

**BYLAWS  
OF  
SAN TAN RANCH HOMEOWNERS ASSOCIATION**

**ARTICLE I  
NAME AND LOCATION**

1.1 The name of the corporation is SAN TAN RANCH HOMEOWNERS ASSOCIATION (hereinafter referred to as the "Association"). The principal office of the Association shall be located at 5705 North Scottsdale Road, Suite 130, Scottsdale, Arizona 85250, but meetings of members and directors may be held in such places within or without the State of Arizona as may be designated by the Board of Directors.

**ARTICLE II  
DEFINITIONS**

2.1 "Declaration" shall mean and refer to that certain Master Declaration of Covenants, Conditions and Restrictions for San Tan Ranch, recorded November 13, 1998, as Document No. 98-1024104 the office of the County Recorder of Maricopa County, Arizona, as the same may be amended from time to time in accordance with the terms thereof.

2.2 "Declarant" shall refer to RLJ Development Corporation, an Arizona corporation, and the successors and assigns of Declarant's rights and powers under the Declaration.

2.3 All other capitalized terms used herein shall, to the extent such terms are defined in the Declaration, have the same meaning as set forth in the Declaration.

**ARTICLE III  
MEETINGS OF MEMBERS**

3.1 Annual Meetings. The first annual meeting of the Members shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 p.m. If the date for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

3.2 **Special Meetings.** Special meetings of the Members may be called at any time by the President and shall be called by the President or the Secretary upon the written request of a majority of the Board of Directors or upon written request of the Members who are entitled to vote one-tenth (1/10) of all the votes of the entire Membership.

3.3 **Notice of Meetings.** Written notice of each annual or special meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) but not more than fifty (50) days before such meeting to each Member entitled to vote at such meeting, 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, date and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

3.4 **Quorum.** The presence at the meeting of Members entitled to cast, or proxies entitled to cast, one-tenth (1/10) of the votes of each class of Membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote at such meeting shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented by proxy.

3.5 **Proxies.** At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Parcel or upon expiration in accordance with the laws of the State of Arizona.

3.6 **Membership and Voting Rights.** Membership and voting rights of Members shall be as set forth in the Articles and in the Declaration.

3.7 **Membership Book.** The Secretary of the Association shall maintain a Membership Book reflecting the names of the Members. Upon the transfer of any Parcel, it shall be the obligation of the new Owner to present the Secretary with his or her address along with evidence (a photostatic or machine copy of a recorded document) indicating such transfer and the Secretary shall enter on the Membership Book the name or names and address or addresses of the new Owner or Owners accordingly. The Board of Directors may fix a time not exceeding twenty (20) days preceding the date of any meeting as a record date for the determination of Members entitled to notice of, and to vote at, such meeting, unless evidence is received pursuant to Section 3.8 of this Article. In the event that no such record date is fixed by the Board of Directors, the record date for such determination of Members entitled to notice and to vote at any such meeting shall be the fifteenth (15th) day preceding the date of such meeting.

3.8 Eligibility to Vote For purposes of determining the right to vote at any meeting of the Members, the information set forth in the Membership Book shall be deemed conclusive except that, if any Member presents evidence as to the incorrectness of the information in the Membership Book, the Secretary shall correct the Membership Book pursuant to the direction of the majority of Members attending or represented at the meeting, and the right to vote shall be determined from the Membership Book as corrected.

3.9 Method of Voting Unless demanded by a majority of the Members present in person at the meeting, and except with respect to the election of the Board of Directors, the vote on any question need not be by ballot. Upon demand by the majority of the Members present that a vote by ballot be taken on any question, such ballot vote shall be taken.

3.10 Majority Required When a quorum is present at any meeting, the vote of the majority present, whether in person or represented by proxy, shall decide any question brought before such meeting, unless the question is one for which, by express provision of statute, the Declaration, the Articles or these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

3.11 Waiver of Notice Attendance of a Member at a meeting shall constitute waiver of notice of such meeting, except when such attendance 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 IV BOARD OF DIRECTORS

4.1 Number The affairs of the Association shall be managed by a Board of ~~not less than one (1) nor more than seven (7) Directors.~~ As long as there is a Class B Membership, the Directors need not be Members of the Association. The Board shall initially consist of one (1) Director, as designated in the Articles.

4.2 Nomination Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting of the Members. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the

Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

4.3 **Election.** Election to the Board of Directors shall be by secret written ballot by the Members. The persons receiving the largest number of votes shall be elected.

4.4 **Term of Office.** The Directors designated in the Articles shall hold office until the first annual election of Directors, which shall take place at the first annual meeting of Members, or until their successors are elected and qualified. If the Board of Directors is increased in size to more than one (1) Director, then, at the first annual meeting after the increase or decrease, the Board of Directors shall designate the terms of the new directorships which need not be uniform; provided that no decrease in the number of Directors shall have the effect of shortening the term of any incumbent Director. If the new directorships are created and filled by the Board between the annual meetings, the newly elected Directors shall serve until the next annual meeting of the Members.

4.5 **Removal.** Any Director may be removed from the Board of Directors, with or without cause, by a majority vote of the Members of the Association at any annual meeting or any special meeting called for such purpose.

4.6 **Vacancies.** Vacancies on the Board of Directors, caused by any reason other than removal of a Director by a vote of the Members of the Association, shall be filled by a majority vote of the remaining Directors and each such person so elected shall serve for the unexpired term of his predecessor.

4.7 **Compensation.** No Director shall receive compensation for any service he may render to the Association; however, any Director may be reimbursed for his actual expenses incurred in the performance of his duties. This provision shall not preclude any Director from serving the Association in any other capacity and receiving compensation therefor. A member of a special or standing committee may be allowed to like reimbursement for actual expenses incurred in the performance of his duties.

## ARTICLE V MEETINGS OF DIRECTORS

5.1 **Annual Meetings.** The annual meeting of each newly-elected Board of Directors shall immediately follow the annual meeting of Members in the same place as the annual meeting of Members, and no notice of such meeting to the newly-elected Directors shall be necessary in order to legally hold the meeting, provided a quorum shall be present. In the event such meeting is not held, the meeting may be held at such time and place as shall be specified in the notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver by all the Directors.

5.2 **Regular Meetings.** Regular meetings of the Board of Directors shall be held not less often than quarterly without notice at such place and hour as shall from time to time be determined by the Board.

5.3 **Special Meetings.** Special meetings of the Board of Directors shall be held when called by the President of the Association, or by at least twenty-percent (20%) of the Directors then in office if the Board consists of more than one (1) Director, after not less than two (2) days notice to each Director, either personally, by telegram, or by telephone, or upon seven (7) days' notice to each Director by first-class mail.

5.4 **Quorum.** A majority of the number of Directors shall constitute a quorum for the transaction of business. 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, except as may be otherwise specifically provided by statute, the Articles or the Declaration. If a quorum shall not be present at any meeting of the Board of Directors, the Directors then present may adjourn the meeting to another time or place without notice other than announcement at the meeting, until a quorum shall be present.

5.5 **Telephonic Meeting.** One (1) or more Directors may participate in a meeting of the Directors by means of a conference telephone conversation or any similar communications equipment by means of which all persons participating in the meeting may hear each other, and participation in a meeting pursuant to this Section 5.5 shall constitute attendance in person at such meeting.

5.6 **Action Without Meeting.** Unless otherwise restricted by the Articles, the Declaration or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof, may be taken without a meeting, if all of the Directors or committee consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

5.7 **Waiver of Notice.** Attendance of a Director at a meeting shall constitute a waiver of 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 VI POWERS AND DUTIES OF THE BOARD OF DIRECTORS

6.1 **Powers.** The Board of Directors shall have the power to:

(a) Adopt and publish rules and regulations (which shall be known as the "San Tan Ranch Rules") governing the use of the Common Areas and facilities, personal conduct of the Members, their guests and the general public thereon, and any other matters contemplated by the Declaration or Articles of Incorporation;

(b) Suspend the voting rights and right to use of the facilities and other Common Areas by any Member to the extent set forth in the Declaration;

(c) Dedicate or transfer all or any part of the Common Areas to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to; provided, however, that unless otherwise required by zoning stipulations or other agreements with applicable governing municipalities effective prior to the date hereof or specified on a recorded subdivision plat, no such dedication or transfer shall be effective unless an instrument signed by the Owners of at least two-thirds (2/3) of the Memberships in each class of Members agreeing to such dedication or transfer has been recorded, except that the Board shall have authority to transfer to such public agencies, authorities or utilities, easements and rights-of-way which are intended to benefit San Tan Ranch and which do not have any substantial adverse affect on the enjoyment of the Common Areas;

(d) Change the size, shape and location of Common Areas, to exchange Common Areas for other lands or interest therein which become Common Areas and to abandon or otherwise transfer Common Areas so long as, in each case, either (i) the Board determines that the San Tan Ranch community is not materially or adversely affected, or (ii) Declarant or, if Declarant no longer possesses a Class B Membership, then two-thirds (2/3) of the Class A Memberships, has/have executed an instrument agreeing to such change in size, shape, location, exchange, abandonment or transfer;

(e) Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Membership whether by the provisions of these Bylaws, the Articles or the Declaration;

(f) 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;

(g) Appoint various committees and employ a manager, an independent contractor or such other employees as it deems necessary to be responsible for the day-to-day operation of the Association, to prescribe the duties of such persons, and to determine the compensation to be paid to such manager or employee;

(h) Impose Use Assessments against Memberships if the Board determines that certain services provided by the Association benefit any Parcel or Lot in a disproportionate manner or if a Member or Members owning one or more Parcels or Lots contract with the Association for the Association to provide particular services with regard to such Parcels or Lots; and

(i) In accordance with the provisions of the Declaration, levy Special Assessments for the purpose of defraying, in whole or in part, the cost of construction, reconstruction, repair or replacement of capital improvements upon the Common Areas or for defraying other extraordinary expenses.

6.2 Duties It shall be the duty of the Board of Directors to:

(a) 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 meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;

(b) Supervise all officers, agents and employees of the Association, and see that their duties are properly performed;

(c) In accordance with the provisions of the Declaration:

(i) Establish the annual maintenance and capital budgets of the Association, and determine the amount of the Annual Assessment against each Membership;

(ii) Send written notice of each Special Assessment to every Owner subject thereto;

(iii) Assess late fees and otherwise enforce collection of all Assessments;

(d) Upon receipt of a written request by a Member or any other person, issue to such Member or other person within a reasonable period of time thereafter, a written certificate stating whether or not any Assessment has been paid. A reasonable charge may be made by the Board for the issuance of such certificates. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with respect to any matter therein stated as against any bona fide purchaser of, or lender on, the Parcel or Lot in question;

- (e) Procure and maintain adequate liability and hazard insurance on the property owned by the Association, including all insurance required by the Declaration;
- (f) Cause the performance of the maintenance responsibilities of the Association as set forth in the Declaration; and
- (g) Establish additional duties as may be prescribed from time to time.

## ARTICLE VII OFFICERS AND THEIR DUTIES

7.1 **Enumeration of Officers.** The Officers of the Association shall be a President, who shall at all times be a member of the Board of Directors, a Vice President, a Secretary and a Treasurer. An individual may hold more than one (1) office simultaneously.

7.2 **Election.** The election of Officers shall take place at each annual meeting of the Board of Directors.

7.3 **Term.** The Officers of the Association shall hold office until his successor has been duly elected and qualified, or until his death, resignation or removal, whichever first occurs.

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

7.5 **Resignation and Removal.** Any Officer of the Association may be removed from office by the vote of a majority of the Board of Directors at any time, with or without cause. Any Officer may resign at any time by giving written notice of his resignation to the President or Secretary of the Association. Unless otherwise specified, such resignation shall take effect upon delivery thereof, and no acceptance thereof shall be necessary to make it effective.

7.6 **Vacancies** A vacancy in any office shall be filled by appointment by the Board of Directors, and the Officer so appointed shall hold office until the next annual meeting of the Board of Directors, until a successor is duly elected and qualified, or until his death, resignation or removal.



7.7 Duties. The duties of the Officers are as follows:

(a) President. The President shall preside at all meetings of Members and of the Board of Directors; shall see that orders and resolutions of the Board of Directors are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall, if the Board so determines, co-sign all checks and promissory notes on behalf of the Association.

(b) Vice President. The Vice President 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.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and the Members; keep the corporate seal, if any, of the Association and affix it on all papers requiring said seal; 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.

(d) 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; shall co-sign all checks and promissory notes of the Association; keep proper books of account; may cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year, and shall prepare an annual budget and a statement of income and expenditures to be presented to the Membership at its regular annual meetings, and deliver a copy to each of the Members; and shall establish an accounting system which will reasonably protect the funds and assets of the Association.

All Officers shall perform additional duties as may be imposed by the Board of Directors from time to time. Duties of the Officers of the Association may be delegated to a manager, independent contractor or employee from time to time as determined by the discretion of the Board of Directors.

## ARTICLE VIII COMMITTEES

8.1 The Board of Directors may from time to time, by resolution adopted by a majority of the whole Board of Directors, designate one or more committees provided for under the Declaration and these Bylaws as deemed appropriate in carrying out the purposes of the Association. Any such committee shall exercise such powers as may be assigned to it by

the Board of Directors, except to the extent otherwise limited pursuant to the provisions of Arizona Revised Statutes Section 10-3825(E).

## ARTICLE IX BOOKS AND RECORDS

9.1 The books, records, papers and governing documents of the Association shall, at the request of any Member, be subject to inspection by the Member or his duly authorized representative at the principal office of the Association, where copies may be purchased at reasonable cost.

## ARTICLE X ASSESSMENTS

10.1 As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments (collectively, the "Assessments") which are secured by a continuing lien upon the property against which the Assessments are made. Any Assessments which are not paid when due shall be delinquent. If the Assessments are not paid on the due date, the Association may enforce the payment of such Assessments and/or the Assessment Lien by taking either or both of the following actions concurrently or separately (and, by exercising either of the remedies hereinafter set forth, the Association does not prejudice or waive its right to exercise the other remedy):

(a) Bring an action at law and recover judgment against the Member personally obligated to pay the Assessments;

(b) Foreclose the Assessment Lien against any Parcel or Lot in accordance with the then prevailing Arizona law relating to the foreclosure of realty mortgages or deeds of trust (including, where applicable, the right to recover any deficiency) and, if foreclosed as a realty mortgage, the Parcel may be redeemed after foreclosure sale as provided by law. In any action taken pursuant to this Article, the Member shall be personally liable for, and the Assessment Lien shall be deemed to secure the amount of, the Assessments together with the Association's collection costs and attorneys' fees incurred in any such action, and such amounts shall be added to the amount of such Assessments. No Member may waive or otherwise escape liability for the Assessments provided for herein for non-use of the Common Area or abandonment of his Parcel.

## ARTICLE XI AMENDMENTS

11.1 These Bylaws may be amended in a manner not inconsistent with the Declaration or Articles, at a regular or special meeting of the Members, by a vote of a majority

of a quorum of Members present in person or by proxy, provided, however, the Federal Housing Administration ("FHA") or the Veterans' Administration ("VA"), as applicable, shall have the right to veto amendments while there is a Class B Membership if the Declaration and these Bylaws have been initially approved by the FHA or VA in connection with any loan programs made available by the FHA or VA and any loans have been made within San Tan Ranch which are insured or guaranteed by the FHA or VA. Anything in these Bylaws to the contrary notwithstanding, the Board of Directors reserves the right to amend all or any part of these Bylaws to such an extent and in such language as may be requested by the FHA, VA, FNMA or FHLMC and to further amend these Bylaws to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of these Bylaws or by any federally or state chartered lending institution as a condition precedent to lending funds upon the security of any Parcels or Lots or any portions thereof. It is the desire of the Declarant to retain control of the Association and its activities through the Board of Directors during the anticipated period of planning and development of San Tan Ranch and until the Class B Membership ceases pursuant to Section 5.3 of the Declaration. If any amendment requested pursuant to the provisions of this Article XII deletes, diminishes or alters such control, the Board shall have the right to prepare, provide for and adopt as an amendment hereto, other and different control provisions.

## ARTICLE XII MISCELLANEOUS

12.1 Fiscal Year. The fiscal year of the Association shall begin on the first (1st) day of January and end on the thirty-first (31st) day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

12.2 Conflict. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

IN WITNESS WHEREOF, I, being the sole Director of San Tan Ranch Homeowners Association, have hereunto set my hand this 26 day of March, 1999.



Larry L. Miller

CERTIFICATION

I, the undersigned, do hereby certify that:

(a) I am the duly elected and acting Secretary of SAN TAN RANCH HOMEOWNERS ASSOCIATION, an Arizona nonprofit corporation, and

(b) The foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 26 day of March, 1999.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 26 day of March, 1999.



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Secretary