

**SOLERA AT JOHNSON RANCH COMMUNITY ASSOCIATION**

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**AMENDED AND RESTATED BYLAWS  
OF  
SOLERA AT JOHNSON RANCH COMMUNITY ASSOCIATION**

**ARTICLE 1  
GENERAL PROVISIONS**

- 1.1 Principal Office.** The principal office of this corporation shall be located at the place as is designated in the Articles of Incorporation or such other place as the Association may designate from time to time in accordance with the Arizona statutes governing nonprofit corporations, but meetings of Members and Directors may be held at such other place within the State of Arizona as may be designated by the Board of Directors.
- 1.2 Defined Terms.** Capitalized terms used in these Bylaws without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions and Restrictions (commonly referred to as “Solera CC&R’s”), for Solera at Johnson Ranch recorded as Instrument No. 2004-062497, Official Records of Pinal County Recorder, Pinal 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. Note that, in these bylaws, the terms “Owner” and “Member” are synonymous.
- 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 January 1 and end on December 31 of every year.
- 1.6 Records.** The Governing Documents and all other books, records and papers of the Association, except those which 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 Association to Disclose Information.** The Association shall furnish all of the following items to a purchaser, after receipt of a written notice of a pending sale that contains the name and address of the purchaser:

- (i) a copy of all Governing 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 Rules of the Association 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 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** These Bylaws may be amended at any time by a quorum of 50% of the Eligible Votes where a simple majority of the votes cast will approve the amendment.

**1.8.2** The Board, without a vote of the Members and without the consent of any First Mortgagee, may only amend these Bylaws in order to conform 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 Community, the Plat or the Governing Documents is required by law.

**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 Postal Service (USPS), postage prepaid, (a) if to an Owner, at the address that the Owner shall designate in writing and file with the Association or, if no such address is designated, at the address of the Lot of such Owner, or (b) if to the Association, the Board or to the Managing Agent (defined in Section 3.13), 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 five (5) days after the notice is mailed to a US address or ten (10) days after the notice is mailed to an international address. 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. In addition to formal delivery via United States Postal Service, an informal notice shall be sent by electronic communications if an electronic communication address has been provided by the Owner. This informal notice should be sent on the same day the formal Notice of Violation was posted through the United States Postal Service.

- 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.
- 1.11 References to Arizona State Law.** References to Arizona State Law in these Bylaws are for guidance and may be amended from time to time.

## **ARTICLE 2 MEETINGS OF MEMBERS**

- 2.1 Annual Meeting.** An annual meeting of the Members of the Association shall be held at least once every twelve (12) months on such date and at such time and place as is determined by the Board.
- 2.2 Special Meetings.** Special meetings of the Members may be called at any time by the president, 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 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 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 such information is announced at the meeting before adjournment. At the subsequent adjourned meeting, the Association may transact any business which might have been transacted at the original meeting. If a new record date for the subsequent adjourned meeting is or must be fixed under Subsection 2.7.2 below, the Association shall give notice of that 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 presence in person or by absentee ballot of Members entitled to cast one-tenth (1/10th) of the Eligible Votes shall constitute a quorum at all meetings of the Members. If a quorum shall not be present at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time until a quorum shall be present. Votes cast by absentee ballot or other form of delivery, including the use of e-mail and fax, are valid for the purpose of establishing a quorum. [A.R.S. § 33-1812]

**2.5 Voting.**

**2.5.1** If only one of the multiple Owners of a Lot is present at a meeting of the Association, that Owner is entitled to cast the vote allocated to that Lot. If more than one of the multiple Owners are present, the vote 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 vote 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** The vote 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 including the use of email and fax delivery. Notwithstanding ARS § 10-3708 or any provision of the Governing Documents, any action taken at an annual, regularly scheduled 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.

**2.5.3** Votes cast by absentee ballot or other form of delivery, including the use of e-mail and fax, are valid for the purpose of establishing a quorum. [A.R.S. § 33-1812 B]

**2.6** **Suspension of Voting Rights.** If any Owner fails to pay any Assessments or other amounts due to the Association under the Governing Documents within fifteen (15) days after such payment is due or if any Owner violates any other provision of the Governing 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 Governing Documents are cured and corrected to the satisfaction of the Board.

**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 are entitled to exercise those rights 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.

**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 Meetings.** 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 Association) prior to commencement of the meeting. 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.

**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 which 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 voting power. 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 voting power, 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 voting power. 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 voting power.

**2.11 Voting Requirements.** Unless otherwise provided in the Governing 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 one (1) and a maximum of nine (9) Directors.. By the unanimous consent of all

the Directors in office when the action is taken, the Board may increase or decrease the number of Directors on the Board but the number of Directors must always be an odd number.

### **3.2 Qualifications of Directors**

**3.2.1** To Qualify, a Director shall:

- (i) be a Member of the Association; and
- (ii) be an Owner in good standing at the time of the election (See Section 2.6 of these bylaws); and
- (iii) have signed the Code of Conduct.

**3.2.2** To Remain Qualified, a Director shall:

- (i) attend a minimum of nine (9) regular meetings of the Board per year with at least of four (4) of those regular meetings attended in person. (Other regular meetings of the Board may be attended via teleconferencing using means as determined by the Board of Directors.);
- (ii) not be absent from more than three (3) regular meetings of the Board in any 12 month period commencing with the first missed meeting.

**3.2.3** In the event that a Director ceases to be Qualified for a period exceeding twenty (20) days from the date of notice by the Association, then the Director's position may be deemed vacant and a vacancy will be filled pursuant to section 3.9 of these bylaws.

**3.3 Election** The Directors shall be elected by the Members at the annual meeting of the Members. Cumulative voting shall not be used in the election of Directors by the Members. In the case of a tie in the number of votes received by candidates, election of the Director shall be decided by lot.

**3.3.2** Any Member can self-nominate by submitting a resume and any other information required on the Board of Directors Interest Form as directed. There shall be no nominations by write-in on the ballot and no nominations from the floor at the Annual Meeting or any other Meeting of the Association at which Directors are elected.

**3.3.3** The election shall be conducted by the Election Committee pursuant to Section 6.6 of these Bylaws.

**3.4 Term of Office** Directors shall be elected for a term of three (3) years, except as otherwise provided in these Bylaws.

**3.4.2** If the number of Directors is increased by the Board, the Board shall assign each of the newly created Directorships to a one, two or three year term so that the remaining terms of the Directors are kept staggered. In such an election, the candidate with the highest vote will be assigned to the longest term and so on.

- 3.4.3** In the case of a tie in the number of votes received by candidates, which candidate is elected, and which term of office is assigned to that candidate shall be decided by lot.
- 3.4.4** 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.
- 3.5** **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 deemed to create a vacancy and such vacancy shall be filled according to the procedures of section 3.9 of these bylaws. 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.
- 3.6** **Removal of Directors.** 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 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 or one hundred (100) votes in the association, whichever is less, the Board shall call and provide written notice of a Special Meeting of the Members as set forth in Section 2.3. Solera at Johnson Ranch, being an Association with one thousand or fewer members, requires 100 votes. [A.R.S. § 33-1813 A.1]
  - (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. Votes cast by absentee ballot or other forms of delivery, including the use of e-mail and fax, are valid for the purpose of establishing a quorum. [A.R.S. § 33-1812 B]
  - (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.

**3.7 Compensation.** No Director shall receive compensation for any service rendered to the Association that is within the duties of a Director. However, any Director may be reimbursed for actual expenses incurred in the performance of that Director's duties. A Director may receive compensation for services rendered to the Association that are outside the duties of a Director if the payment of such compensation is approved by all of the other Directors.

**3.8 Action Taken Without a Meeting.** The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent of all the Directors. Any such written consent shall be filed with the minutes of the proceedings of the Board. 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. Action should only be taken without a meeting when delaying the matter to a regular Board meeting would be detrimental to the Community.

**3.9 Vacancies.** A vacancy occurs on the Board of Directors when for any reason whatsoever a Director is unable to continue to serve the remainder of the term of that Directorship. (See Section 3.5 and Section 3.6 of these Bylaws). Any newly created Directorship shall be deemed a vacancy.

**3.9.1** The Board shall solicit candidates for the vacancy and shall announce the candidates to the Association prior to appointment.

**3.9.2** Except with respect to vacancies on the Board caused by the removal of a Director by a vote of the Owners as set forth in Section 3.6, a vacancy in the Board may be filled by a vote of a majority of the remaining directors though not a quorum or by a sole remaining Director. Any Director so appointed shall hold office until replaced by a successor elected pursuant to Subsection 3.9.1 and Subsection 3.9.3.

**3.9.3** All vacancies in the Board, including vacancies filled by appointment as per Subsection 3.9.2, shall be filled by a vote of the Members at the next election of Directors called after the vacancy occurred. Any Director so elected shall serve for the remainder of the term originally assigned to the Directorship pursuant to Section 3.4.

**3.10 Meetings.**

**3.10.1** If the time and place of a meeting of the Board is fixed by the Board, the meeting is a regular meeting. 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. All other meetings of the Board are special meetings.

- 3.10.2** 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, mail or electronic means, 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.
- 3.10.3** 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 upon 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.
- 3.10.4** A Director may participate in a regular or special meeting of the Board through the use of any means of communication by which all Directors participating may simultaneously hear each other during the meeting, and a director participating in a meeting by such means is deemed to be present in person at the meeting.
- 3.10.5** Notice of all meetings of the Board shall be given to the Members of the Association at least forty eight (48) hours in advance by any reasonable means as determined by the Board of Directors and as required by law. Notice to members of meetings of the board of directors is not required if emergency circumstances require action by the board before notice can be given [A.R.S. § 33-1804C].
- 3.10.6** At all meetings of the Board, any Member or 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.
- 3.10.7** Any portion of the meeting of the Board may be closed only if that closed portion is limited to consideration of matters that may be held in closed session as prescribed by law.[A.R.S. § 33-1804A]
- 3.11 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:

- (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; or
- (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.

**3.12 Powers and Duties.** Subject to any limitation set forth in the Governing Documents, 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 and enforce the provisions of the Governing Documents by any legal means. The powers and duties of the Board shall include:

- 3.12.1** 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 Governing Document;
- 3.12.2** Construe and interpret the provisions of these Bylaws, the Master Association Governing Documents and any Document derived therefrom. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Board's interpretation shall be final (Declaration Section 3.19);
- 3.12.3** 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 (defined below), if any, the telephone number and address of the Association or its Managing Agent and all other information required to be disclosed by law.
- 3.12.4** Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by any Member entitled to vote;
- 3.12.5** Adopt and publish rules, regulations and fee schedules governing the use of the Common Area and other Areas of Association Responsibility and the personal conduct of the Members, Residents, Lessees and their guests and invitees thereon and establish penalties for the infraction thereof;

- 3.12.6** Levy Assessments in accordance with the provisions of the Declaration and take all necessary action to collect such Assessments;
- 3.12.7** 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;
- 3.12.8** Suspend the rights of a Member to vote and use the Common Area during any period in which such Member shall be in default in the payment of any Assessment or other amounts due under the terms of the Governing Documents and for any other infraction of the Governing Documents, which default or other infraction continues for a period of fifteen (15) days;
- 3.12.9** Cause an annual audit, review or compilation of the Association's financial records to be made as prescribed by law. An audit shall be made at least every three (3) years; [ ARS § 33-1810]
- 3.12.10** Cause a study of the major components of the Common Area 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, but in no event less frequently than each five (5) years;
- 3.12.11** Prepare, adopt and publish an annual budget for the Association prior to the commencement of each fiscal year;
- 3.12.12** Open bank accounts on behalf of the Association and designate the signatories thereon;
- 3.12.13** Procure and maintain adequate property, liability and other insurance as required by the Declaration;
- 3.12.14** Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- 3.12.15** Cause the Common Area and all other Areas of Association Responsibility to be maintained, as more fully set forth in the Declaration;
- 3.12.16** 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;

- 3.12.17** 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 Governing Documents, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;
  - 3.12.18** 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;
  - 3.12.19** Employ, hire and dismiss such employees as they deem necessary and to prescribe their duties and their compensation;
  - 3.12.20** Supervise all officers, agents and employees of the Association and see that their duties are properly performed.
- 3.13 Managing Agent.** The Board may employ for the Association and the Community 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, but not limited to, all of the duties listed in the Governing Documents except for such duties and services that under the Governing 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 Governing Documents other than the power
- (i) to adopt the annual budget, any amendment thereto or to levy Assessments;
  - (ii) to adopt, repeal or amend Association Rules;
  - (iii) to designate signatories on Association bank accounts;
  - (iv) to borrow money on behalf of the Association;
  - (v) to acquire real property.

## **ARTICLE 4**

### **OFFICERS AND THEIR DUTIES**

- 4.1 Enumeration of Officers.** The principal officers of the Association shall be the President, Vice-President, Secretary and the Treasurer. The President and the Vice-President must be elected members of the Board. Other Officers may, but need not, be members of the Board. Officers who are not elected members of the Board shall not vote at meetings of the Board.

- 4.2 Election and Terms of Officers.** The election of Officers shall take place at the first meeting of the Board following the election of Directors by the Members at each annual meeting of the Members. Elected officers each shall hold office for one (1) year unless he/she shall sooner resign, shall be removed, or otherwise become disqualified to serve.
- 4.3 Special Appointments.** The Board may appoint 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 determine.
- 4.4 Resignation and Removal.** 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.** A vacancy in any office shall be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the replaced officer.
- 4.6 Multiple Offices.** The same individual may simultaneously hold more than one office in the Association.
- 4.7 Powers and Duties.** To the extent such powers and duties are not assigned or delegated to a Managing Agent pursuant to Section 3.13 of these Bylaws, the powers and duties of the officers shall be as follows:
- 4.7.1 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;
- 4.7.2 Vice-President.** The vice-president shall act in the place and stead of the president in the event of the president's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board;
- 4.7.3 Secretary.** The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members and, except where prohibited by law, cause the minutes and proceedings to be published, keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of all meetings of the Board, of the Members and of the Committees, 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;
- 4.7.4 Treasurer.** The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds for appropriate Association

purposes as set forth in the Governing Documents as directed by resolution of the Board, shall sign checks and promissory notes of the Association, shall keep proper books of account, and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members, and, in general, perform all the duties incident to the office of treasurer.

## **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 Governing Documents by the Owner, the Owner's family, tenants or guests. The Board shall first attempt to achieve compliance through informal discussion with the Owner via telephone, electronic communication, and/or United States Postal Service (USPS). If the Owner responds to this courtesy request by bringing the violation into compliance within fifteen (15) days or by mutual agreement with the Board of an acceptable and timely plan to become compliant, no further Notice of Violation shall be issued. If this informal discussion does not lead to a satisfactory outcome, the Board shall issue a formal Notice of Violation as described in Section 5.2 of these By-Laws. In an emergency, the Board may take essential corrective action after a single discussion with an owner.

**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 Governing Documents by the Owner, the Owners family, tenants or guests. A Notice of Violation shall contain at least:

- (i) a detailed description of the violation and the specific Article/Subsection of the Governing 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 and the date by which the fine must be paid;
- (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 to request a hearing pursuant to Subsection 5.2.4 and/or Subsection 5.2.6 of these Bylaws [A.R.S. § 33-1803D].

- 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 registered or certified United States Postal Service (USPS) return receipt requested, postage prepaid. A Notice of Violation delivered by USPS 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 five (5) days after the notice is mailed to a US address, or ten (10) days after the notice is mailed to an overseas address. In addition to formal delivery via USPS, an informal notice shall also be sent by electronic communications if an electronic communication address has been provided by the Owner. This informal notice should be sent on the same day the formal Notice of Violation was posted through the USPS. 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 fifteen (15) 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 and/or Subsection 5.2.6 of these Bylaws.
- 5.2.4** Any Owner who has received a Notice of Violation may request a hearing on the violation. The request for a hearing must be addressed to the Association at the address provided in the Notice of Violation and must be actually received by the Association within fifteen (15) days after receipt by the Owner of the Notice of Violation. An informal advance notice of this request may be made by electronic communications addressed to the Board. Upon receipt of a written 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 the Owner's right to produce statements, evidence and witnesses on the Owner's 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 or the committee conducting the hearing shall, within fifteen (15) 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 which is affirmed by the Board following a hearing pursuant to this Section shall be paid by the offending Owner within fifteen (15) 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.
- 5.2.6** Notwithstanding anything set forth in this Section 5.2 to the contrary, at any time after an Owner has received a Notice of Violation, the Owner may petition for a hearing pursuant to A.R.S. § 41-2198.01 if the dispute is within the jurisdiction of the Arizona Department of Fire, Building and Life Safety as prescribed in A.R.S. § 41-2198.01, Subsection B.

## **ARTICLE 6 COMMITTEES OF THE BOARD**

**6.1 Appointment of Committees.** The Board may create one or more committees and appoint any Owner in good standing to serve on them. The Board shall not appoint Owners representing the same lot to serve on the same committee. Each committee shall have two 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 3.11 above to take action.

A committee shall be designated in its Charter as Ad hoc or Standing at its time of creation and this designation cannot be amended. Standing committees can only be dissolved by the unanimous consent of all the Directors in office when the action is taken.

**6.2 Proceedings of Committees.** The provisions of these Bylaws governing meetings, action without meetings, notice, waiver of notice, quorum and voting requirements of the Board also shall apply to committees and their members. Committees shall keep minutes of all meetings, and shall provide such minutes to the Association.

**6.3 Authority of Committees.** Each committee of the Board may exercise the authority of the Board to the extent specified by the Board, 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 Governing Documents or by law;
- (iii) fill vacancies on the Board or on any of its committees;
- (iv) adopt, amend or repeal these Bylaws; and (v) fix the compensation of Directors for serving on the Board of Directors or any committee of the Board [ARS 10-3825E].

**6.4 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.

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

**6.6 Election Committee**

**6.6.1** The Board shall annually establish an Election Committee and appoint its members at least four (4) months in advance of the Annual Meeting of the Members.

**6.6.2** The Election Committee shall consist of at least six (6) and at most eight (8) Owners in good standing who are not already members of the Board or candidates for Director. In the event that there are insufficient Owners to seat an election committee, the Board President shall instruct the Management Company to conduct the election according to the policy documents of the Election Committee.

**6.6.3** The Election committee shall oversee all election activities. The election shall be conducted in accordance with the Solera Election Process. The Election Committee shall prepare and announce the list of Candidates to the Members and provide for the Candidates to communicate with the Members.

**6.6.4** Subject to approval by the Board, the power to amend the Solera Election Process document is delegated to the Election Committee.

**6.7 Finance Committee**

**6.7.1** The Board shall establish a Standing Finance Committee.

**6.7.2** The Finance Committee shall consist of at least five (5) Owners in good standing. The Solera Treasurer shall be a member of the Finance Committee.

**6.7.3** The Committee shall assist the Board in the preparation of the budget, audit, reserve study and other projects as directed. The Committee shall advise the Board on any matters of Financial Policy.

**6.8 Architectural Review Committee**

- 6.8.1** The Board shall establish an Architectural Review Committee (ARC) as provided for in the Declaration (Section 5.12). The ARC shall be a Standing Committee of the Board pursuant to Article 6 of these Bylaws.
- 6.8.2** The committee shall consist of at least five (5) members and a minimum of two (2) alternate members plus a Board representative who shall serve as chairperson of the committee. The unavailability of a member or chairperson shall not prevent a scheduled meeting of the ARC from taking place. When necessary, an alternate member shall ensure a quorum [ARS § 33-1817-1].
- 6.8.3** The Board shall hold the final power to interpret the Declaration and to approve Design Guidelines proposed by the ARC. The ARC shall apply the procedures and rules of the Design Guidelines to all matters presented to it, and may issue variances pursuant to Section 3.34 of the Declaration. Any ARC decision may be appealed to the Board following procedures established by the Board. The decision of the Board is final.