

Amended and Restated
Bylaws
of
Villa de Cortez Homeowners Association, Inc.

As provided in Article XIV of the undated original Bylaws and pursuant to Article VI of the Articles of Incorporation approved by the Arizona Corporation Commission on February 27, 1974, the Board of Directors (“Board”) of Villa de Cortez Homeowners Association, Inc., has adopted these Amended and Restated Bylaws which supersede, in their entirety, all other Bylaws and amendments thereto.

Article I

Articles of Incorporation

Section 1. Articles of Incorporation. Any reference in these Bylaws to the “Articles” refers to the Articles of Incorporation filed with the Arizona Corporation Commission on February 24, 1974, together with any amendments to those Articles.

Section 2. Conflicts. In the event of a conflict between the Articles and the Bylaws, the Articles will prevail and the Bylaws will be deemed amended to eliminate any inconsistencies that exist.

Article II

Members

Section 1. Membership in the Association.

- (a) Membership. Every Owner of a Lot is a Member of the Association and will remain a Member for so long as such ownership continues. Each Owner has one vote for each Lot owned regardless of the number of Owners of the Lot.

- (b) Right to Vote. If a Lot is owned by more than one person and the Owners cannot agree on how to cast their votes, they will not be entitled to vote on the matter in question. If any Owner casts a vote representing a certain Lot, it will conclusively be presumed that the Owner was acting with the authority and consent of all other Owners of that Lot, unless an objection is made to the Board, in writing, at or prior to the time the vote or votes are cast. If more than one person casts or attempts to cast a vote for a particular Lot, all the votes are void.

Section 2. Suspension of Voting Rights. The voting rights of any Owner are automatically suspended during any period in which the assessment against the Lot remains unpaid, any other sums due to the Association have not been paid, or if the Owner

is in violation of the Governing Documents. A Member is "entitled to vote" if his/her voting rights have not been suspended.

Section 3. Annual Meeting of the Members. The regular annual meeting of the Members will be held during the last quarter of each fiscal year at a date, time and place designated by the Board.

Section 4. Special Meetings of the Members. Special meetings of the Members may be called at any time by the President, or upon the request of any two other Officers of the Association. Special meetings may also be called upon the written request of 1/3rd of the Homeowners who are entitled to vote.

Section 5. Notice of Meetings. The Secretary or any manager to whom the Secretary has delegated to provide notices, will provide written notice of the annual and any special meetings of the Members. Notice may be given to the Members by personal delivery, by sending a copy of the notice by U.S. Mail, postage prepaid to the Member's address within Villa de Cortez, or any other address provided by the Member to the Association for the purpose of notice. Notice of any meeting of the Members may also be given by any electronic means provided that there is a record of receipt of that notice by the Member. Written notice of each meeting must be given, at least seven days before the scheduled meeting. Notice of each annual or special meeting of the Members must specify the place, date and hour of the meeting, and the general nature of the business to be transacted. An absentee ballot for the annual or special meeting must be sent with the notice of any meeting of the Members.

Section 6. Transaction of Business. The transaction of any business at any meeting of the Homeowners, however called or noticed, is valid as though had there been a meeting duly held after being called to order at which a quorum is present in person or by absentee ballot, if either before or after the meeting each Homeowner entitled to vote signs a written waiver of notice, or a consent to the holding of such meetings or approves the minutes of such meeting. All such waivers, consents or approvals must be filed with the corporate records and made a part of the minutes of the meeting. The presence in person or by absentee ballot of 10% of the Homeowners constitutes a quorum for the transaction of business. If a quorum is not present, then no business may be transacted at the meeting. Homeowners present at any duly called meeting at which a quorum is present in person or by absentee ballot may continue to do business notwithstanding the fact that the Homeowners have left the meeting and a quorum no longer exists.

Section 7. Proof of Ownership. The Board has the right to request that an Owner provide documentation of his/her ownership interest in a Lot as a prerequisite to voting at any meeting of the Members.

Article III

Board of Directors

- Section 1. Election of Directors. The Board will consist of three directors. The members of the Board will be elected by the Members of the Association and will serve for a term of one year or until their successors are elected and qualified.
- Section 2. Effective Date of Board Members' Terms. Each directors' term of office begins on January 1st following the election.
- Section 3. Vacancies. If any director no longer qualifies to be a director, resigns, or dies, the vacancy may be filled by appointment by the Board. even if there is less than a quorum, and each such director will hold office until his/her successor is elected at the next annual meeting. If any director tenders his/her resignation to the Board , the Board will appoint his/her successor who will become a member of the Board when the resignation becomes effective. Acceptance of any resignation by the Board is not necessary to make the resignation effective.
- Section 4. Qualification of Directors. Before a Member is qualified to serve as a director, he/she must be in good standing with the Association. This means that the Member must be current in the payment of any and all sums due to the Association, including, but not limited to any assessments, interest, late charges, attorney fees, court costs and fines or penalties. A Member is also not in good standing if he/she is in violation of the Governing Documents at the time that the nominating committee is soliciting volunteers to run for election to the Board. If a Member is not in good standing, then he/she is not eligible for election to the Board.
- Section 5. Removal of Directors. At any regular or special meeting of the Association at which a quorum is present, any Member of the Board can be removed by the Members, with or without cause, by the vote of a majority of the Members who are voting. For purposes of the removal of a director, a quorum exists if 20% of the owners are present at the meeting, or have returned an absentee ballot.
- (a) The procedure for removing directors is as follows:
- (i) A petition signed by the Owners entitled to cast at least 25% of the votes in the Association which requests the removal of a Member of the board must be submitted to the Board.
- (ii) Once the petition has been received by the Board, the Board must notice a special meeting of the Association. The notice of this special meeting must be given to the Owners at least 10 days before the meeting. Such notice must be either hand-delivered or sent by first class mail to the mailing address for the Owner as reflected in the Association's records. An absentee

ballot must be sent with the notice of the special meeting and give the Member the right to vote for or against the removal of the named Director who is proposed to be removed.

- (iii) The special meeting must be held within 30 days from receipt of the petition requesting the removal of a director.
- (b) If a civil action is filed regarding the removal of a board Member, the prevailing party in the civil action is entitled to an award of its reasonable attorney fees and costs incurred in that action.
- (c) A petition asking for the removal of the same Member of the board cannot be submitted more than once during each term of office for that board Member.
- (d) The Board must retain all documents and other records relating to the proposed removal of the Member of the Board and any election or other action taken for that director's replacement for at least one year after the date of the special meeting and must permit Members to inspect those documents and records.
- (e) If the Members vote to remove at least one, but less than a majority of the Members of the board, the vacancies caused by the removal will be filled as provided in the community documents.

Section 6. Action Without a Meeting. The Directors have the right to take any action in the absence of a meeting which could have been taken at a meeting by obtaining the written approval of **all** the Directors. Such action has the same effect as though taken at a meeting of the Directors.

Section 7. Compensation. No Director will receive compensation for serving as a director of the Association. However, any Director may be reimbursed for his/her actual expenses incurred in the performance of his/her duties. Directors will be reimbursed for any out-of-pocket funds used to pay for previously approved services or materials needed in conducting the business of the Association. Nothing contained in this section prohibits a person serving as a director from contracting with the Association to provide services outside of the scope of his/her duties as a director, provided, however, that such services are secured by the Association at the prevailing market rate or lower so as to avoid a conflict of interest by such Director.

Article IV

Powers and Duties of Directors

Section 1. Powers of the Board. The Board has the power:

- (a) To call meetings of the Members whenever it deems necessary, and to call a meeting at any time upon the written request of 1/3rd of all Homeowners entitled to vote;
- (b) To provide for the maintenance of the common areas, designated as Tracts “A”, “B”, “C”, “D”, “E” and “F” on the plat for VILLA DE CORTEZ, and to improve, repair, maintain, rehabilitate and restore any real and personal property located in VILLA DE CORTEZ.
- (c) To hold title to any property acquired by it within VILLA DE CORTEZ and to construct, maintain and operate improvements on such property.
- (d) To acquire, by purchase or otherwise, and to convey, lease or sub-lease and otherwise dispose of any property within VILLA DE CORTEZ.
- (e) To hold title to any property acquired by it within VILLA DE CORTEZ and to construct and maintain improvements on such property.
- (f) To approve any and all changes and alterations to the exterior of residences constructed within VILLA DE CORTEZ and any and all major changes in the landscape design, the construction of any and all new buildings and structures of any character, including residences, swimming pools and their appurtenances and to make repairs and maintain improvements on the lots on behalf of owners where such improvements are not maintained by the owners.
- (g) To appoint and remove any vendor and/or contractor hired by the Association, prescribe their duties, establish their compensation, and require from such persons a security or a surety bond, if reasonably available, for the faithful performance of the duties prescribed to such persons.
- (h) To exercise all necessary remedies to collect assessments from the owners of lots including, but not limited to, recording assessment liens on the lots within VILLA DE CORTEZ and to foreclose or otherwise enforce, compromise, release, satisfy and discharge such liens and to take any and all other legal action that is necessary to enforce payment of such obligations.
- (i) To take any action necessary to enforce the covenants, restrictions, reservations and conditions which run with title to the property within VILLA DE CORTEZ.
- (j) To suspend the members’ right to vote and to use the common areas in the event such member is delinquent in the payment of assessments or in violation of any of

the Community Documents.

- (k) Declare that a Member of the Board has resigned from the Board vacant in the event that Director misses three consecutive regular meetings of the Board without good cause;
- (l) To conduct, manage and control the affairs and business of this corporation, and to make rules and regulations consistent with the laws of the State of Arizona, Maricopa County, City of Phoenix, the Declaration of Restrictions, the Articles of Incorporation, or the Bylaws of this corporation to guide the officers and management of the affairs of the corporation;
- (m) To do all things necessary for the general benefit and welfare of the property owners in VILLA DE CORTEZ, including, but not limited to maintaining the drives, streets, walks, parks, recreation areas, planting areas and approaches, to employ necessary employees or independent contractors to undertake the necessary work to be accomplished, and to establish and adopt Bylaws and rules and regulations deemed necessary and expedient; and
- (n) To exercise for the corporation all powers, duties and authorities vested in or delegated to this corporation or which may lawfully be exercised.

Section 2. Duties of the Board. It is the duty of the Board:

- (a) To keep a complete record of all meetings of the Board, acts, and present a full statement at the regular annual meeting of the Homeowners showing in detail the assets and liabilities of this corporation, and generally the condition of its affairs. A similar statement must also be presented at any other meeting of the Homeowners when requested, in writing, by a petition signed by at least 1/3rd of the Homeowners;
- (b) To supervise all officers, vendors and contractors of this corporation and to ensure that their duties are properly performed.
- (c) To prepare an annual operating budget for the Association from which the Board will determine the assessments due from each Owner in VILLA DE CORTEZ and to borrow funds and secure repayment of such funds, if necessary, to fulfil the corporation's purposes.
- (d) To exercise all necessary remedies to collect assessments from the owners of lots including, but not limited to, recording assessment liens on the lots within VILLA DE CORTEZ and to foreclose or otherwise enforce, compromise, release, satisfy and discharge such liens and to take any and all other legal action that is necessary to enforce payment of such obligations.

- (e) To suspend the members' right to vote and to use the common areas in the event such member is delinquent in the payment of assessments or in violation of any of the Community Documents.

Article V

Meetings of Board of Directors

- Section 1. Annual Organizational Meeting of the Board. The annual organizational meeting of the Board will be held each year following the annual meeting of the Members.
- Section 2. Regular Meetings. Regular meetings of the Board will be held quarterly at a date, time and place designated by the Board. A quorum exists if at least two directors are present at the meeting.
- Section 3. Special Meetings. Special meetings of the Board will be held when called by the President, or upon the written request of any two directors. Notice of each special meeting of the Board will be personally delivered to the directors, by telephone, email or any other electronic means.
- Section 4. Act of the Board. Any decision made by a majority of the Directors present at a duly held meeting at which a quorum is present is regarded as the act of the Board. Board Members may attend Board meetings by telephone or other electronic means, (such as Skype or Facetime), so long as those in attendance at the meeting can hear that director's participation at the meeting.
- Section 5. Attendance by the Members. All Members may attend any meeting of the Board that is not a closed meeting. The Association will provide notice to the Members of the date, time and place of such meeting at least 48 hours before the scheduled meeting, unless there are exigent circumstances requiring that the meeting be held on less than 48 hours.

Article VI

Officers

- Section 1. Designation of Officers. The officers of this corporation are the President, a Vice-President, Secretary and a Treasurer. The officers will be selected from among the Board members elected by the Members.
- Section 2. Election of Officers. The officers of this corporation will be chosen by the Board at the annual organizational meeting of the Board and each person will hold his/her office for one year unless he/she resigns before the expiration of his/her term, or is removed, or is otherwise disqualified to serve. Exceptions include officers that may be appointed in accordance with Section 3 and 5 of this Article VI.

Section 3. Appointment of Other Officers. The Board may appoint any other officers as the business of the corporation may require. Each person will hold office for such a period, have such authority and perform such duties as the Board determines.

Section 4. Removal of Officers. Any officer may be removed from office either with or without cause by a vote of a majority of the directors. Any officer may resign at any time by giving written notice to the Board, to the President or to the Secretary. Any resignation takes effect upon receipt or at any later date specified in the resignation. Unless otherwise specified, the acceptance of an officer's resignation is not necessary to make it effective.

Section 5. Vacancies. A vacancy in any office caused by the death, resignation, removal, disqualification or for any other cause will be filled by a vote of the Board.

Section 6. Delegation of Duties. The officers may delegate their duties to a property manager hired by the Board, including the collection of assessments, the purchase of services and goods and the payment of expenses of the Association.

Article VII

President

Section 1. The President is vested with all the powers generally given to the chief executive officer of a corporation.

Section 2. If at any time the President is unable to act, the Vice-President will take his/her place and perform the President's duties. If the Vice-President, for any cause, is unable to act, the Board will appoint another member of the Board to act in place of the President.

Section 3. The President (or the Vice-President in his/her absence) will:

- (a) Preside over all meetings of the members and the Board;
- (b) Sign all contracts and other instruments in writing that have been approved by the Board.
- (c) Be in charge of the day-to-day administration of the association and has the authority to order specific actions in furtherance of the board's policies.

Article VIII

Vice President

Section 1. The Vice-President is vested with all the powers which are required to perform the duties of the President in his/her absence.

Section 2. The Vice-President may assume any additional duties defined by the Board.

Article IX

Secretary-Treasurer

Section 1. The Secretary-Treasurer is responsible for keeping and maintaining a record of all meetings of the board and the members and is the custodian of the official records of the Association.

Section 2. The Secretary-Treasurer is also the custodian of the funds, securities and financial records of the Association.

Section 3. It is the duty of the Secretary-Treasurer to:

- (a) To keep the corporate seal of the corporation, and to place it on all papers requiring the corporate seal;
- (b) To provide notices of all meetings of the Board and the members, required either by law or by these Bylaws; and
- (c) To keep appropriate records showing membership in the corporation together with their addresses, phone numbers, and email, as furnished by such members.
- (d) To receive and deposit all accounts receivable in the Association's bank account, pay all corporation monthly expenses and other authorized expenses by the Board from said bank account;
- (e) To mail invoices for the regular annual assessments and any special assessments to the Owners;
- (f) To assist in the preparation of the annual operating budget;
- (g) To provide annual financial reports to all members;
- (h) To prepare a statement of income and expenditures to be presented to the Members at the annual meeting, and to deliver a copy of each to the Members;
- (i) To assist in an annual review, compilation or audit of the books of the Association to be performed within 180 days after the end of the Association's fiscal year and will make that audit, review or compilation available upon request to the unit owners within 30 days after its completion.

Article XI

Members at Large

Section 1. Members at Large will be selected by the Board.

Section 2. It is the duty of the Member at Large to assist the Board as needed and to work closely with members of the Association to bring ideas or concerns to board meetings that otherwise might not be addressed.

Article XII

Books and Papers

The Association's books and records are available for inspection by any Member during reasonable business hours. If a Member or any person designated by the Member in writing as the Member's representative, desires to review these books and records he/she must provide a written request to the Board listing, with specificity, the records he/she desires to review. The Association has 10 business days to fulfill a request for examination. If the Member or the Member's representative, makes a request to purchase copies of records, the Association has 10 business days to provide copies of the requested records. The cost of such copies will be \$.15 per page. The Governing Documents are available for inspection by any Member at the principal office of the Association.

Article XIII

Voting

Section 1. Proxy Voting is Not Permitted. At all meetings of the members, each member may vote in person or by absentee ballot. Proxy voting is not permitted.

Section 2. Absentee Ballots. The Association will provide for votes to be cast by the Members in person and by absentee ballot and may provide for voting by some other form of delivery. Any action taken at an annual or special meeting of the Members must comply with all of the following:

- a) The absentee ballot must set forth each proposed action.
- b) The absentee ballot must give the Member the opportunity to vote for or against each proposed action.
- c) The absentee ballot is valid for only one specified election or meeting of the Members and automatically expires after the completion of the election or meeting.
- d) The absentee ballot must specify the time and date by which the ballot must be delivered to the board of directors in order to be counted, which must be at least seven days after the date that the board delivers the absentee ballot to the Member.

- e) The absentee ballot cannot authorize another person to cast votes on behalf of the Member.

Section 3. Use of Absentee Ballots for Quorum Purposes. Votes cast by absentee ballot or other form of delivery, including the use of e-mail and fax delivery, are valid for the purpose of establishing a quorum.

Section 4. Owner May Cast One Ballot. Once an owner has cast an absentee ballot, he/she will not be entitled to vote in person at the meeting for which the absentee ballot was provided to the Member.

Section 5. Requirements. The completed ballot and envelope and any related materials must contain the name, address and signature of the person voting, except that if the community documents permit secret ballots, only the envelope and any materials that do not require a vote of the Member, must contain the name, address and signature of the voter.

Section 6. Written Consent. Members may also take action by written consent to the extent permitted by Arizona law.

Section 7. Retention of Ballots. Ballots, envelopes and related materials, including sign-in sheets if used, must be retained by the Association in electronic or paper format and made available for inspection by any Member for at least one year after completion of the election.

Article XIV

Amendment

These Bylaws may be amended, supplemented, repealed or temporarily or permanently suspended, in whole or in part, or new Bylaws may be adopted, at any duly constituted meeting of the Board, with the notice of such meeting including a reference that the Board intends to vote on such amendments. A copy of any amendment to the Bylaws must be provided to the Members after being adopted by the Board.

Approved by the Board at its meeting held on _____.

Villa de Cortez Homeowners Association, Inc.

By: _____
President

Attest: _____
Secretary