

## BY-LAWS

### OF

## Bonanza Ranch Property Owners Association

### ARTICLE I

#### OFFICES AND CORPORATE SEAL

1. **ORGANIZATION.** The Association is a nonprofit Arizona corporation, which corporation shall be the governing body for all of the Owners of lots in Bonanza Ranch. The Association shall be responsible for the maintenance, repair, replacement, administration and operation of the private paved roads and all other property it is required or permitted to maintain pursuant to the declarations contained in the Bonanza Ranch Covenants, Conditions and Restrictions ("CC&R's"), and shall have the duties and in addition shall have the powers prescribed by law set forth in the Articles and the Bylaws. Neither the Articles nor Bylaws shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with the declarations contained in the CC&R's.

2. **PRINCIPAL OFFICE.** In addition to its known place of business, which shall be the office of its statutory agent, the Corporation shall maintain a principal office in Pinal County, Arizona.

3. **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 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.

4. **CORPORATE SEAL.** A corporate seal shall not be a requisite to the validity of any instrument executed by or on behalf of the Corporation, but if in any instance a corporate seal is used, the same shall be, at the pleasure of the officer affixing the same, either (a) a circle having on the circumference thereof "BONANZA RANCH PROPERTY OWNERS ASSOCIATION, INCORPORATED, 2001, ARIZONA," and in the center "INCORPORATED", or (b) a circle containing the words "CORPORATE SEAL" on the circumference thereof.

### ARTICLE II

#### MEMBERS

1. **QUALIFICATIONS.** Each owner of a Lot, but excluding persons or entities who hold an interest merely as security for the performance of an obligation, shall automatically, upon becoming an Owner, become a Member of the Association and shall remain a Member until such Owner ceases to own a Lot.

2. **MEMBERSHIP RIGHTS AND DUTIES.** Each Member shall have the rights, duties and obligations set forth in the CC&R's, the Articles, the Bylaws and the Association Rules as those documents may be amended from time to time.

3. **TRANSFER OF MEMBERSHIP.** The Association Membership of each Owner shall be appurtenant to the Lot giving rise to such Membership, and shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon the transfer of title to said Lot, and then only to the transferee of title to said Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot shall operate automatically to transfer the Membership in the Association to the new lot owner.

4. **MEMBERS' MEETINGS.** All meetings of members shall be held at such place as may be fixed from time to time by the Board of Directors, or in the absence of direction by the Board of Directors, by the president or secretary of the Corporation, either within or without the State of Arizona, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

5. **ANNUAL MEETINGS.** Annual meetings of members shall be held on the second Saturday of November, if not a legal holiday, and if a legal holiday, then on the next secular day following, or at such other date and time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting. At the annual meeting, members shall elect a Board of Directors and transact such other business as may properly be brought before the meeting.

6. **NOTICE OF ANNUAL MEETING.** Written notice of the annual meeting stating the place, date, and hour of the meeting shall be given to each member of record entitled to vote at such meeting no less than ten (10) nor more than fifty (50) days before the date of the meeting. Members entitled to vote at the meeting shall be determined as of 4:00 p.m. in the afternoon on the day before notice of the meeting is sent.

7. **LIST OF MEMBERS.** The officer who has charge of the ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of members, a complete list of the members entitled to vote at the meeting, arranged in alphabetical order, and showing the address and lot number registered in the name of each member. Such list shall be open to the examination of any member, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any member present.

8. **SPECIAL MEETINGS OF MEMBERS.** Special meetings of the members, for any purpose or purposes, unless otherwise proscribed by statute or by the Articles of Incorporation, may be called by the president and shall be called by the president or secretary

at the request in writing of a majority of the Board of Directors, or at the request in writing of members owning a majority of the lots in Bonanza Ranch. Such request shall state the purpose or purposes of the proposed meeting.

9. **NOTICE OF SPECIAL MEETINGS.** Written notice of a special meeting stating the place, date, and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not less than ten (10) nor more than fifty (50) days before the date of the meeting to each member of record entitled to vote at such meeting. Business transacted at any special meeting of members shall be limited to the purposes stated in the notice. Members entitled to vote at the meeting shall be determined as of 4:00 p.m. in the afternoon on the day before notice of the meeting is sent.

10. **QUORUM AND ADJOURNMENT.** A majority of the members entitled to vote, present in person or represented by proxy, shall constitute a quorum at all meetings of the members for the transaction of business except as otherwise provided by statute or by the Articles of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the members, the members entitled to vote at the meeting, present in person or represented by proxy, shall have power to adjourn the meeting to another time or place, without notice other than announcement at the meeting at which adjournment is taken, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each member of record entitled to vote at the meeting.

11. **MAJORITY REQUIRED.** When a quorum is present at any meeting, the vote of the owners of a majority of the lots present, whether in person or represented by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the statutes or of the Articles of Incorporation, a different vote is required, in which case such express provision shall govern and control the decision of such question. 27

12. **VOTING.** At every meeting of the members, each member shall be entitled to one vote in person or by proxy for each lot owned or held by such member, but no proxy shall be voted or acted upon after eleven (11) months from its date, unless the proxy provides for a longer period.

13. **ACTION WITHOUT MEETING.** Any action required or permitted to be taken at any annual or special meeting of members may be taken without a meeting, without prior notice, and without a vote, if a consent in writing, adopting the action so taken, shall be signed by the holders of all of the outstanding lots to vote with respect to the subject matter of the action.

14. **WAIVER OF NOTICE.** Attendance of a member at a meeting shall constitute waiver of notice of such meeting, except when such attendance at the meeting is for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any member may waive notice of any annual or special meeting of members by executing a written notice of waiver either before or after the time of the meeting.

### ARTICLE III

#### VOTING

1. **MEMBERSHIP AND VOTING RIGHTS.** The association shall have two classes of voting membership:

Class A: Class A members shall be all owners of lots within Bonanza Ranch. Class A members shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any such Lot, all such persons shall be members. The vote for such Lot shall be exercised as they, among themselves determine, but in not event shall more than one vote be cast, with respect to any Lot.

Class B: The Class B member shall be the Declarant to the CC&R's (including its successors and assigns), and shall be entitled to three votes for each Lot owned, when voting on a matter presented to the Class A members. The Class B membership shall cease and be converted into Class A, on the happening of any of the following events; (i) When all of the Lots have been conveyed to purchasers, or (ii) When the Declarant to the CC&R's notifies the association in writing that it relinquishes its Class B membership.

2. **COMMENCEMENT OF VOTING RIGHTS; JOINT OWNERS' DISPUTES.** Voting rights for the Property shall commence upon the first conveyance of a lot by Declarant to the CC&R's to an Owner. The vote for each such Lot must be cast as a unit, and fractional votes shall not be allowed. In the event that the joint Owners are unable to agree among themselves as to how their one vote will be cast, they shall lose their right to vote on the matter in question. If any owner or Owners cast a vote representing a Lot, it will thereafter be conclusively presumed for all purposes that he or they were acting with the authority and consent of all other Owners of the same Lot. In the event that more than one (1) vote is cast for a particular acre, none of said votes shall be counted and said votes shall be deemed void.

3. **ELECTION AND REMOVAL OF BOARD OF DIRECTORS.** Every owner entitled to vote at any election of the Board may cumulate his vote and give one candidate a number of votes equal to the number of Directors to be elected multiplied by the number Lot(s) the owner is entitled to vote. The entire Board or any individual Director may be removed from office on the vote of the majority provided, however, an individual removed prior to the expiration of his term of office cannot be removed if the number of votes against the resolution for his removal or not consenting in writing to such removal would be sufficient to elect the Director if voted cumulatively at an election at which the same number of vote were cast and the entire number of Directors authorized at the time of the most recent election of the Director were

then being elected. If any or all of the Directors are so removed, new Directors may be elected at the same meeting. Each Director must be a Member of the Association or an officer, director or managing member or partner of an Owner, if the owner is a corporation, limited liability company or partnership.

4. **DUTIES OF THE ASSOCIATION.** In addition to the powers delegated to it by its Articles, and without limiting the generality thereof, the Association shall have the obligation to perform each of the following duties:

**Maintenance and Management of Paved Roads.** Maintain, manage and preserve in a safe and first class condition all of the roadways and such additional maintenance areas as the Board elects to maintain, including all improvements presently or hereafter located thereon and thereunder.

**Architectural Control Committee.** Act as an Architectural Control Committee pursuant to Article 5 of the CC&R's.

**Enforcement of Restrictions and Rules; Rule Making.** Make, establish, promulgate, amend and repeal the rules for the association. Perform such other acts, whether or not expressly authorized by the Articles or the CC&R's as may be reasonably necessary to enforce any of the provisions of the CC&R's, Articles or these Bylaws.

**Budgets and Financial Statements.** The Board shall cause financial statements for the Association to be regularly prepared and copies to be made available to each Member of the Association.

5. **POWERS AND AUTHORITY OF THE ASSOCIATION.** The association shall have all the powers of a nonprofit corporation organized under the Nonprofit Corporation Law of the State of Arizona, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, the Bylaws or the CC&R's. It shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the CC&R's, the Articles and the Bylaws, and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association, including without limitation.

**Assessments.** To levy assessment against Lots and to enforce payment of such Assessments, all in accordance with the provisions of Article III of the CC&R's entitled "Assessments".

**Insurance.** To obtain and maintain in force the following policies of insurance: (I) fire and extended coverage insurance on the Access Easements, the amount of such insurance to be not less than one hundred percent (100%) of the aggregate full insurable value; (ii) general comprehensive public liability insurance against claims for personal or bodily injury, death or property damage with limits with regard to injury or death of not less

N/A

than \$500,000.00 per person and \$1,000,000.00 per occurrence; and with limits of no less than \$500,000.00 per occurrence in respect of property damage, insuring against liability for bodily injury, death and property damage arising from the activities of the Association or with respect to property under its jurisdiction. The liability insurance shall name and separately protect as insured each owner, the Association; (iii) such other insurance, including director and officer insurance (errors and omissions), and worker's compensation liability insurance to the extent necessary to comply with any applicable law, faithful performance and fidelity bonds to insure the Association against any loss from malfeasance or dishonesty of any employee or other person charged with the management or possession of any Association funds or other property and such indemnity and other bonds as the Board shall deem necessary or expedient to carry out the Association's functions.

**Employment of Agents.** To employ the services of any person or corporation as managers, advisors, consultants, contractors or employees to manage, conduct and perform business, obligations and duties of the Association or to provide advice and counsel as may be directed by the Board and to enter into contracts for such purpose. Such agents shall have the right to ingress and egress over such portions of the Property as is necessary for the performance of such business, duties and obligations.

**Borrowing of Money.** To borrow and repay moneys for the purpose of maintaining and improving the Access Easements, and to encumber property of the Association as security for the repayment of such borrowed money.

**Hold Title and Make Conveyances.** To acquire, hold title to and convey with or without consideration, real and personal property and interests therein, including, but not limited to, easements.

6. **PERSONAL LIABILITY.** No member of the Board or any officer of the Association, or Declarant to the CC&R's, or the manager shall be personally liable to any owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, the Board, the manager or any other representative or employee of the Association, Declarant or any officer of the association or of Declarant, provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith, and without willful or intentional misconduct.

#### ARTICLE IV

#### DIRECTORS

(7)

1. **NUMBER.** The number of Directors which shall constitute the whole Board shall be not fewer than two (2) nor more than seven (7). The Directors shall be elected at the annual meeting of the members, except as provided in Section 2 of this Article, and each

Director elected shall hold office until his or her successor is elected and qualified. Directors need not be members.

2. **VACANCIES.** Vacancies and newly created directorships resulting from any increase in the authorized number of Directors may be filled by the affirmative vote of a majority of the remaining Directors then in office, though not less than a quorum, or by a sole remaining Director, and the Directors so chosen shall hold office until the next annual election and until their successors are duly elected and qualified, unless sooner displaced. If there are not Directors in office, then an election of Directors may be held in the manner provided by statute.

3. **MANAGEMENT.** The business and affairs of the Corporation shall be managed by its Board of Directors. Directors will also perform the duties of officers. There shall be a chairman of the board, a secretary and a treasurer.

4. **VACANCIES.** A vacancy in any office because of death, resignation, removal, disqualification, or otherwise may be filled by the Board of Directors at any time.

5. **OFFICERS.** The chairman of the board, if one appointed and serving, shall preside at all meetings of the Board of Directors and shall perform such other duties as from time to time may be assigned to him. The director designated secretary shall be responsible for the taking and keeping of all records of the corporation except for those records designated as financial, which shall be kept and maintained by the director designated treasurer. In the absence of the chairman, the secretary shall act in his stead.

6. **COMPENSATION.** The Directors may be paid their expenses, if any, for attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as Director. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings. The amount or rate of such compensation of members of the Board of Directors or of committees shall be established by the Board of Directors and shall be set forth in the minutes of the Board.

7. **WAIVER OF NOTICE.** Attendance of a Director at a meeting shall constitute waiver or notice of such meeting, 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 V

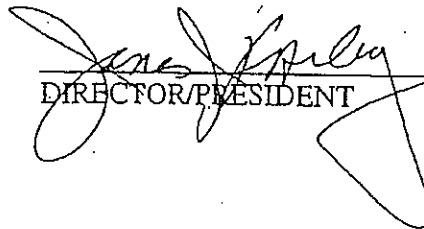
FISCAL YEAR

The fiscal year of the Corporation shall be December 31.

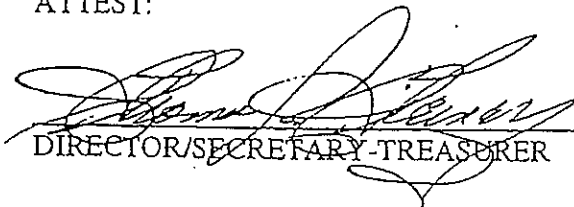
ARTICLE VI

REPEAL, ALTERATION OR AMENDMENT

These By-Laws may be repealed, altered, or amended, or substitute By-Laws may be adopted at any time only by a majority of the Board of Directors.

  
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DIRECTOR/PRESIDENT

ATTEST:

  
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DIRECTOR/SECRETARY-TREASURER