

BYLAWS OF
THE FOREST HIGHLANDS ASSOCIATION
(Amended May 22, 2015)

ARTICLE I
Identity

Section 1. *Declaration.* These Bylaws shall govern the operation of The Forest Highlands Association (the "Corporation"), an Arizona non-profit corporation.

Section 2. *Terms.* Capitalized terms used in these Bylaws without definition shall have the meanings specified for such terms in the Amendment to and Restatement of Declaration of Covenants, Conditions and Restrictions for Forest Highlands recorded at Document No. 3052616 in the records of the County Recorder of Coconino County, Arizona, as amended from time to time (the "Declaration") or in the Articles of Incorporation of the Corporation, as amended from time to time (the "Articles"). As used in these Bylaws, the term "Eligible Votes" means the total number of votes entitled to be cast by Members as of the record date for determining the Members entitled to vote at a meeting or in respect of any other lawful action including, but not limited to, action by written ballot or written consent. Whenever in these Bylaws a notice, absentee ballot, written ballot or other written document or instrument is to be delivered by the Association or a Member, delivery can be made by mail, private courier, fax or electronic mail.

Section 3. *Priority of Declaration.* The provisions of the Declaration shall have priority over these Bylaws, 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 Corporation shall be located at the known place of business of the Corporation designated in the Articles or such other place as the Corporation may designate from time to time in accordance with the Arizona Nonprofit Corporation Act, but meetings of Members and directors may be held at such other place within the State of Arizona as may be designated by the Board.

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

Section 6. *Financial Records.* The Board of Directors shall provide for an annual financial audit, review or compilation of the Corporation. The audit, review or compilation shall be completed no later than 180 days after the end of the Corporation's fiscal year and shall be made available upon request to the Members within 30 days after its completion.

ARTICLE II
Membership

Section 1. *Members.* Membership in the Corporation shall be limited as set forth in the Declaration and the Articles.

Section 2. *Meetings.* Meetings of the Members shall be held at the principal place of business of the Corporation or at such other convenient place within the State of Arizona as may be designated by the Board of Directors. The annual meetings of the Members shall be held at such date, time and place as shall be determined by the Board of Directors. A meeting of the Members must be held at least once each year. Special meetings of the Members may be called by the President, a majority of the members of the Board of Directors or by Members having at least one-tenth of the Eligible Votes. The close of business on the thirtieth (30th) day before delivery of the demand or demands for a special meeting shall be the record date for the purpose of determining whether the demand for the special meeting has been signed by Members having at least one-tenth (1/10th) of the Eligible Votes.

Section 3. *Voting.* The voting rights of the Members shall be as provided in the Declaration. Votes allocated to a Lot may not be cast pursuant to a proxy. The Corporation shall provide for votes to be cast in person and by absentee ballot and may provide for voting by some other form of delivery. Notwithstanding Section 10-3708 of the Arizona Revised Statutes or any other provision of the Declaration, the Articles or these Bylaws, any action taken at an annual, regular or special meeting of the Members shall comply with all of the following if absentee ballots are used: (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; (d) 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 of Directors delivers the unvoted absentee ballot to the Member; and (e) the absentee ballot does not authorize another person to cast votes on behalf of the Member. Votes cast by absentee ballot or other form of delivery are valid for the purpose of establishing a quorum.

Section 4. *Notice.* Notice of all meetings of the Members stating the time and place of the meeting shall be given by the President, Vice-President or Secretary unless notice is waived in writing. Such notice must be in writing and must be communicated to each Member in person, by telephone, telegraph, teletype, fax, electronic mail or other form of wireless communication, or by mail or private carrier not less than 10 days nor more than 50 days prior to the date of the meeting. Notice of meetings may be waived before, during or after the meeting. The notice of any special meeting shall state the time and place of such meeting and the purpose for which the meeting is called, including the general nature of any proposed amendments to the Declaration or these Bylaws, changes in assessments that require approval of the Members or any proposal to remove a director. No business shall be transacted at a special meeting, except as stated in the notice. A Member's attendance at a meeting waives objection to the lack of notice or defective notice of the meeting, unless the Member at the beginning of the meeting objects to holding the meeting and transacting business at the meeting. In addition, a Member's attendance at a meeting waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter at the time it is presented.

Section 5. *Quorum.* Except as provided in the Declaration or the Articles, a quorum of Members for any meeting shall be constituted by Members present in person or by absentee

ballot and holding a majority of the Eligible Votes entitled to be cast at the meeting. Notwithstanding the foregoing quorum requirement, a quorum of Members for any meeting at which no business is to be conducted other than business matters specified in Article II, Section 8 (a) through (e) and (j) shall be constituted by 25 Members other than members of the Board of Directors present in person or by absentee ballot. Unless the vote of a greater number is required by these Bylaws, the Articles, the Declaration or Arizona law, the affirmative vote of Members holding a majority of the votes held by Members present in person or by absentee ballot shall be binding as the act of the Members.

Section 6. *Record Date.* For any meeting of the Members, the Board of Directors shall fix a date as the record date for determining the Members entitled to notice of the meeting. If the Board of Directors fails to fix a record date for any meeting of the Members, the record date for determining the Members entitled to notice of the meeting shall be the business day before the day on which the notice of the meeting is given. The Board of Directors shall also fix a date as the record date for determining the Members entitled to vote at a meeting of the Members. If the Board of Directors fails to fix such a record date, the Members on the date of the meeting who are otherwise eligible to vote are entitled to vote at the meeting. A determination of Members entitled to notice of or to vote at a meeting of the Members is effective for any adjournment of the meeting, unless the Board of Directors fixes a new date for determining the right to notice or the right to vote. The Board of Directors shall fix a new date for determining the right to notice or the right to vote if the meeting is adjourned to a date that is more than seventy (70) days after the record date for determining Members entitled to notice of the original meeting. The Board of Directors shall fix a date as the record date for the purpose of determining the Members entitled to exercise any rights in respect of any other lawful action of the Members. If a different record date is not fixed by the Board of Directors or by these Bylaws, Members at the close of business on the day on which the Board of Directors adopts the resolution relating to that record date, or the sixtieth (60th) day before the date of other action, whichever is later, are entitled to exercise those rights. The record date fixed by the Board of Directors under this Section shall not be more than seventy (70) days before the meeting or action requiring a determination of Members. If a court orders a meeting adjourned to another date, the original record date for notice of voting continues in effect.

Section 7. *Adjourned Meetings.* If any meeting of Members cannot be organized because a quorum is not present, the Members who are present, either in person or by absentee ballot, may adjourn the meeting to a different date, time or place. When a meeting is adjourned to another date, time or place, a notice of the new date, time or place is not required if the new date, time or place is announced at the meeting before adjournment. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If a new record date for the adjourned meeting is or must be fixed under Article II, Section 7, of this Article II the Corporation shall give notice of the adjourned meeting pursuant to this Section to persons who are Members as of the new record date.

Section 8. *Order of Business.* The order of business at all meetings of the Members shall be as follows:

- (a) Roll call and verification of quorum.
- (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.

Section 9. *Action by Written Ballot.* Any action that the Corporation may take at any annual, regular or special meeting of the Members may be taken without a meeting if the Corporation delivers a written ballot to every Member entitled to vote on the matter. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for votes by written ballot shall: (a) indicate the number of responses needed to meet the quorum requirements; (b) state the percentage of approvals necessary to approve each matter other than election of directors; and (c) specify the time by which a ballot must be delivered to the Corporation in order to be counted, which time shall not be less than three (3) days after the date that the Corporation delivers the ballot. Once a written ballot has been received by the Corporation, the ballot may not be revoked. Approval by written ballot pursuant to this Section is valid only if both the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action and the number of approvals equals or exceeds the number of votes which would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. Unless a different record date is fixed by the Board of Directors, the record date for determining the Members entitled to vote on matters submitted to a vote by written ballot shall be the business day before the day on which the ballots are delivered to the Members.

Section 10. *Action by Written Consent.* The Members may approve any action required or permitted by Chapters 24 through 40 of Title 10 of the Arizona Revised Statutes that requires the Members' approval without a meeting of the Members if the action is approved by Members holding at least a majority of the Eligible Votes, unless the Declaration, Articles, these Bylaws or applicable law require a different amount of Eligible Votes. The action shall be evidenced by one or more written consents describing the action taken, signed by those Members representing at least the requisite amount of the Eligible Votes, and delivered to the Corporation for inclusion in the minutes or filing with the corporate records of the Corporation. If not otherwise fixed by the Board pursuant to Article II, Section 6 the record date for determining Members entitled to take action without a meeting is the date the first Member signs the consent to the action. A consent signed under this Section has the effect of a meeting vote and may be described as such in any document. Written notice of Member approval pursuant to this Section shall be given to all Members who have not signed the written consent. Unless otherwise specified in the consent or consents, the action is effective on the date that the consent or consents are signed by the last Member whose signature results in the requisite amount of the Eligible Votes. Any Member may revoke the Member's consent by delivering a signed revocation of the consent to the President or Secretary before the date that the consent or consents are signed by the last Member whose signature results in the requisite amount of the Eligible Votes.

ARTICLE III
Board of Directors

Section 1. *Number and Qualification.* The business, property and affairs of the Corporation shall be managed, controlled and conducted by a Board of Directors. The Board of Directors shall consist of nine (9) 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, each new directorship shall be assigned to one of the three classes of directors created pursuant to Section 3 of this Article, and each new directorship shall be deemed to be a vacancy on the Board of Directors which shall be filled as provided in Section 6 of this Article.

Section 2. *Powers and Duties.* The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Corporation, 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 Bylaws, 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 Corporation, 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 appears to the Board of Directors to be in the best interests of the Corporation and to the extent permitted by law.

Section 3. *Election and Term of Office.* The members of the Board of Directors shall be divided into three (3) classes, the number in each class to be fixed as nearly as equal in number as possible. The term of office of the first class of directors shall expire on December 31, 1996. The term of office of the second class of directors shall expire on December 31, 1997. The term of office of the third class of directors shall expire on December 31, 1998. At each annual election thereafter, the Members shall elect (a) a number of directors equal to the number in the class whose term expires on December 31 following the election (or such greater or lesser number in said class as may have been designated by a duly adopted resolution of the Board of Directors) for terms of three (3) years, and (b) the number of directors necessary to fill the unexpired term of vacancies on the Board of Directors if the term extends beyond December 31 following the election. Candidates for election as directors receiving the highest number of votes shall be elected. The term of all newly elected directors shall begin on January 1 following the election, except that a director elected to serve the remainder of the unexpired term of a vacancy on the Board of Directors shall take office immediately upon such director's election. Notwithstanding the foregoing, the terms of directors shall extend until their successor is elected and shall qualify. In the event of an election of directors for more than one class of directors, the directors elected shall be assigned to one of the three classes based on the total number of votes each director receives, with the directors receiving the highest total number of votes being assigned to the classes with the longest terms. In the case of a tie in the number of votes received by candidates, the election and assignment of the term of a director shall be decided by lot. In all other respects, the election and term of office of the directors shall be as provided in the Articles and the Declaration.

Section 4. *Limitation of Two Consecutive Terms.* A Member's time as a director on the Board of Directors shall be limited to no more than two (2) consecutive full terms. No director who has completed two consecutive full terms shall be eligible to be elected or appointed to serve on the Board of Directors until one year following the expiration of that Member's last term as a director has expired.

Section 5. *Manner of Election.* Members of the Board of Directors shall be elected by either of the following methods at the discretion of the Board of Directors. Members of the Board of Directors may be elected by a vote conducted by secret ballot at the annual meeting (or any other meeting called for such purpose) or by written ballot without a meeting pursuant to Article II, Section 9 and procedures established by the Board of Directors; provided, however, that the total number of Members' ballots for any election conducted by written ballot without a meeting must be received in an amount that would constitute a quorum of members for any meeting. If the election is conducted by secret ballot at a meeting of the Members, votes may be cast in person or by absentee ballot or by any other form of voting authorized by the Board of Directors.

Section 6. *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. A director elected to fill a vacancy of a director whose term expires on December 31 following the next election of directors or a director elected to fill a vacancy created by an increase in the number of directors which directorship is assigned to a class of directors whose term expires on December 31 following the next election of directors shall serve the unexpired remainder of the term. A director elected to fill a vacancy of a director whose term extends beyond December 31 following the next election of directors or a director elected to fill a vacancy created by an increase in the number of directors which directorship is assigned to a class of directors whose term extends beyond December 31 following the next election of directors shall serve until the next election of directors when his or her successor is elected and qualified to serve the unexpired remainder of the term.

Section 7. *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 for the Corporation 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 8. *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 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, fax, electronic mail or other means of communication, telephone or telegraph, at least three days prior to the day named for the meeting.

Section 9. *Special Meetings.* Special meetings of the Board of Directors may be called by the President or Secretary on three days' notice to each director, given personally or by mail, fax, electronic mail or other means of communication, 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 two of the directors.

Section 10. *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. A director's attendance at or participation in a meeting waives any required notice to the director of the meeting, unless the director at the beginning of the meeting or promptly on the director's arrival at the meeting objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. A director may participate in a regular or special meeting of the Board of Directors through the use of any means of communication by which all directors participating may simultaneously hear each other during the meeting, and a director participating in a meeting by such means is deemed to be present in person at the meeting.

Section 11. *Quorum and Voting.* A majority of the Board of Directors in person or by proxy shall constitute a quorum for the transaction of business, but if at any meeting of the Board of Directors 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 of Directors unless the Articles, the Bylaws or the Declaration otherwise specifically requires the affirmative vote of a different number of directors on a specific matter. A director who is present at a meeting of the Board of Directors when corporate action is taken is deemed to have assented to the action taken unless either: (a) the director objects at the beginning of the meeting or promptly on the director's arrival to holding it or transacting business at the meeting; (b) the director's dissent or abstention from the action taken is entered in the minutes of the meeting; or (c) the director delivers written notice of the director's dissent or abstention to the presiding officer of the meeting before its adjournment or to the Corporation before 5:00 P.M. on the next business day after the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken. A director may vote in person or by proxy. A director may appoint another director as a proxy to vote or otherwise act for the director by signing an appointment form, either personally or by the director's attorney-in-fact. The appointment does not relieve the director of liability for acts or omissions imposed by law on directors. An appointment of a proxy is effective when received by the Secretary. An appointment is valid for one (1) month unless a different period is expressly provided in the appointment form. An appointment of a proxy is revocable by the director. The death or incapacity of a director appointing a proxy shall not affect the right of the Corporation to accept the proxy's authority unless written notice of death or incapacity is received by the Secretary before the proxy exercises its authority under the appointment. Subject to any express limitation on the proxy's authority appearing on the face of the appointment form, the Corporation is entitled to accept the proxy's vote or other action as the vote of the director making the appointment.

Section 12. *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 Corporation, provided that no meeting may be adjourned for a period longer than 30 days.

Section 13. *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 consent of all the directors. Any such written consent shall be filed with the minutes of the proceedings of the Board of Directors. Any action taken by the Board of Directors pursuant to this Section shall be effective when the last director signs the consent, unless the consent specifies a different effective date.

Section 14. *Fidelity Bonds.* The Board of Directors may require, in its discretion, that all officers and employees of the Corporation handling or responsible for the Corporation's funds shall furnish fidelity bonds. In the event such bonds are required upon determination of the Board of Directors, the premiums therefore shall be paid by the Corporation.

Section 15. *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.

Section 16. *Past President.* In the event that the term of office as a director of the immediate Past President of the Board of Directors expires at the close of the term as President of the Board of Directors, the immediate Past President shall serve as an ex officio member of the Board of Directors for the year following expiration of the term of office as a director and President of the Board of Directors. The immediate Past President shall serve in such capacities and roles as are requested by the current President of the Board of Directors to assist in the conduct of the affairs of the Corporation. Service as an ex officio member of the Board of Directors shall not be considered in applying any limitations of consecutive terms of directors.

Section 17. *Removal.* The Members, by a majority vote of Members entitled to vote and voting on the matter at a meeting of the Members called pursuant to this Section at which a quorum is present, may remove any member of the Board of Directors, with or without cause. On receipt of a petition that calls for removal of a member of the Board of Directors and that is signed by the number of Members who are entitled to cast at least twenty-five percent (25%) of the votes in the Corporation, the Board of Directors shall call and provide notice of a special meeting of the Corporation as prescribed by Article II, Sections 2 and 4. The special meeting shall be called, noticed and held within thirty days after receipt of the petition. For purposes of a special meeting called pursuant to this Section, a quorum is present if the number of Members to whom at least twenty percent (20%) of the votes are allocated is present at the meeting or as otherwise permitted by law. The Board of Directors shall retain all documents and other records relating to the proposed removal of the member of the Board of Directors for at least one year after the date of the special meeting and shall permit Members to inspect those documents and records pursuant to Section 33-1805 of the Arizona Revised Statutes. A petition that calls for the removal of the same member of the Board of Directors shall not be submitted more than once during each term of office for that member. If a civil action is filed regarding the removal of a member of the Board of Directors, the prevailing party in the civil action shall be awarded its reasonable attorney fees and costs.

Section 18. *Nomination of Candidates for Election to Board of Directors.*

- (a) As used in this Section 18, the term "Election Date" means: (i) the date of the annual meeting at which the election of directors is to be conducted or (ii) if the election is to be conducted by written ballot without a meeting, the date by which the ballots must be returned in order to be counted.
- (b) At least ninety (90) days prior to each Election Date, the President shall appoint two (2) members of the Board and at least one (1) additional Committee member as a Nomination Advisory Committee (NAC) to assist in recruiting and educating Board candidates. A sitting Board member will serve as Chairman. None of the members appointed to serve nor the spouse of such a member may be a candidate for the Board of Directors.
- (c) At least (90) days prior to the Election Date, a notice will be given to the members by mail, electronic mail, facsimile, placement in the Corporation's newsletter or on the Corporation's website or any other means deemed appropriate by the Board of Directors requesting all members interested in running for the board to contact any of the members of the NAC. These candidates will be required to participate in a Board Orientation with the NAC members prior to being placed on the ballot. Dates for the Board Orientation(s) will be established by the NAC.
- (d) NAC members will consult with Committees regarding potential candidates for election for the Board of Directors.
- (e) At least forty-five (45) days prior to each Election Date, the NAC shall present to the Secretary a list of any and all candidates who have completed a Board Orientation and wish to be put forth as candidates for the election of the Board of Directors. The NAC shall present a minimum of (1) candidate for each director position to be filled.
- (f) The ballot for the election of directors shall include the names of all candidates for election. The candidates shall be listed on the ballot in alphabetical order. The ballot shall be mailed to all Members entitled to vote in the election of directors at least thirty (30) days prior to the Election Date.

ARTICLE IV

Officers

Section 1. *Designation.* The principal officers of the Corporation 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.

Section 2. *Election of Officers.* The officers of the Corporation 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 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 replaces.

Section 6. *President.* The President shall be the chief executive officer of the Corporation. He shall preside at all meetings of the members of the Corporation and of the Board of Directors. He shall have all of the general powers and duties which are normally vested in the office of the President of a corporation, including, but not limited to, the power to appoint committees from among the members of the Corporation from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Corporation. 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 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 of Directors 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 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 Corporation; he shall have the custody of the seal of the Corporation; he shall have charge of the membership books and such other books and papers as the Board of Directors may direct; and he 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 Corporation's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Corporation. He shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Corporation 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 for the Corporation 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 Design Review Committee

There shall be a Design Review Committee as provided for in the Declaration. The Design Review 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. *Suspension Hearing.* Notice of the hearing provided for in Paragraph 2.1.4 of the Declaration shall be delivered to the Member or Person at least fifteen (15) days prior to the hearing. Notice to Members shall be addressed to the last address shown on the records of the Corporation. 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. The notice shall state the reasons for the Suspension. The hearing shall be held in Coconino County, Arizona, at the location and time specified in the notice. At the hearing, each interested party, as determined in the sole discretion of the Board of Directors, shall be given the opportunity to present all relevant material, but the hearing shall not be open to the public, except at the discretion of the Board of Directors and with the consent of the noticed Member or Person.

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.

Section 3. *Execution of Corporate 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 Corporation by such officer or officers of the Corporation as said Board shall designate.

Section 4. *Fiscal Year.* The fiscal year of the Corporation shall be the calendar year.

Section 5. *Conflict in Documents.* In the case of any conflict between the Articles and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. In the case of any conflict between the Articles and the Declaration, the Declaration shall control.

Section 6. *Captions and Titles.* All captions, titles or headings of the Articles and Sections in these Bylaws are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in

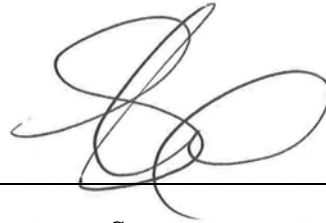
determining the intent or context thereof. Unless otherwise specified, all references in these Bylaws to Articles or Sections are to Articles and Sections of these Bylaws.

ARTICLE VII
Amendment of the Bylaws

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

CERTIFICATION

I hereby certify that I am the duly elected Secretary of The Forest Highlands Association and that the foregoing Bylaws were duly adopted by the Board of Directors of the Association on the 12th day of January, 2009.

A handwritten signature in black ink, consisting of several loops and flourishes, positioned above a horizontal line.

Secretary