



**BY-LAWS  
OF THE  
FINE AVENUE TOWNHOUSES ASSOCIATION**

**ARTICLE I**

**OFFICES AND CORPORATE SEAL**

1. Principal Office: The Corporation shall maintain its principal office at 117 North Agassiz Street, Suite 2-D, Flagstaff, AZ 86001.
2. Other Offices: The Corporation may also maintain offices at such other place or places, either within or without the State of Arizona, as may be designated herein or from time to time by the Board of Directors, and the business of the Corporation may be transacted at such other offices with the same effect as that conducted at the principal office.
3. Corporate Seal: The corporate seal shall not be requisite to the validity of any instrument executed by or on behalf of the corporation, but nevertheless, if in any instance a corporate seal be used, the same shall be a circle having on the circumference thereof "FINE AVENUE TOWNHOUSES ASSOCIATION" and in the center "INCORPORATED 2005 ARIZONA".

**ARTICLE II**

**MEMBERS**

1. Membership. Every person or entity, who is a record owner of any lot in Fine Avenue Townhouses, shall be a member of the Corporation, subject to and in accordance with the Declaration of Covenants, Conditions and Restrictions for Stillwood Townhouses, (hereafter "The Declaration"), recorded in the office of the County Recorder of Coconino County, Arizona, at Docket 1859, page 608 et. Seq. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.
2. Class and Voting Rights. The Corporation shall have one class of voting membership. Members shall be all lot owners in Fine Avenue Townhouses as such term is defined in the Declaration, and each member shall be entitled to one vote for each lot owned. When more than one 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, but in no event shall more than one vote be cast with respect thereto. If any owner casts a vote representing a certain lot, it will thereafter be conclusively presumed for all purposes that such owner was acting with the authority and consent of any other owner(s) of the same lot.

## ARTICLE III

### DIRECTORS

1. Number and Qualification. The number of directors that shall constitute the whole Board of Directors shall be five (5) directors. There shall be one director for each lot. Each director shall be a member or the spouse of a member, (or if a member is a corporation, partnership or trust, the director may be an officer, authorized agent, partner or beneficiary of such member). If a director shall cease to be a member of the corporation, the director will thereupon cease to be a director and his or her place on the board shall be deemed vacant.
2. Term. Each director shall hold office until a successor is elected and qualified. Upon completion of sale, the new owner shall be deemed qualified and elected to hold office.
3. Compensation. The Directors may be paid their expenses, if any, of attendance at such meetings of the Board of Directors, or may be paid compensation in a reasonable amount for services rendered. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefore. Members of special or standing committees may be allowed like compensation for attending committee meeting. The amount or rate of such compensation shall be established by the Board of Directors and shall be set forth in the minutes of the Board.
4. Resignation and Removal: Any director may resign by filing a written resignation with the secretary. Any director may be removed from office by the affirmative vote of TWO THIRDS (2/3) of the directors entitled to vote, taken at any special meeting of directors called for that purpose, and for any reason deemed sufficient by the directors, including failure to attend meetings or to participate in the affairs of the Corporation.
5. Vacancies: Vacancies resulting from resignation, removal, disability or death of a director may be filled by the affirmative vote of a majority of the remaining directors, and the director so chosen shall hold office until the next annual election and until a successor is duly elected and qualified, unless sooner displaced.
6. Powers: The business and affairs of the Corporation shall be managed by its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts as are not prohibited by Statute, the Articles of Incorporation and these By-Laws.
7. Place of Meeting: Meetings of the Board of Directors, both regular and special shall be held within the State of Arizona, and may be held by means of conference

telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.

8. Annual Meetings: The regular annual meeting of the Board of Directors shall be held on the first Wednesday of January each year or at such other date in January as shall be designated from time to time by the Board of Directors. The first meeting is to be held in the calendar year 2006.
9. Regular Meetings: Regular meetings of the Board of Directors may be held without notice within any unit or at property manager's office at such time and at any other such place as shall from time to time be determined by the Board.
10. Special Meetings. Special Meetings of the Board of Directors may be called by the President or Secretary on ONE (1) day notice to each Director, either personally, by mail, by e-mail or by telephone.
11. Quorum: A majority of the membership of the Board of Directors shall constitute a quorum and the concurrence of a majority of those present shall be sufficient to conduct the business of the Board, except as may be otherwise specifically provided by statute or by the Articles of Incorporation. If a quorum shall not be present at any meeting of the Board of Directors, the directors then present may adjourn the meeting to another time or place, without notice other than announcement at the meeting, until a quorum be present.
12. Action Without Meeting: Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the Minutes of proceedings of the Board or committee.
13. Waiver of Notice: Attendance of a director at a meeting shall constitute a waiver of notice of such meetings, except when the person attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any director may waive notice of any annual, regular or special meeting of directors by executing a written notice of waiver either before or after the time of the meeting.

#### ARTICLE IV

##### OFFICERS

1. Designation of Titles. The officers of the Corporation shall consist of a president, a first vice president, a second vice president, a secretary, and a treasurer, and such other officers as the Board of Directors shall deem desirable or necessary. Any number of offices, except the offices of president and secretary, may be held

by the same person, unless the Articles of Incorporation or these By-Laws otherwise provide.

2. Appointment of Officers. The Board of Directors at its first meeting shall choose all officers. The Board of Directors at any time may appoint such other officers and agents as it shall deem necessary, to hold office at the pleasure of the Board of Directors and to exercise such powers and perform such duties as shall be determined from time to time by the Board.
3. Term. The term of each office shall be for one year, with elections held at the annual meeting.
4. Compensation. The officers may be paid compensation in a reasonable amount for services rendered. Such Compensation shall not preclude any officer from serving the Corporation in any other capacity and receiving compensation therefore. The amount of or rate of such compensation shall be established by the Board of Directors and shall be set forth in the Minutes of the Board.
5. Resignation and Removal. Any officer or agent may resign by filing a written resignation with the secretary. Any officer or agent may be removed by the affirmative vote of TWO THIRDS (2/3) of the Board of Directors entitled to vote, taken at any special meeting of the directors called for that purpose, whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract right, if any, of the person so removed. Election or appointment shall not of itself create any such contract rights.
6. Vacancies. A vacancy in any office because of death, resignation, removal disqualification, or otherwise may be filled by a majority vote of the Board of Directors.
7. President. The president shall preside at all meetings of the Board of Directors. The President shall sign all deeds and conveyances, all contract and agreements, and all other instruments requiring execution on behalf of the Corporation, and shall act as operating and directing officer of the Corporation, subject to policies established by the Board of Directors.
8. First Vice President. The first vice president shall perform the duties of the President in the President's absence.
9. Second Vice President. The second vice president shall perform the duties of the secretary in the secretary's absence.
10. Secretary. The secretary shall see that the Minutes of all meetings of the Board of Directors, and of any standing committee are kept. The secretary shall be the custodian of the corporate seal and shall affix it to all proper instruments when

appropriate. The secretary shall give or cause to be given required notice of all meetings. The secretary shall have charge of all books and records of the Corporation except the books of accounts, and , in general shall perform all the duties incident to the office of secretary of a corporation and such other duties as may be assigned. The duties of the secretary, with the exception of minute production, may be contractually delegated to the property manager with approval of the Board of Directors.

11. Treasurer. The treasurer shall have general custody of all the funds and securities of the Corporation except such as may be required by law to be deposited with any state official. The treasurer shall see to the deposit of the funds of the Corporation in such bank or other financial institution as the Board of Directors may designate. Regular books of account shall be kept under the treasurer's direction and supervision, and the treasurer shall render financial statements to the president, directors, and members at the proper times. The treasurer shall have charge of the preparation and filing of such reports, financial statements, and return as may be required by law. Except for review of financial status and oversight of the activities, the treasurer's duties may be delegated contractually to the property manager, with approval by the Board of Directors.

#### ARTICLE V

##### BOOKS AND RECORDS

The Corporation shall keep correct and complete books and records of account and shall also keep Minutes of the proceedings of its Board of Directors and committees having any of the authority of the Board of Directors, and shall keep at its registered or principal office a record giving the names and addresses of the directors of the Corporation. All books and records of the Corporation may be inspected by a director or his agent or attorney, for any proper purpose at any reasonable time.

#### ARTICLE VI

##### CONTRACTS, LOANS, CHECKS AND DEPOSITS

1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.
2. Loans. No funded indebtedness shall be contracted on behalf of the Corporation and no evidences of such indebtedness shall be issued in its name unless authorized by a resolution of the members. Such authority may be general or confined to specific instances.

3. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents, of the Corporation and in such manner, including facsimile signature, as shall from time to time be determined by resolution of the Board of Directors.
4. Deposits. All funds of the Corporation, not otherwise employed, shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

## ARTICLE VII

### CONTRACTS BETWEEN CORPORATION AND RELATED PERSONS

Any contract or other transaction between the Corporation and one or more of its directors, or between the Corporation and any firm of which one or more of its directors are members or employees, or in which he or they are interested, or between the Corporation and any corporation or association of which one or more of its directors are shareholders, members, directors officers or employees, or in which he or they are interested, shall be valid for all purposes. Notwithstanding the presence of Directors of the Corporation which is upon, or in reference to, such contract or transaction, and notwithstanding his or their participation in such action, if the fact of such interest shall be disclosed or known to the Board of Directors and the Board of Directors shall, nevertheless, authorize, approve, and ratify such contract or transaction by a vote of a majority of the directors present, such interested director or directors to be counted in determining whether a quorum is present, but not to be counted as voting upon the matter or in calculating the majority of such quorum necessary to carry such vote. This Article shall not be construed to invalidate any contract or other transaction which would otherwise be valid under the common and statutory law applicable thereto.

## ARTICLE VIII

### INDEMNIFICATION

The Corporation shall indemnify any member, director, officer, employee or agent, or former member, director, officer employee or agent, of the Corporation to the fullest extent permissible pursuant to A.R.S. Section 10-2305, as that statute or its successor may be amended from time to time.

## ARTICLE IX

### PROHIBITED TRANSACTIONS

The Corporation shall not, and neither the directors nor the officers nor any of them shall have any power to cause the Corporation to (1) lend any part of its income

or corpus without the receipt of adequate security and a reasonable rate of interest; (2) pay any compensation, in excess of a reasonable allowance for salaries or other compensation for personal services actually rendered; (3) make any part of its services available on a preferential basis; (4) make any substantial purchase of securities or other property, for more than adequate consideration in money or money's worth; (5) sell any substantial part of its securities or other property, for less than an adequate consideration in money or money's worth; or (6) engage in any other transaction which results in a substantial contribution to the Corporation, a brother, sister, spouse, ancestor or lineal descendent of such a person, or a corporation directly or indirectly controlled by such a person. Any transaction that violates the foregoing prohibitions shall be absolutely void as to the corporation and the officers or directors who authorized or effected the same shall be jointly and severally liable in their individual capacities to revoke and rescind the transaction and to restore the Corporation its income and corpus, to the condition prevailing before the transaction was attempted. Furthermore, in no event shall any director, officer employee, or representative of this corporation take any action or carry on any activity by or on behalf of the Corporation not permitted to be taken or carried on by an organization exempt under Section 528 of the Internal Revenue Code and its Regulations as they now exist or as they may hereafter be amended.

#### ARTICLE X

##### FISCAL YEAR

The fiscal year of the Corporation shall be the calendar year.

#### ARTICLE XI

##### AMENDMENTS

1. By Directors. These By-Laws maybe altered, amended, or repealed, and new By-Laws may be adopted by a majority vote of the Board of Directors.
2. Implied Amendments. Any action taken or authorized by the Board of Directors which would be inconsistent with these By-Laws, but is taken or authorized by affirmative vote of not less than the number of directors required to amend the By-Laws so that the By-Laws would be consistent with such action, shall be given the same effect as though the By-Laws had been temporarily amended or suspended so far, but only so far as is necessary to permit the specific action so taken or authorized.

##### CERTIFICATE

The undersigned hereby certifies that the foregoing By-Laws have been duly adopted by the Board of Directors of the FINE AVENUE TOWNHOUSES ASSOCIATION.

DATED 3/16, 2006

President:

Lars H. Hansen

Secretary:

Jim Bann  
2<sup>nd</sup> Vice President

Adopted by the Aboard of Directors 02-01-06