

BY-LAWS
OF
THUNDER RIDGE PROPERTY OWNERS ASSOCIATION

ARTICLE I

Identity

Section 1. Declaration. These By-Laws shall govern the operation of THUNDER RIDGE PROPERTY OWNERS ASSOCIATION (the "Association"), an Arizona non-profit Association created pursuant to that certain Declaration of Covenants, Conditions and Restrictions for THUNDER RIDGE PROPERTY OWNERS ASSOCIATION, recorded the 10th day of October, 1997, at Recording No. 9756875, official records of Yavapai County, Arizona, (the "Declaration") which by this reference is incorporated herein. Any amendments to the Declaration shall automatically be incorporated herein, and all references to the Declaration shall be deemed to include any such amendments.

Section 2. Terms. Terms used herein which are defined in the Declaration shall have the same meanings as in the Declaration.

Section 3. Priority of Declaration. The provisions of the Declaration shall have priority over these By-Laws, and any provision hereof which is contrary to or inconsistent with the Declaration shall be void to the extent of such inconsistency.

Section 4. Principal Office. The principal office of the Association shall be located initially in Phoenix, Arizona, care of its statutory agent as designated in the Declaration. The Board of Directors may change the principal office and address of the Association by corporate resolution from time to time, and such address shall be effective on Owners and Occupants upon notice given in the manner and at the time prescribed in the Declaration.

Section 5. Seal. The Board of Directors may obtain a seal for the Association, which shall bear the name of the Association, the word "Arizona", the word "non-profit", the year of Incorporation and such other matters as the Board of Directors may elect.

ARTICLE II

Membership

Section 1. Members. Membership in the Association shall be limited as set forth in the Declaration and the Articles of Incorporation of this Association.

Section 2. Meetings. Meetings of the Members shall be held at the principal place of business of the Association or at such other convenient place as may be designated by the Board of Directors. The first annual meeting of the Members shall be held as provided for in the Articles of Incorporation or at such earlier time as the Board of Directors shall designate. Thereafter, annual meetings of the Members shall be held on the second Thursday, in April in each year beginning at 10:00 o'clock a.m. Special meetings of the Members may be called by the President, by a majority of the Board of Directors, or by the greater of ten (10) members or twenty percent (20%) of the Owners other than Declarant. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting, except as stated in the notice, unless by consent of two-thirds of the Members present, either in person or by proxy.

Section 3. Voting. The voting rights of the Members shall be as provided in the Declaration.

Section 4. Notice. Notice of all meetings of the Members stating the time, the place and the objects for which the meeting is called shall be given by the President, Vice-President or Secretary unless notice is waived in writing. Such notice must be in writing and addressed to each Member entitled to vote at such meeting as provided in the Declaration at his or her address as it appears on the books of the Association (or if no such address appears, at his or her last known address), and shall be mailed not less than ten (10) days nor more than fifty (50) days prior to the date of the meeting. Notice of meetings may be waived before, during or after the meeting.

Section 5. Quorum. A quorum of Members for any meeting shall be constituted by Members represented in person or by proxy and holding a majority of the votes entitled to be cast at the meeting. Unless the vote of a greater number is required by these By-Laws, the Articles, the Declaration or Arizona law, the affirmative vote of a majority of the Members represented at a meeting and entitled to vote shall be binding as the act of the Members.

Section 6. Adjourned Meetings. If any meeting of Members cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may adjourn the meeting to a time not more than forty-eight (48) hours from the time the original meeting was called.

Section 7. Order of Business. The order of business at all meetings of the Members shall be as follows:

- (a) Roll call and verification of proxies;
- (b) Proof of notice of meeting or waiver of notice;

- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of committees;
- (f) Appointment of inspectors of election, when required;
- (g) Election of members of the Board of Directors, when required;
- (h) Unfinished business;
- (i) New business;
- (j) Adjournment.

ARTICLE III

Board of Directors

Section 1. Number and Qualification. The business, property and affairs of the Association shall be managed, controlled and conducted by a Board of Directors. The Board of Directors shall consist of not less than three (3) and not more than nine (9) members. The initial Board shall consist of three (3) members. The number of Directors may be altered from time to time by resolution of a majority vote of the Board of Directors, but only within the limits prescribed by the Articles. In the event of any increase in the number of Directors in advance of the annual meeting, each additional Director shall be elected by the then members of the Board of Directors and shall hold office until his successor is elected and shall qualify.

Section 2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association, and may do all such acts and things as are not by law or otherwise directed to be exercised and done by the Members or the President. The powers of the Board of Directors shall include, but not be limited to, all of the rights and duties of the Board of Directors as set forth elsewhere in these By-Laws, the Articles and the Declaration, and shall also include the power to promulgate such rules and regulations pertaining to the rights and duties of Members of the Association, and all other matters, as may be deemed proper and which are consistent with the foregoing. The Board of Directors may delegate to one or more committees thereof, and to other persons, such duties and powers, all as appear to the Board of Directors to be in the best interests of the Association and to the extent permitted by law.

Section 3. Election and Term of Office. The election and term of office of the Directors shall be as provided in the Articles and the Declaration.

Section 4. Vacancies. Vacancies on the Board of Directors caused by any reason shall be filled by vote of the majority of the remaining Directors even though less than a quorum, or by the remaining Director if there be only one, and each person so elected shall be a Director until his or her successor is duly elected and shall qualify.

Section 5. Compensation. No compensation shall be paid to Directors for their services as Directors. No remuneration shall be paid to a Director for services performed by him or her for the Association in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken. Directors and officers, however, may be reimbursed for any actual expenses incurred in connection with their duties as such officers or directors.

Section 6. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least two such meetings (including an organizational meeting within ten (10) days of election of Directors) shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for the meeting.

Section 7. Special Meetings. Special meetings of the Board of Directors may be called by the President or Secretary on three (3) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice, upon the written request of at least a majority of the Directors.

Section 8. Waiver of Notice. Before, at or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be deemed to be a waiver of notice by him or her of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required, and any business may be transacted at such meeting.

Section 9. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business, but if at any meeting of the Board there be less than a quorum present, a majority of those present may adjourn the meeting from time to time. Every act or decision done or made by a majority of the Directors at a duly held meeting at which a quorum is present shall be regarded as the act of the Board unless the Articles, the By-Laws or the Declaration otherwise specifically requires the affirmative vote

of a different number of Directors on a specific matter.

Section 10. Adjournments. The Board of Directors may adjourn any meeting from day to day or for such other time as may be prudent or necessary in the interests of the Association, provided that no meeting may be adjourned for a period longer than thirty (30) days.

Section 11. 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 of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 12. Fidelity Bonds. The Board of Directors may require, in its discretion, that all officers and employees of the Association handling or responsible for the Association's funds shall furnish fidelity bonds. In the event such bonds are required upon determination of the Board of Directors, the premiums therefor shall be paid by the Association.

Section 13. Committees. The Board of Directors may by resolution appoint committees of the Board, which committees shall have the powers and authority designated in the resolution or resolutions establishing them.

ARTICLE IV

Officers

Section 1. Designation. The principal officers of the Association shall be a President, one or more Vice-Presidents, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. The Directors may appoint an Assistant Secretary and an Assistant Treasurer, and such other officers as in their judgment may be necessary. Any person holding the office of President must be a Director. Any one person may hold two or more offices at the same time, except that no one person shall simultaneously hold the offices of President and Secretary.

Section 2. Election of Officers. The officers of the Association shall be elected from time to time by the Board of Directors.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his or her successor elected.

Section 4. Resignation of Officers. Any officer may resign at any time by giving

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

Section 5. Vacancies. A vacancy in any office may be filled by vote of a majority of the Board of Directors. The officer elected to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

Section 6. President. The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the members of the Association and of the Board of Directors. He or she shall have all of the general powers and duties which are normally vested in the office of the President of a Association including, but not limited to, the power to appoint committees from among the Members of the Association from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall also have such other powers as provided for in the Declaration.

Section 7. Vice-President. The Vice-President (or the most senior Vice-President, if there shall be more than one) shall take the place of the President and perform his or her duties whenever the President shall be absent, unable to act or refuses to act. If neither the President nor a Vice-President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. A Vice-President shall also perform such other duties as shall from time to time be imposed upon him or her by the Board of Directors.

Section 8. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; he or she shall have the custody of the seal of the Association; he or she shall have charge of the membership books and such other books and papers as the Board of Directors may direct; and, he or she shall, in general, perform all the duties incident to the office of the Secretary.

Section 9. Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He or she shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors.

Section 10. Compensation. No compensation shall be paid to officers for their services as officers. No remuneration shall be paid to an officer for services performed by him or her for the Association in any other capacity, unless a resolution authorizing such

remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken.

ARTICLE V

Architectural Control Committee

There shall be an Architectural Control Committee as provided for in the Declaration. The Committee shall be appointed in the manner provided for in the Declaration and shall have such duties and powers as provided for in the Declaration.

ARTICLE VI

Miscellaneous

Section 1. Notices. Notice to Members shall be addressed to the last address shown on the records of the Association. Notice to any other person shall be to the last known address of the person. Notices addressed as above shall be deemed delivered when mailed by United States registered or certified mail, or when delivered in person with written acknowledgment of the receipt thereof.

Section 2. Books and Accounts. The Board, at all times, shall keep, or cause to be kept by the Treasurer, true and correct records of account in accordance with generally accepted accounting principles, and shall have available for the inspection of all Members and other persons as specified in the Declaration, if any, at reasonable times, such books which shall specify in reasonable detail all expenses incurred and funds accumulated from assessments or otherwise. The membership records of the Association, the Declaration, the Articles and the By-Laws of the Association shall, likewise, be available for inspection by any Owner or Member at the principal offices of the Association as provided in the Declaration.

Section 3. Execution of Association Documents. With the prior authorization of the Board of Directors, all notes, checks and contracts or other obligations shall be executed on behalf of the Association by such officer or officers of the Association as said Board shall designate.

Section 4. Fiscal Year. The fiscal year of the Association shall be determined by the Board of Directors.

Section 5. Conflict in Documents. In the case of any conflict between the Articles and these By-Laws, the Articles shall control. In the case of any conflict between

the Declaration and these By-Laws, the Declaration shall control. In the case of any conflict between the Articles and the Declaration, the Declaration shall control.

ARTICLE VII

Amendment of the By-Laws

These By-Laws may be amended by the affirmative vote of a majority of the Board of Directors. These By-Laws may not be amended insofar as such amendment would be inconsistent with the Declaration or the Articles.

IN WITNESS WHEREOF, we, being all of the Directors of THUNDER RIDGE PROPERTY OWNERS ASSOCIATION, have hereunto set our hands as of the 22nd day of October, 1997.



DONALD R. HEAD



DALE A. HEAD



SUE HOWARD