

**BYLAWS  
OF  
HIGHLINE RANCH HOMEOWNERS ASSOCIATION**

**ARTICLE 1.  
GENERAL PROVISIONS**

**1.1. Principal Office.** The principal office of this corporation shall be located at the place designated in the Articles of Incorporation or such other place as the Association may designate from time to time in accordance with the Arizona statutes governing nonprofit corporations, 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 of Directors.

**1.2. Defined Terms.** Capitalized terms used in these Bylaws without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions and Restrictions for Highline Ranch recorded at Recorder's No. 2001-0778026, records of Maricopa County, Arizona.

**1.3. Conflicting Provisions.** In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

**1.4. Corporate Seal.** The Association may have a seal in a form approved by the Board of Directors.

**1.5. Designation of Fiscal Year.** The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation of the Association.

**1.6. Books and Records.** The Project Documents and all other books, records and papers of the Association, shall be available for inspection by any Member and his authorized agents during reasonable business hours, except that the Board of Directors may withhold from disclosure any books, records and papers relating to any of the following: (i) personnel matters or a person's medical records; (ii) communication between an attorney for the Association and the Association; (iii) pending or contemplated litigation; (iv) pending or contemplated matters relating to enforcement of the Project Documents; and (v) meeting minutes or other records of a session of a Board of Directors meeting or Association meeting that is not required to be open to all Members pursuant to A.R.S. §33-1258. The Association shall not be required to disclose financial and other records of the Association if disclosure would violate any local, state or federal law. The Project Documents shall be available for inspection by any Member during reasonable business hours at the principal office of the Association, where copies may be purchased at reasonable cost. Pursuant to A.R.S. §10-11601(C), the Association shall maintain a record of Members in a form that permits preparation of a list of the names and addresses of all

Members in alphabetical order by class of Membership showing the number of votes each Member is entitled to cast and the class of Membership held by each Member.

**1.7. Obligation of Association to Disclose Information.** Except for a sale of a Lot from the Declarant to a purchaser or a sale which is exempt pursuant to A.R.S §32-2181.02, the Association shall mail or deliver to a purchaser within ten (10) days (or such longer period of time as may be provided for in A.R.S. §33-1260) after receipt of a written notice of a pending sale that contains the name and address of the purchaser, a copy of all of the following: (a) the Project Documents; (b) the current operating budget of the Association; (c) the most recent annual financial report of the Association, or if such report is more than ten (10) pages, the Association may provide a summary of the report in lieu of the entire report; (d) the most recent reserve study of the Association, if any; and (e) a dated statement containing: (i) the telephone number and address of a principal contact for the Association, which may be a Managing Agent, an officer of the Association or any other person designated by the Board of Directors; (ii) the amount of the Common Expense Assessment for the Lot and the unpaid Common Expense Assessment, or installment thereof, any special assessment or other assessment, fee or charge currently due and payable from the selling Member; (iii) a statement as to whether a portion of the Lot is covered by insurance maintained by the Association; (iv) the total amount of money held by the Association as reserves; (v) a statement as to whether records of the Association reflect any alterations or improvements to the Lot that violate the Declaration. The Association is not obligated to provide information regarding alterations or improvements that occurred more than six (6) years before the proposed sale; and (vi) a statement of case names and case numbers for pending litigation with respect to the Lot filed by the Association against the Member or filed by the Member against the Association, except for any information concerning such pending litigation that would violate any applicable rule of attorney-client privilege under Arizona law. The Association may charge the Member a reasonable fee to compensate the Association for any costs incurred in the preparation of a statement furnished by the Association pursuant to this Section. The Association shall make available to any interested party the amount of any such fee established from time to time by the Association.

**1.8. Amendment.**

1.8.1. These Bylaws may be amended, at a regular or special meeting of the Board of Directors.

1.8.2. The Declarant, as long as the Declarant owns any Lot, and thereafter, the Board, without a vote of the Members and without the consent of any First Mortgagee, may amend these Bylaws in order to conform these Bylaws to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration (the "FHA"), the Veterans Administration (the "VA") or any federal, state or local governmental agency whose approval of the Project, the Plat or the Project Documents is required by law or requested by the Declarant or the Board.

1.8.3. Should Declarant request approval of the Project by the Veterans Administration or the Federal Housing Administration, or both, then so long as there is a Class B membership in the Association, any amendment of these Bylaws must be approved by the VA or the FHA. Declarant shall have no obligation to request approval of the Project by either or both

of such agencies. Unless and until the VA or the FHA have approved the Project as acceptable for insured or guaranteed loans and at any time during which such approval, once given, has been revoked, withdrawn, canceled or suspended and there are no outstanding mortgages or deeds of trust recorded against a Lot to secure payment of an insured or guaranteed loan by either of such agencies, all references herein to required approvals or consents of such agencies shall be deemed null and void and of no force and effect.

1.8.4. So long as the Declarant owns any Lot, any amendment to these Bylaws must be approved in writing by the Declarant.

**1.9. Indemnification.** To the extent it has the power to do so under the Arizona Nonprofit Corporation Act, A.R.S. §10-3101, et seq., the Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Association, by reason of the fact that he is or was a member, director, officer, employee or agent of the Association or is or was serving at the request of the Association as a member, director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, and against judgments, monetary penalties and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted, or failed to act, in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Indemnification of any such person shall be made in accordance with the procedures set forth in the Arizona Nonprofit Corporation Act.

## **ARTICLE 2. MEETINGS OF MEMBERS**

**2.1. Annual Meeting.** An annual meeting of the Members of the Association shall be held at least once every twelve (12) months at such time and place as is determined by the Board of Directors.

**2.2. Special Meetings.** Special meetings of the Members may be called at any time by the president, by a majority of the Board of Directors, or upon written request signed by Members having at least one-fourth (1/4) of the total authorized votes in the Association.

**2.3. Notice of Meetings.** Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting by hand delivering or mailing a copy of each notice, postage prepaid, at least ten (10) days but no more than fifty (50) days before such meeting to each Member entitled to vote thereat addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting, including the general nature of any proposed amendment to the Declaration, Articles, changes in Assessments that require approval of the Members and any proposal to remove a director or an officer of the Association. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place of the meeting are announced at the meeting at

which the adjournment is taken. At the adjourned meeting, the Association may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each member entitled to vote at the meeting. By attending a meeting, a Member waives any right he may have had to object to the meeting on the basis that the proper notice of the meeting was not given in accordance with these Bylaws or the statutes of the State of Arizona. The failure of any Member to receive actual notice of a meeting does not affect the validity of any action taken at that meeting.

**2.4. Quorum.** Except as otherwise provided in the Articles, the Declaration or these Bylaws, the presence in person or by proxy of Members entitled to cast one-tenth (1/10th) of the total authorized votes in the Association shall constitute a quorum at all meetings of the Members. If a quorum shall not be present at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

**2.5. Proxies.** At all meetings of the Members a vote may be cast in person or by proxy. A proxy may be granted by any Member in favor of only another Member, the Secretary of the Association, the Declarant, or the Member's mortgagee, or in the case of a non-resident Member, the lessee of such Member's Lot, his attorney or managing agent. A proxy shall be duly executed in writing and it shall be valid only for the particular meeting designated in the proxy. All proxies must be filed with the Secretary prior to the commencement of the meeting for which the proxy is given. The proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of a notice of revocation signed by the Member who granted the proxy. No proxy shall be valid after twenty-five months from the date of its execution.

**2.6. Membership Lists For Meetings.** After fixing a record date for a particular Annual or Special meeting identifying the Members eligible to receive notice of a meeting, the Association shall prepare pursuant to A.R.S. §10-3720 an alphabetical list of the names of all of its Members who are entitled to notice of the meeting showing the each Members' address and the number of votes each Member will be entitled to vote at the meeting. The Association shall prepare through the time of the meeting another list of Members, if any, who are entitled to vote at the meeting but were not entitled to notice of the meeting. For the purpose of communication between Members concerning the meeting, the lists prepared by the Association pursuant to this Section shall: (i) be made available for inspection by a Member, its agent or attorney, during the meeting and any adjournment for which the meeting notice was given; and (ii) be made available for inspection at the Association's principal office, or at such other place identified in the meeting notice, by any Member and, upon receipt by the Association of a written demand, any Member, its agent or attorney, may inspect and, subject to the limitation of A.R.S. a copy of §§10-11602(C) and 10-11605, such Member or its agent or attorney may copy the lists during the Association's regular business hours at the Member's expense.

**2.7. Suspension of Voting Rights.** In the event any Lot Owner is in arrears in the payment of any Assessment, monetary penalties or other fees and charges due under the terms of the Project Documents for a period of thirty (30) days, the Lot Owner's right to vote as a Member of the Association shall be automatically suspended and shall remain suspended until all

payments, including accrued interest and attorneys' fees are brought current, and for a period not to exceed sixty (60) days for any infraction of the Project Documents.

### **ARTICLE 3. BOARD OF DIRECTORS**

**3.1. Number.** The affairs of this Association shall be managed by a Board of Directors consisting of three (3) directors. During the Period of Declarant Control, the Declarant shall have the sole right to appoint and remove the directors and the directors need not be Members of the Association. Upon the termination of the Period of Declarant Control, the Lot Owners shall elect the Board of Directors, at least a majority of whom must be Members of the Association. The Declarant may voluntarily surrender his right to appoint and remove the members of the Board of Directors before termination of the Period of Declarant Control, and in that event the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or the Board of Directors, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective. The Board of Directors may increase the number of directors on the Board of Directors but the number of directors must always be an odd number and shall not exceed nine (9) directors.

**3.2. Term of Office.** The initial members of the Board of Directors shall hold office until the first annual meeting of the Members and until their successors are elected and qualified. Commencing with the first annual meeting of the Members, and for the duration of the Period of Declarant Control, all directors shall be appointed by the Declarant for a term of one (1) year. At the first annual or special meeting after termination of the Period of Declarant Control, the Members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years and one (1) director for a term of three (3) years. At each annual meeting thereafter, the Members shall elect directors to replace those directors whose terms have expired and all such directors shall be elected for a term of three (3) years. If the Board of Directors increases the number of directors, the newly appointed directors shall serve until the first annual meeting after such increase, at which time the terms of the new directorships shall be designated by the Members.

**3.3. Removal.** Except with respect to members of the Board of Directors appointed by the Declarant, at any annual or special meeting of the Members duly called, any one or more of the members of the Board of Directors may be removed from the Board of Directors with or without cause by Members having more than fifty percent (50%) of the votes entitled to be cast by the Members present in person or by proxy at the meeting, and a successor may then and there be elected to fill the vacancy thereby created.

**3.4. Compensation.** No director shall receive compensation for any service he may render to the Association which is within his duties as a director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties. A director may receive compensation for services rendered to the Association which are outside his duties as a director if the payment of such compensation is approved by all of the other directors.

**3.5. 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.

**3.6. Vacancies.** Except with respect to members appointed by the Declarant and for vacancies on the Board of Directors caused by the removal of a director in accordance with the provisions of Section 3.3 of these Bylaws, any vacancy occurring in the Board of Directors shall be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum, or by a sole remaining director. Any director so chosen shall serve the unexpired portion of the prior director's term. Any newly created directorship shall be deemed a vacancy. Any person elected to fill such vacancy shall serve until the next annual meeting of the Members. When one (1) or more directors resigns from the Board of Directors, effective at a future time, a majority of the directors then in office, including those who have so resigned, may fill such vacancy, the vote on the vacancy to take effect when such resignation becomes effective. If by reason of death, resignation or otherwise, the Association has no directors in office, any officer or Member may call a special meeting of the Members for the purpose of electing the Board of Directors.

**3.7. Meetings.**

3.7.1. Meetings of the Board of Directors, regular or special, shall be held at least annually and may be held by means of conference telephone or other similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation at such meeting shall constitute presence in person at the meeting.

3.7.2. Until termination of the Period of Declarant Control, regular meetings of the Board of Directors may be held with or without notice at such time and place as is determined from time to time by the Board of Directors. After termination of the Period of Declarant Control, notice to Members of meetings of the Board of Directors shall be given at least forty-eight (48) hours in advance of the meeting by newsletter, conspicuous posting or any other reasonable means as determined by the Board of Directors. Any notice of a Board of Directors meeting shall state the time and place of the meeting. An affidavit of notice by an officer of the Association is prima facie evidence that notice was given as prescribed by this Section. The failure of any Member to receive actual notice of a meeting of the Board of Directors does not affect the validity of any action taken at that meeting.

3.7.3. Special meetings of the Board of Directors may be called by the President on three (3) business days notice to each director, given in writing, by hand delivery, mail or facsimile, 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 on the written request of at least two (2) directors. In addition, after termination of the Period of Declarant Control, notice of special meetings of the Board of Directors shall be given to Members as set forth in Section 3.7.2, except that notice to Members of meetings of the Board of Directors is not required if emergency circumstances require action by the Board of Directors before notice can be given.

3.7.4. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting except when a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

3.7.5. Regular and special meetings of the Board of Directors are open to all Members and all Members so desiring shall be permitted to attend and listen to the deliberations and proceedings; provided, however, that for regular and special meetings of the Board of Directors, Members who are not Board members may not participate in any deliberation or discussion unless expressly so authorized by a vote of the majority of a quorum of the Board of Directors. Any portion of a meeting may be closed only if the closed portion of the meeting is limited to consideration of one or more of the following: (i) employment or personnel matters for employees of the Board of Directors or the Association; (ii) legal advice from an attorney for the Board of Directors or the Association; (iii) pending or contemplated litigation; or (iv) pending or contemplated matters relating to enforcement of the Project Documents.

**3.8. Quorum.** A majority of the directors shall constitute a quorum for the transaction of business. Except as provided in the Project Act, every act or decision done or made by a majority of the directors present at a duly-held meeting at which a quorum is present shall be regarded as the act of the Board of Directors.

**3.9. Proxies.** At all meetings of the Board, a vote may be cast in person or by proxy. A proxy may be granted by any Board member in favor of only another Board member, the Secretary of the Association, or the Declarant. A proxy shall be duly executed in writing and it shall be valid only for the particular meeting designated in the proxy. All proxies must be filed with the Secretary prior to the commencement of the meeting for which the proxy is given. The proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of a notice of revocation signed by the Board member who granted the proxy. No proxy shall be valid after twenty-five months from the date of its execution.

**3.10. Powers and Duties.** The Board of Directors shall have all of 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 the Project Act or the Project Documents required to be exercised or done by the Members. In addition to the duties imposed by these Bylaws or by any resolution of the Members that may hereafter be adopted, the Board of Directors shall have the following powers and duties:

3.10.1. Open bank accounts on behalf of the Association and designate the signatories thereon;

3.10.2. Make, or contract for the making, of repairs, additions to, improvements to or alterations of the Project and repairs to the Areas of Association Responsibility, in accordance with the Project Documents, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

3.10.3. In the exercise of its discretion, enforce by legal means the provisions of the Project Documents;

3.10.4. Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair, replacement of the Areas of Association Responsibility and provide services for the Project and the Members, and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties;

3.10.5. Provide for the operation, care, upkeep and maintenance of all of the Areas of Association Responsibility and services of the Project and borrow money on behalf of the Association when required in connection with any one (1) instance relating to the operation, upkeep and maintenance for the Areas of Association Responsibility; provided, however, the consent of Members having at least two-thirds (2/3) of the total votes in the Association shall be obtained either in writing or at a meeting called and held for such purpose in accordance with the provisions of these Bylaws in order for the Association to borrow in excess of \$5,000;

3.10.6. Prepare and adopt an annual budget for the Association prior to the commencement of each fiscal year;

3.10.7. Adopt and publish rules and regulations governing the use of the Areas of Association Responsibility and facilities and the personal conduct of the Members and their family members, guests, lessees and invitees thereon and establish penalties for the infraction thereof;

3.10.8. Suspend the voting rights and the right to use of the Areas of Association Responsibility of a Member during any period in which such Member shall be in default in the payment of any Assessment or other amounts due under the terms of the Project Documents for a period of fifteen (15) days and for a period not to exceed sixty (60) days for any infraction of the Project Documents;

3.10.9. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of the Project Documents;

3.10.10. Except with respect to members of the Board of Directors appointed by the Declarant, declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

3.10.11. Employ, hire and dismiss such employees as they deem necessary and to prescribe their duties and their compensation;

3.10.12. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by any Member entitled to vote;

3.10.13. Supervise all officers, agents and employees of the Association and see that their duties are properly performed;



3.10.14. Levy, collect and enforce the payment of assessments in accordance with the provisions of the Declaration;

3.10.15. Issue, or cause an appropriate officer to issue: (i) upon demand to any interested person a certificate setting forth whether or not any Assessment has been paid; and (ii) on written request, furnish to a lienholder, Member or person designated by a Member, within fifteen (15) business days (or such longer period of time as may be provided for in A.R.S. §33-1256), after receipt of a written request therefore, a recordable statement setting forth the amount of any unpaid Assessment against the Lot. A reasonable charge may be made by the Board of Directors for the issuance of such certificates or statements. If a certificate or statement states an Assessment has been paid, such certificate or statement shall be binding on the Association.

3.10.16. Procure and maintain adequate property, liability and other insurance as required by the Declaration;

3.10.17. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

3.10.18. Cause the Areas of Association Responsibility to be maintained, as more fully set forth in the Declaration.

**3.11. Managing Agent.** The Board of Directors may employ for the Project a "Managing Agent" at a compensation established by the Board of Directors. The Managing Agent shall perform such duties and services as the Board of Directors shall authorize, including, but not limited to, all of the duties listed in the Project Act and the Project Documents except for such duties and services that under the Project Act or the Project Documents may not be delegated to the Managing Agent. The Board of Directors may delegate to the Managing Agent all of the powers granted to the Board of Directors or the officers of the Association by the Project Act and the Project Documents other than the power: (i) to adopt the annual budget, any amendment thereto or to assess any Common Expenses; (ii) to adopt, repeal or amend Rules; (iii) to designate signatories on Association bank accounts; (iv) to borrow money on behalf of the Association; (v) to acquire real property and mortgage Lots; or (vi) to allocate Limited Areas of Association Responsibility. Any contact with the Managing Agent must provide that it may be terminated with or without cause and without payment of any penalty or termination fee on no more than thirty (30) days written notice. The term of any such contract may not exceed three (3) years.

#### **ARTICLE 4. OFFICERS AND THEIR DUTIES**

**4.1. Enumeration of Officers.** The principal officers of the Association shall be the President, the Secretary, the Treasurer, and, if elected by the Board of Directors, a Vice President. During the Period of Declarant Control, all officers of the Association shall be appointed and removed by the Declarant. After the termination of the Period of Declarant Control, all officers shall be elected by the Board of Directors. The President must be a Member of the Board of Directors. Any other officers may, but need not, be Members of the Board of Directors.

4.2. **Election of Officers.** The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

4.3. **Term.** After the termination of the Period of Declarant Control, the officers of the Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

4.4. **Special Appointments.** The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time, determine.

4.5. **Resignation and Removal.** Except for officers appointed by the Declarant, any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, 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.

4.6. **Vacancies.** Except for officers appointed by the Declarant, a vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

4.7. **Multiple Offices.** Any two (2) or more offices may be held simultaneously by the same person.

4.8. **Powers and Duties.** To the extent such powers and duties are not assigned or delegated to a Managing Agent pursuant to Section 3.11 of these Bylaws, the powers and duties of the officers shall be as follows:

4.8.1. **President.** The President shall be the chief executive officer of the Association; shall preside at all meetings of the Board of Directors or the Members; shall see that orders and resolutions of the Board of Directors are carried into effect; and have general and active management of the business of the Association.

4.8.2. **Vice-President.** The Vice-President, if any, shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board of Directors.

4.8.3. **Secretary.** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board of Directors and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board of Directors.

4.8.4. **Treasurer.** The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members; and, in general, perform all the duties incident to the office of Treasurer. If a Vice President has not been elected, then the Treasurer shall also shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board of Directors.

4.9 **Officers Authorized to Execute Amendments to Declaration.** Any amendments to the Declaration or the Plat which are required by the Project Act or the Declaration to be executed by the Association may be executed by either the President or Vice-President of the Association.

## ARTICLE 5. MONETARY PENALTIES

5.1. **Power of Board of Directors to Impose Monetary Penalties.** In accordance with the procedures set forth in this Article, the Board of Directors shall have the right to impose reasonable monetary penalties against any Lot Owner for a violation of any provision of the Project Documents by the Lot Owner, his family, tenants or guests. Any monetary penalty imposed by the Board of Directors shall be imposed only after the procedures set forth in this Article have been complied with.

### 5.2. **Notice of Violation.**

5.2.1. The Board of Directors, or any person designated by the Board of Directors, may serve a "Notice of Violation" against a Lot Owner for a violation of any provision of the Project Documents by the Lot Owner, his family, tenants or guests. A Notice of Violation shall contain: (i) a description of the violation; (ii) the approximate time and place at which the violation was observed; (iii) the amount of the monetary penalty to be paid by the Lot Owner for such violation; (iv) the name of the person issuing the Notice of Violation; and (v) a statement advising the Lot Owner of the Lot Owner's right to request a hearing pursuant to Section 5.2.4 of the Bylaws.

5.2.2. A Notice of Violation shall be deemed to have been served if delivered personally to the Lot Owner named in the Notice of Violation or sent to the Lot Owner by registered or certified United States mail, return receipt requested, postage prepaid. A Notice of Violation served by mail shall be deemed to have been received by the Lot Owner to whom the notice was addressed on the earlier of the date the notice is actually received or three (3) days after the notice is deposited in the United States mail. A Notice of Violation given by mail shall be addressed to the Lot Owner at the address of the Lot Owner as shown on the records of the Association. If a Lot is owned by more than one person or entity, a Notice of Violation to one of the joint Lot Owners shall constitute notice to all of the joint Lot Owners.

5.2.3. The Lot Owner shall pay the monetary penalty set forth in the Notice of Violation to the Association within ten (10) days after the Notice of Violation is served on the Lot Owner unless prior to that time the Lot Owner requests a hearing on the violation pursuant to Section 5.2.4 of the Bylaws.

5.2.4. Any Lot Owner served with a Notice of Violation may request a hearing on the violation. The request for a hearing must be addressed to the Secretary of the Association and must be actually received by the Association within ten (10) days after the service of the Notice of Violation. Upon receipt of a request for a hearing pursuant to this Section, the President or any other officer of the Association shall schedule a hearing on the violation before the Board of Directors or before a hearing officer or a committee approved by the Board of Directors and shall notify the Lot Owner requesting the hearing of the date, time and place of the hearing. The notice of the hearing shall also advise the Lot Owner of his right to produce statements, evidence and witnesses on his behalf and to be represented at the hearing by an attorney. If the hearing on the violation is before the Board of Directors, then the minutes of the meeting of the Board of Directors at which the hearing is held shall reflect the fact that the hearing on the violation was held and the action taken by the Board of Directors on the violation. If the hearing is held before a hearing officer or a committee appointed by the Board of Directors, then the hearing officer of the committee conducting the hearing shall, within ten (10) days after the conclusion of the hearing, make a written recommendation to the Board of Directors on what action the Board of Directors should take in the violation. Upon receipt of the recommendation from the hearing officer or the committee, the Board of Directors shall act upon the recommendation. Any monetary penalty which is affirmed by the Board of Directors following a hearing pursuant to this Section shall be paid by the offending Lot Owner within ten (10) days after a notice of the action of the Board of Directors is served upon the Lot Owner. Service of the notice from the Board of Directors shall be made in the same manner as service of a Notice of Violation pursuant to Section 5.2.2 of the Bylaws.

**5.3. Liability for Penalties.** Any monetary penalties imposed pursuant to this Article 5 shall be the joint and several liability of all of the joint Lot Owners of a Lot and shall be secured by the Assessment Lien.

## **ARTICLE 6. ARCHITECTURAL COMMITTEE**

**6.1 Committee Composition.** If the Board elects to create an Architectural Committee, the Committee shall consist of at least three (3) members. None of such members shall be required to be an architect or to meet any other particular qualifications for membership. A member need not be, but may be, a member of the Board or an officer of the Association. The Board may increase the number of members on the Architectural Committee but the number of members must always be an odd number.

**6.2 Terms of Office.** The term of office for members of the Architectural Committee shall be a period of one year, or until the appointment of a successor. Any new member appointed to replace a member who has resigned or been removed shall serve such member's unexpired term. Members who have resigned, been removed or whose terms have expired may be reappointed.

**6.3 Appointment and Removal.** So long as the Declarant owns any Lot, the Declarant shall have the right to appoint and remove the members of the Architectural Committee. When the Declarant no longer owns any Lot, the Board shall appoint and remove all members of the Architectural Committee, except that no member may be removed from the Architectural Committee by the Board unless the removal is approved by the vote or written consent of more than fifty percent (50%) of all of the members of the Board.

**6.4 Resignations.** Any member of the Architectural Committee may at any time resign from the Committee by giving written notice thereof to the Board.

**6.5 Vacancies.** Vacancies on the Architectural Committee, however caused, shall be filled by the Board. A vacancy or vacancies on the Architectural Committee shall be deemed to exist in case of the death, resignation or removal of any member.

**6.6 Duties.** It shall be the duty of the Architectural Committee to consider and act upon any and all proposals or plans submitted to it pursuant to the terms of the Declaration, to adopt Architectural Committee Rules, to perform other duties delegated to it by the Board, and to carry out all other duties imposed upon it by the Declaration.

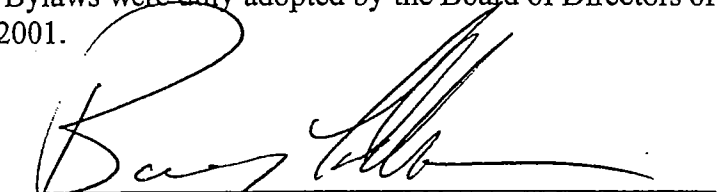
**6.7 Meetings and Compensation.** The Architectural Committee shall meet from time to time as necessary to perform its duties. The vote or written consent of a majority of the members of the Committee, at a meeting or otherwise, shall constitute the act of the Committee unless the unanimous decision of the Committee is required by any other provision of the Declaration. The Committee shall keep and maintain a written record of all actions taken by it at such meeting or otherwise. Members of the Architectural Committee shall not be entitled to compensation for their services.

**6.8 Architectural Committee Rules.** The Architectural Committee may adopt, amend and repeal, by unanimous vote or written consent, rules and regulations. Said rules shall interpret and implement the Declaration by setting forth the standards and procedures for Architectural Committee review and the guidelines for architectural design, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features which are required to be used within the Property.

**6.9 Waiver.** The approval by the Architectural Committee of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring the approval of the Architectural Committee under the Declaration, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or other matter subsequently submitted for approval.

**CERTIFICATION**

I hereby certify that the foregoing Bylaws were duly adopted by the Board of Directors of the Association on the 15 day of June, 2001.



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Barney Feldman, President

# HIGHLINE RANCH HOMEOWNERS ASSOCIATION

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