTICLE IX

### INDEMNIFICATION

Section 1. General. Subject to the provisions of A.R.S. Section 10-1005(B), the Association shall indemnify and hold harmless each of its directors and officers, each member of any committee appointed by the Board, the Board, Employees of the Association and the Agent and Declarant, against any and all liabilities arising out of any acts of the directors, officers, committee Members, Board, Employees of the Association and the Agent, or Declarant (including any and all officers and directors of

Declarant), or arising out of their status as directors, officers, committee members, Board Employees of the Association and the Agent, or Declarant, unless any such act is a result of gross negligence or criminal intent. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses including, by way of illustration but not of limitation, attorney's fees and costs reasonably incurred in connection with the defense of any claim, action or proceeding, whether civil, criminal, administrative or other, in which any such director, officer, committee member, Board, Employees of the Association and the Agent, Declarant or director or officer of any Declarant, may be involved by virtue of such person having the status of a director, officer, committee member, Board, Employees of the Association and the Agent, Declarant, and Declarant's director or officer; provided, however, that such indemnity shall not be operative with respect to any matters to which such person shall have been finally adjudged in such action or proceeding to be liable for gross negligence or criminal intent in the performance of its duties.


## ARTICLE X

### AMENDMENTS

**Section 1. Amendments.** These Bylaws may be amended, changed or modified at a regular or special meeting of the Board of Directors called for that purpose. These Bylaws may not be amended if such Amendment would be inconsistent with the Declaration or the Articles.

**Section 2. FHA/VA.** The Federal Housing Administration ("F.H.A.") and the Veterans Administration ("V.A.") have the right to veto amendments to these Bylaws while there is a Class B Membership.

These Bylaws for GRANVILLE COMMUNITY ASSOCIATION, INC. shall be effective as of the 30<sup>th</sup> day of January, 2002.

  
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Joseph Contadino, President