

RANCHO REINA HOMEOWNERS ASSOCIATION

BYLAWS

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BYLAWS
OF
RANCHO REINA 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, Restrictions and Easements for Rancho Reina recorded on November 15, 2016, in Instrument No. 20163200544, Official Records of the Pima County Recorder, Pima County, Arizona, as such Declaration may be amended from time to time. 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 to any other lawful action, including action by written ballot or written consent.

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.

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 Records. The Project Documents and all other books, records and papers of the Association, except those that by law may be withheld from disclosure, shall be available for inspection by any Member and his authorized agents during reasonable business hours at the principal office of the Association, where copies may be purchased at reasonable cost.

1.7 Obligation of Member to Notify Association of Pending Sale; Association to Disclose Information. Except for Declarant, each Member shall promptly provide the Association written notice of a pending sale of the Member’s Lot that contains the name and address of the purchaser, and the Association shall furnish to the purchaser named in the Member’s written notice:

- (i) all Project Documents;

(ii) a statement to be signed by the purchaser that provides the following or as otherwise required by law: "I hereby acknowledge that the Declaration, Bylaws and Association Rules constitute a contract between the Association and me (the purchaser). By signing this statement, I acknowledge that I have read and understand the Association's contract with me (the purchaser). I also understand that as a matter of Arizona law, if I fail to pay my Association Assessments, the Association may foreclose on my property."; and

(iii) all other information and acknowledgments required by law.

Such information, statements and acknowledgments shall be delivered to the purchaser within the time required by law, and each Person becoming a Member of the Association shall sign and return any statements to the Association that are required to be returned to the Association as and when required by law. The Association, or the Association's Managing Agent (as defined below), may charge the Member a reasonable fee to compensate the Association for any costs incurred in the preparation of the statements 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 Prior to the Transition Date, these Bylaws may be amended at any time by the Board without a vote of the Members. After the Transition Date, these Bylaws may be amended at any time by a majority vote of the Members casting votes (either in person or by absentee ballot) at the meeting of the Members in which such amendment is proposed.

1.8.2 The Declarant, so long as the Declarant owns any Property, and thereafter the Board, without obtaining the approval or consent of any Member or 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 Veterans Administration 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 Declarant or the Board.

1.8.3 So long as Declarant owns any Property, any amendment to these Bylaws must be approved in writing by Declarant.

1.9 Notices. All notices, demands, statements or other communications required to be given or served under these Bylaws shall be in writing and shall be deemed to have been duly given and served if delivered personally or sent by United States mail, postage prepaid, (i) if to an Owner, at the address that the Owner shall designate in writing and file with the secretary or, if no such address is designated, at the address of the Lot of such Owner, or (ii) if to the Association, the Board or to the Managing Agent (defined in Section 3.12), at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Owners pursuant to this Section. A notice given by mail shall be deemed to have been received by the person 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 mailed. If a Lot is owned by more than one person, notice to one of the Lot Owners shall constitute notice to all Owners of the same Lot.

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

ARTICLE 2 MEETINGS OF MEMBERS

2.1 Annual Meeting. The first annual meeting of the Members shall be held within one (1) year after the date on which the Class B Membership is terminated, and an annual meeting of the Members shall be held during each calendar year thereafter. The date, time and place of each annual meeting of the Members shall be determined by the Board.

2.2 Special Meetings. Special meetings of the Members may be called at any time by the president or by a majority of the Board or by Owners having at least twenty-five percent (25%) of the Eligible Votes.

2.3 Notice of Meetings. Except as otherwise provided in these Bylaws or applicable law, 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, not fewer than ten (10) days nor more than fifty (50) days before such meeting to each Member entitled to vote at the 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, 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 or Bylaws, changes in Assessments that require approval of the Members and any proposal to remove a director of the Association. When a meeting is adjourned to another date, time or place, notice of the new date, time and place is not required if the new date, time and place of the meeting are announced at the meeting before adjournment. At the adjourned meeting, the Association may transact any business that might have been transacted at the original meeting. If a new record date for the adjourned meeting is or must be fixed under Subsection 2.7.2 below, the Association shall give notice of the adjourned meeting pursuant to this Section to persons who are Members as of the new record date. 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 in 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.

2.4 Quorum. Except as otherwise provided in the Articles, the Declaration or these Bylaws, the participation (either in person, by proxy (to the extent permitted hereby and by law) or by absentee ballot) of Members representing at least twenty five percent (25%) of the Eligible 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 at such meeting shall have the power to adjourn the meeting from time to time until a quorum shall be present.

2.5 Voting and Proxies.

2.5.1 If only one of the multiple Owners of a Lot is present at a meeting of the Association, he is entitled to cast all the votes allocated to that Lot. If more than one of the multiple Owners are present, the votes allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of the multiple Owners unless the Declaration expressly provides otherwise. There is majority agreement if any one of the multiple Owners casts the votes allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot.

2.5.2 Prior to the Transition Date, votes allocated to a Lot may be cast pursuant to a proxy duly executed by an Owner. If a Lot is owned by more than one Person, each Owner of the Lot may vote or register protest to the casting of votes by the other Owners of the Lot through a duly executed proxy. An Owner may not revoke a proxy except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. The proxy is revoked on presentation of a later dated proxy executed by the same Owner. A proxy terminates one year after its date, unless it specifies a shorter term or unless it states that it is coupled with an interest and is irrevocable.

2.5.3 Upon and after the Transition Date, votes allocated to a Lot may not be cast pursuant to a proxy. The Association 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 A.R.S. § 10-3708, 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:

- (i) The absentee ballot shall set forth each proposed action;
- (ii) The absentee ballot shall provide an opportunity to vote for or against each proposed action;
- (iii) 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;
- (iv) The absentee ballot specifies the time and date by which the ballot must be delivered to the Board in order to be counted, which shall be at least seven (7) days after the date that the Board delivers the unvoted absentee ballot to the Member; and
- (v) The absentee ballot does not authorize another Person to cast votes on behalf of the Member.

Votes cast by absentee ballot or other forms of delivery are valid for the purpose of establishing a quorum.

2.6 Suspension of Voting Rights. If any Owner fails to pay any Assessments or other amounts due to the Association under the Project Documents within fifteen (15) days after such payment is due or if any Owner violates any other provision of the Project Documents and such violation is not cured within fifteen (15) days after the Association notifies the Owner of the

violation, the Owner's right to vote as a Member of the Association may be suspended by the Board until all payments, including accrued interest and attorneys' fees, are brought current, and all violations of the Project Documents are cured and corrected.

2.7 Record Date.

2.7.1 For any meeting of the Members, the Board shall fix a date as the record date for determining the Members entitled to notice of the meeting. If the Board 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 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 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.

2.7.2 A determination of Members entitled to notice of or to vote at a membership meeting is effective for any adjournment of the meeting, unless the Board fixed a new date for determining the right to notice or the right to vote. The Board 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.

2.7.3 The Board 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 record date is not fixed by the Board, Members at the close of business on the day on which the Board 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.

2.7.4 The record date fixed by the Board under this Section shall not be more than seventy (70) days before the meeting or action requiring a determination of Members.

2.8 Organization and Conduct of Meeting. All Members and their Designated Representatives (defined below) attending a meeting of the Members shall register with the secretary (or such person or persons as may be designated by the secretary) prior to commencement of the meeting, and all proxies must be filed with the secretary (or such person or persons as may be designated by the secretary) prior to commencement of the meeting. After the meeting is called to order by the chair of the meeting, no further proxies or changes, substitutions or revocation of proxies will be accepted. All meetings of the Members will be called to order and chaired by the president of the Association, or if there is no president or if the president is absent or so requests, then by the vice president. If both the president and vice president are not present at the meeting, any other officer of the Association or such Member of the Association as is appointed by the Board may call the meeting to order and chair the meeting. The chair of the meeting may appoint any person (whether or not a Member of the Association) to act as recording secretary. The chair of the meeting shall have the authority to determine the order of business to be conducted at the meeting and, except for the policies and procedures to be established by the Board with respect to discussion of the issues as set forth below, to establish reasonable rules for expediting the business of the meeting. At all meetings of Members, any

Member and a person designated in writing by the Member (a “Designated Representative”) may speak at an appropriate time during the deliberations and proceedings, provided that the Board may place reasonable time restrictions on those persons speaking during the meeting. Notwithstanding anything to the contrary contained herein, no formal action on any discussion item shall be taken by the Members until any interested Member or the Member’s Designated Representative has been given an opportunity to speak to the Members with respect to the discussion item. The Board shall provide for a reasonable number of persons to speak regarding each side of an issue.

2.9 Action by Written Ballot. Any action that the Association may take at any annual, regular or special meeting of the Members may be taken without a meeting if the Association 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: (i) indicate the number of responses needed to meet the quorum requirements; (ii) state the percentage of approvals necessary to approve each matter other than election of directors; and (iii) specify the time by which a ballot must be delivered to the Association in order to be counted, which time shall not be less than seven (7) days after the date that the Association delivers the ballot. Once a written ballot has been received by the Association, 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 that 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.

2.10 Action by Written Consent.

2.10.1 The Members may approve any action required or permitted by law 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 Association for inclusion in the minutes or filing with the corporate records of the Association.

2.10.2 If not otherwise fixed by the Board pursuant to Section 2.7 above, 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.

2.11 Voting Requirements. Unless otherwise provided in the Project Documents, if a quorum is present at a meeting of the Members, the affirmative vote of a majority of the votes represented and voting is the act of the Members.

ARTICLE 3 BOARD OF DIRECTORS

3.1 Number. The affairs of this Association shall be managed by a board of directors consisting of a minimum of three (3) and a maximum of seven (7) directors. Until the Transition Date, the directors need not be Members of the Association. Upon and after the Transition Date, all directors must be Members of the Association. The Board may increase or decrease the number of directors on the Board but the number of directors must always be an odd number and shall not be less than three (3) or more than seven (7).

3.2 Appointment and Election. Until the Transition Date, the Declarant shall have the right to appoint and remove the members of the Board. Upon and after the Transition Date, the directors shall be elected by the Members. Cumulative voting shall not be used in the election of directors by the Members.

3.3 Term of Office. Directors appointed by the Declarant shall hold office until their successors are elected and qualify. In the first election of directors by the Members, the directors shall be divided into two or more classes with staggered terms of office for a term of one, two or three years. The directors elected by the Members in the first election of directors shall be assigned to one of the classes of directors based on the total number of votes each director receives with the directors receiving the highest total number of votes being assigned to the class with the longest term. In the case of a tie in the number of votes received by candidates, election and assignment of the term of the director shall be decided by lot. In each election of directors thereafter, directors shall be elected for a term of two years, except as otherwise provided in these Bylaws. If the number of directors is increased by the Board, the Board shall assign each of the newly created directorships to one of the classes of directors so that the number of directorships in each class is reasonably consistent. Despite the expiration of a director's term, a director shall continue to hold office until the director's successor is elected, designated or appointed and qualified, until the director's resignation or removal or until there is a decrease in the number of directors.

3.4 Resignation of Directors. A director may resign at any time by delivering written notice to the Board, its presiding officer or the Association. A resignation is effective when the notice is delivered unless the notice specifies a later effective date or event. If a resignation is made effective at a later date, the Board may fill the pending vacancy before the effective date if the Board provides that the successor does not take office until the effective date.

3.5 Removal of Directors. Except for directors appointed by the Declarant, any one or more of the members of the Board may be removed from the Board, with or without cause, 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. For purposes of calling

for removal of a member(s) of the Board, other than a member appointed by the Declarant, the following provisions shall apply:

(i) Upon receipt of a petition that calls for removal of a member of the Board that is signed by the number of Members who are entitled to cast at least twenty-five percent (25%) of the votes in the Association, the Board shall call and provide written notice of a special meeting of the Association as set forth in Section 2.3.

(ii) The special meeting shall be called, noticed and held within thirty (30) days after receipt of the petition.

(iii) 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 is allocated is present at the meeting in person or as otherwise permitted by law.

(iv) The Board shall retain all documents and other records relating to the proposed removal of the member of the Board for at least one (1) year after the date of the special meeting and shall permit Members to inspect those documents and records pursuant to Section 1.6.

(v) A petition that calls for the removal of the same member of the Board shall not be submitted more than once during each term of office for that member.

(vi) If a civil action is filed regarding the removal of a member of the Board, the prevailing party in the civil action shall be awarded its reasonable attorneys' fees and costs.

3.6 Compensation. No director shall receive compensation for any service he may render to the Association that 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 that are outside his duties as a director if the payment of such compensation is approved by all of the other directors.

3.7 Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting that 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. Any action taken by the Board pursuant to this Section shall be effective when the last director signs the consent, unless the consent specifies a different effective date.

3.8 Vacancies. Prior to the Transition Date, any vacancy on the Board shall be filled by the Declarant. Except with respect to members appointed by the Declarant and vacancies on the Board caused by the removal of a director by a vote of the Owners as set forth in Section 3.5, all vacancies in the Board shall be filled by a vote of a majority of the remaining directors though less than a quorum or by a sole remaining director. Any person so elected shall serve the unexpired portion of the prior director's term. Any newly created directorship shall be deemed a vacancy and the Board may fill the vacancy for the term assigned to the directorship pursuant to Section 3.3.

3.9 Meetings.

3.9.1 If the time and place of a meeting of the Board is fixed by the Board, the meeting is a regular meeting. All other meetings of the Board are special meetings. Regular meetings of the Board may be held with or without notice to the directors of the date, time, place or purpose of the meeting.

3.9.2 Special meetings of the Board may be called by the president on two (2) business days' notice to each director, given in writing, by hand delivery or mail, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board 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.

3.9.3 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.

3.9.4 A quorum of the Board may meet by means of a telephone conference if a speakerphone is available in the meeting room that allows directors and Members to hear all parties who are speaking during the meeting. A director participating in a meeting by such means is deemed to be present in person at the meeting.

3.9.5 Notice of meetings of the Board shall be given to the Members of the Association within such time and in such manner as is required by law. The agenda for a meeting shall be available to all Members attending.

3.9.6 At all meetings of the Board, any Member and such Member's Designated Representative may speak at an appropriate time during the deliberations and proceedings, provided that the Board may place reasonable time restrictions on those persons speaking during the meeting. Notwithstanding anything to the contrary contained herein, no formal action on any discussion item shall be taken by the Board until any interested Member or the Member's Designated Representative has been given an opportunity to speak to the Board and other Members attending the meeting with respect to the discussion item. The Board shall provide for a reasonable number of persons to speak regarding each side of an issue.

3.9.7 Any portion of the meeting of the Board may be closed only if that closed portion of the meeting is limited to consideration of matters that may be held in closed session as prescribed by law.

3.9.8 After the Transition Date, any quorum of the Board that meets informally to discuss Association business, including workshops, shall comply with the open meeting and notice provisions set forth in this section without regard to whether the Board votes or takes any action on any matter at that informal meeting.

3.10 Quorum and Voting. A majority of the prescribed number of directors shall constitute a quorum for the transaction of business. If a quorum is present when a meeting is convened, the quorum shall be deemed to exist until the meeting is adjourned, notwithstanding

the departure of one or more directors. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board unless the Articles or Bylaws require the vote of a greater number of directors. A director who is present at a meeting of the Board when corporate action is taken is deemed to have assented to the action taken unless either: (i) 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; (ii) the director's dissent or abstention from the action taken is entered in the minutes of the meeting; or (iii) 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 Association 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 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 Association 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 Association is entitled to accept the proxy's vote or other action as the vote of the director making the appointment.

3.11 Powers and Duties. The Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may exercise all corporate powers of the Association, subject to any limitation set forth in the Project Documents. The powers and duties of the Board shall include:

- (i) Open bank accounts on behalf of the Association and designate the signatories thereon;
- (ii) Make, or contract for the making of, repairs, additions to, improvements to or alterations of the Common Area and 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;
- (iii) In the exercise of its discretion, enforce by legal means the provisions of the Project Documents;
- (iv) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the Common Area and Areas of Association Responsibility and provide services for 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;
- (v) Provide for the operation, care, upkeep and maintenance of all of the Common Area and Areas of Association Responsibility and borrow money on behalf of the

Association when required in connection with any one instance relating to the operation, upkeep and maintenance for the Common Area and Areas of Association Responsibility; provided, however, the consent of Members having at least two-thirds (2/3) of the Eligible Votes 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;

(vi) Prepare and adopt an annual budget for the Association prior to the commencement of each fiscal year;

(vii) Adopt and publish rules and regulations governing the use of the Common Area and other Areas of Association Responsibility and the personal conduct of the Members and Residents and their family members, guests, Lessees and invitees thereon and establish penalties for the infraction thereof;

(viii) Suspend the voting rights of a Member and the Member's right to use of the Common Area and Areas of Association Responsibility;

(ix) 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;

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

(xi) Employ, hire and dismiss such employees as they deem necessary and to prescribe their duties and their compensation;

(xii) 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;

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

(xiv) Levy Assessments in accordance with the provisions of the Declaration and take all necessary action to collect such Assessments;

(xv) As required by the Declaration, issue, or cause an appropriate officer to issue upon demand to any person, a certificate setting forth whether or not any Assessment has been paid;

(xvi) Procure and maintain adequate property, liability and other insurance as required by the Declaration;

(xvii) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(xviii) Cause the Common Area and all other Areas of Association Responsibility to be maintained, as more fully set forth in the Declaration;

(xix) Cause a study of the major components of the Common Areas and other Areas of Association Responsibility to be prepared for the purpose of establishing the appropriate amount of reserve funds to be maintained on deposit for the repair, replacement and restoration of such major components, and cause such study to be updated at such frequencies deemed appropriate by the Board;

(xx) Cause an annual audit, review or compilation of the Association's financial records to be made as prescribed by law, which shall be completed no later than one hundred eighty (180) days after the end of the Association's fiscal year and shall be made available upon request to the Members within thirty (30) days after its completion; and

(xxi) Cause to be Recorded a notice (and cause to be Recorded amendments thereto from time to time as required by law) stating the name of the Association, its designated Managing Agent, if any, the telephone number and address of the Association or its Managing Agent and all other information required to be disclosed by law.

3.12 Managing Agent. The Board may employ for the Association a "Managing Agent" at a compensation established by the Board. The Managing Agent shall perform such duties and services as the Board shall authorize, including all of the duties listed in the Project Documents except for such duties and services that under the Project Documents may not be delegated to the Managing Agent. The Board may delegate to the Managing Agent all of the powers granted to the Board or the officers of the Association by the Project Documents other than the following powers:

- (i) to adopt the annual budget, any amendment thereto or to assess any Common Expenses;
- (ii) to adopt, repeal or amend Association Rules;
- (iii) to borrow money on behalf of the Association; and
- (iv) to acquire real property.

So long as the Declarant owns any Property, any change in the Managing Agent must be approved in writing by the Declarant.

ARTICLE 4 OFFICERS AND THEIR DUTIES

4.1 Enumeration of Officers. The principal officers of the Association shall be the president, the vice president, the secretary and the treasurer. The Board may create 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 may, from time to time, determine. The president must be a member of the Board. Any other officers may, but need not,

be members of the Board. The same person may simultaneously hold more than one office in the Association.

4.2 Election and Qualification of Officers. All officers of the Association shall be appointed by the Declarant until the Transition Date. Upon and after the Transition Date, all officers shall be elected by the Board at the first meeting of the Board following the election of directors. Until the Transition Date, the officers need not be Members of the Association. Upon and after the Transition Date, all officers must be Members of the Association.

4.3 Term. Except for officers appointed by the Declarant, which officers shall serve until their successors are elected and qualified, the officers of the Association shall be elected annually by the Board 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 Resignation and Removal. Until the Transition Date, the Declarant may remove any officer from office. Upon and after the Transition Date, any officer may be removed from office with or without cause by the Board. 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.

4.5 Vacancies. Until the Transition Date, a vacancy in any office shall be filled by appointment by the Declarant. Upon and after the Transition Date, a vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

4.6 Powers and Duties. To the extent such powers and duties are not assigned or delegated to a Managing Agent pursuant to Section 3.12, the powers and duties of the officers shall be as follows:

4.6.1 President. The president shall be the chief executive officer of the Association; shall preside at all meetings of the Board or the Members; shall see that orders and resolutions of the Board are carried into effect; and shall generally manage the business of the Association;

4.6.2 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;

4.6.3 Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board 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 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;

4.6.4 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; shall sign checks and promissory notes of the Association; shall keep proper books of

account; shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and make a copy of each of the foregoing reasonably available for examination by the Members or any person designated by a Member in writing as such Member's representative; and, in general, perform all the duties incident to the office of treasurer.

4.7 Compensation. No officer shall receive compensation for any service he may render to the Association, unless such compensation is approved by Members having more than fifty percent (50%) of the Eligible Votes. However, any officer may be reimbursed for his actual expenses incurred in the performance of his duties. An officer may receive compensation for services rendered to the Association that are outside his duties as an officer if the payment of such compensation is approved by all directors.

ARTICLE 5 FINES

5.1 Power of Board to Impose Fines. Pursuant to the power granted to the Board by the Declaration, the Board shall have the right to impose reasonable fines against an Owner for a violation of any provision of the Project Documents by the Owner, a Lessee of the Owner, any Resident or any guests or invitees of an Owner, Lessee or Resident.

5.2 Notice of Violation.

5.2.1 The Board, or any person designated by the Board, may deliver a "Notice of Violation" to an Owner for a violation of any provision of the Project Documents by the Owner, a Lessee of the Owner, any Resident or any guests or invitees of an Owner, Lessee or Resident. A Notice of Violation shall contain (i) a description of the violation and the provision of the Project Documents that has allegedly been violated, (ii) the date of the violation or the date the violation was observed, (iii) the amount of the fine to be paid by the Owner for such violation, (iv) the first and last name of the person or persons who observed the violation, and (v) a statement advising the Owner of the Owner's right to contest the Notice of Violation and the fine and request a hearing pursuant to Subsection 5.2.4 of these Bylaws.

5.2.2 A Notice of Violation shall be deemed to have been delivered if delivered personally to the Owner named in the Notice of Violation or sent to the Owner by first-class United States mail, postage prepaid. A Notice of Violation delivered by mail shall be deemed to have been received by the 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 delivered by mail shall be addressed to the Owner at the address of the 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 Owners shall constitute notice to all of the joint Owners.

5.2.3 The Owner shall pay the fine set forth in the Notice of Violation to the Association within ten (10) business days after the Notice of Violation has been received by the Owner unless prior to that time the Owner requests a hearing on the violation pursuant to Subsection 5.2.4 of these Bylaws.

5.2.4 Any Owner that has received 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 at the address provided in the Notice of Violation and must be actually received by the Association within ten (10) business days after receipt by the Owner 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 or before a hearing officer or a committee approved by the Board and shall notify the Owner requesting the hearing of the date, time and place of the hearing. The notice of the hearing shall also advise the 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, then the minutes of the meeting of the Board 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 on the violation. If the hearing is held before a hearing officer or a committee appointed by the Board, then the hearing officer of the committee conducting the hearing shall, within ten (10) business days after the conclusion of the hearing, make a written recommendation to the Board on what action the Board should take in the violation. Upon receipt of the recommendation from the hearing officer or the committee, the Board shall act upon the recommendation. Subject to the provisions of A.R.S. § 33-1803(E), any fine that is affirmed by the Board following a hearing pursuant to this Section shall be paid by the offending Owner within ten (10) business days after a notice of the action of the Board is received by the Owner. Delivery of the notice to the Owner from the Board shall be made in the same manner as delivery of a Notice of Violation pursuant to Subsection 5.2.2 of these Bylaws.

5.2.5 Any fines imposed pursuant to this Article 5 shall be the joint and several liability of all of the joint Owners of a Lot.

ARTICLE 6 COMMITTEES OF THE BOARD

6.1 **Committees of the Board.** The Board may create one or more committees of the Board and appoint members of the Board to serve on them. Each committee shall have one or more members, and each member of a committee shall serve at the pleasure of the Board. The creation of a committee and appointment of members of the Board to the committee must be approved by the greater of: (i) a majority of all the directors in office when the action is taken; or (ii) the number of directors required by Section 3.10 above to take action.

6.2 **Authority of Committees.** Each committee of the Board may exercise the authority of the Board to the extent specified by the Board or the Declaration, except that a committee shall not take any of the following actions: (i) authorize distributions; (ii) approve or recommend to the Members any action that requires the Members' approval under the Project Documents or by law; (iii) fill vacancies on the Board or on any of its committees; or (iv) adopt, amend or repeal these Bylaws.

6.3 **Alternate Members.** The Board may designate one or more directors as alternate members of any committee who may replace any absent member at any meeting of the committee.

6.4 Architectural Review Committee. Pursuant to Section 3.4 of the Declaration, the Association shall have an Architectural Review Committee, which shall perform the functions specified in the Declaration and other Project Documents. The appointment and removal of members of the Architectural Review Committee shall be governed by Section 3.4(g) of the Declaration and by the applicable provisions of the Design Guidelines. Pursuant to A.R.S. § 33-1817(1), the Architectural Review Committee shall at all times include at least one (1) member of the Board who shall serve as the chairperson of the Architectural Review Committee.

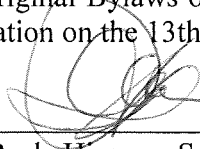
6.5 Other Committees. In addition to committees of the Board, the Board may appoint committees consisting of members and/or non-members of the Board to perform such tasks as the Board deems necessary or desirable. Any such committees shall be advisory only and shall not have the power to exercise any authority of the Board.

6.6 Proceedings of Committees. The provisions of these Bylaws governing meetings, action without meetings and notice, waiver of notice, quorum and voting requirements of the Board shall also apply to committees and their members.

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

CERTIFICATION

I hereby certify that I am the duly elected Secretary of the Rancho Reina Homeowners Association and that the foregoing Bylaws are the original Bylaws of the Association and were duly adopted by the Board of Directors of the Association on the 13th day of April, 2017.



Paula Hinman, Secretary