

CORPORATE BYLAWS
OF
THE COMMUNITY ASSOCIATION OF RANCHO DEL CERRO, INC.

ARTICLE I

PLAN OF OWNERSHIP

Section 1. Definitions. In these Bylaws, unless the context otherwise requires:

A. "Lot" means a parcel of real property separately designated and legally described as anyone of the lots as specified and described in paragraph D below.

B. The "Declaration" means that certain Amended Declaration of Establishment of Conditions, Reservations and Restrictions for Rancho del Cerro Subdivision, dated the 12th day of November, 1976, and recorded in Book 5465, pages 136-144, which Amended Declaration rescinded and revoked that certain Declaration of Establishment of Conditions, Reservations and Restrictions for Rancho del Cerro Subdivision dated the 13th day of September, 1973, recorded in Docket 4600, pages 19-24. as amended the 12th day of February, 1974, and recorded in Docket 4702, pages 162-163, in the records of the Pima County Recorder.

C. The "Corporation" means the Community Association of Rancho del Cerro, Inc., an Arizona nonprofit corporation.

D. The "Subdivision" means lots 1 through 179, inclusive, excepting lots 5, 16, 17, 18, 28, 45, 48, 57, and 179, Rancho del Cerro Subdivision, according to the map or plat thereof of record in the office of the County Recorder, Pima County, Arizona, in Book 25 of Maps and Plats at page 37 thereof.

E. "Owner" means a person or persons, corporation or other entity holding fee title to a lot. "Owner" does not include any person(s), corporation or other entity who has entered into an agreement to purchase a lot until such purchase is consummated.

Section 2. Personal Application. The signers of the Declaration, and all present or future Owners and tenants, and any other person that might use any area of the Subdivision in any manner, are subject to the regulations set forth in these Bylaws.

The mere acquisition or rental of any lot or the mere act of occupancy of any such lot will signify that these Bylaws are accepted, ratified and will be complied with.

ARTICLE II

MEMBERSHIP

Section 1. Certificates of Membership, Voting:

A. Each Owner of a lot within the pertinent area of the Subdivision shall be a member of the Corporation. One membership shall be allotted for each lot owned. In the event any lot is owned by two or more persons, a single membership shall be recorded in the names of all of said Owners, and said Owners shall determine between themselves and designate to the Corporation,

in writing, the one of their number who shall have the power to vote the said membership at any and all meetings of the members. Any member who has disposed of all his interest in any lot shall be considered as having surrendered such membership to the new owner or owners. The Corporation shall be notified of any change of ownership in order to record the transfer or change in the membership upon the books of the Corporation.

B. Membership in the Corporation shall not be transferred, pledged or alienated in any way except upon the sale or other transfer of the lot to which such membership pertains. Any attempt to make a prohibited transfer shall be void and will not be reflected upon the books of the Corporation.

Section 2. Quorum. Those members entitled to vote and present in person or by proper proxy shall constitute a quorum for any meeting of the members of the Corporation and the act of the majority of those members present in person or by proxy shall constitute the act of the members of the Corporation.

Section 3. Voting. Each member of the Corporation shall have one (1) vote for each certificate of membership held. At all all meetings of members, all questions shall be decided by a vote of the members of the Corporation present either in person or by proxy and entitled to vote at such meeting, except as otherwise provided herein or in the Articles of Incorporation of the Corporation, the Declaration referred to in these Bylaws or under applicable law.

Section 4. Proxies and Trust Voting. Votes at membership meetings may be cast in person or by proxy. Proxies must be in writing and must be filed with the Secretary of the Corporation before the appointed time of each meeting. No proxy shall be valid after twenty-five (25) months from the date of its execution. No proxy may be given to anyone who is not a member, or the spouse of a member, of the Corporation. Any memberships held in the name of a trust may be voted by the beneficiaries of such trust, or, notwithstanding the provisions of the foregoing sentence, such trust may give a proxy to a beneficiary.

Section 5. Action Without Meeting. Any action which may be taken at a meeting of members may be taken without a meeting if authorized by a writing signed by all of the members who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Corporation.

Section 6. Place of Meeting of Members. Meetings of members of the Corporation shall be held at the principal office of the Corporation or any other suitable place convenient to the members as may be designated by the Board of Directors.

Section 7. Annual Meetings of Members. An annual meeting of the members of the Corporation shall be held on the second Tuesday in June, commencing with the year 1986.

At each annual meeting, from nominees presented by the nominating committee or by petition of the members, as provided in Section 4 of this Article, vacancies on the Board of Directors shall be filled by election, by ballot or voice vote of a majority of the members of the Corporation present in person or by proxy and entitled to vote at such meeting. Voting shall be in

accordance with the requirements of Article II of these Bylaws. The members may also transact such other business of the Corporation as may properly come before such meeting.

Section 8. Special Meetings of Members. The President of the Corporation shall call a special meeting of members as directed by resolution of the Board of Directors or upon a petition signed by at least one-tenth (1/10) of the members of the Corporation which would be entitled to vote at such meeting. The notice of any special meeting shall state the time and place of such meeting and the purpose(s) thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of not less than four-fifths (4/5) of the members of the Corporation present either in person or by proxy and entitled to vote at such meeting.

Section 9. Notice of Meeting. The Secretary or other directed officer of the Corporation shall mail a notice of each annual or special meeting, stating the purpose(s) thereof, as well as the time and place where it is to be held, to each member entitled to vote at such meeting, not less than ten (10) days nor more than fifty (50) days prior to such meeting. The mailing of a notice in the manner provided in this subsection shall be considered notice served. When a meeting of members is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting from which the adjournment is taken; provided, however, that, if the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each member entitled to vote at such meeting. At the adjourned meeting, the members may transact any business which might have been transacted at the original meeting.

Section 10. Order of Business. The order of business at all meetings of members shall be as follows:

- A. Roll call,
- B. Presentation of call for and/or notice of meeting,
- C. Reading of minutes of preceding meeting, if any,
- D. Reports of officers,
- E. Reports of committees,
- F. Election of directors (if it is an annual meeting),
- G. Unfinished business, and
- H. New business.

ARTICLE III

BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Corporation shall be governed by a Board of Directors comprised of not less than three (3) persons, nor more than seven (7) persons, the exact number of which shall be as established from time to time by resolution of the

Board of Directors of the Corporation. No decrease in the number of directors shall have the effect of decreasing the term of any incumbent director.

Section 2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Corporation and may do all such acts and things as are not by law or by these Bylaws or the Articles of Incorporation of the Corporation directed to be exercised and done by members.

Section 3. Other Duties. In addition to duties imposed by these Bylaws or by resolution of the members of the Corporation, The Board of Directors shall have all the rights, duties and responsibilities of the Architectural Committee, as set forth in the Declaration, and further, on behalf of the Corporation,

shall have the right to do all acts necessary or appropriate and shall have the right to payout of corporate funds all expenses to provide for the following:

- A. Collection of assessments from members of the Corporation.
- B. Care, management and surveillance of the roads, drainage-ways, and other Common Areas and facilities located within the pertinent area of the subdivision.
- C. Designation and dismissal of the employees necessary for the maintenance and management of the Common Areas for which it is responsible.
- D. To establish, make and enforce compliance with such reasonable rules and regulations to govern the use of the pertinent areas and/or the conduct of all members, invited guests, business invitees and other persons who enter the Subdivision. The Board of Directors shall have the right to assess (in the same manner and with the same effect of any other assessments made by the Board of Directors) any members and any lots owned by such members who does not comply with such rules and regulations and/or suspend such member's voting rights in the Corporation.
- E. To obtain legal and accounting services as necessary, required or desirable.
- F. To obtain such maintenance and repairs as are reasonably necessary in the discretion of the Board of Directors to protect or to preserve the appearance and/or value of the Subdivision.
- G. To contract for all necessary goods, services and insurance, payment for which is to be made from the common expense fund; provided, however, that the Board of Directors may delegate such authority to such persons or entities as the Board of Directors deems proper.
- H. To fix, determine, levy and collect assessments to be paid by each member toward the gross expenses of the Corporation and, by a majority vote of the Board of Directors, to adjust, decrease or increase the amount of such assessments. The Board of Directors, or its agents, may establish any reasonable system for collection periodically of assessments, in advance or arrears, as deemed desirable. Assessments for the estimated common expenses shall be made by the Board of Directors equally against each member (except as otherwise provided herein) and may be payable in installments as determined by the Board of Directors. In determining the amount of assessment to be levied from time to time, the Board of Directors shall estimate the common expenses of the Corporation, which expenses shall include, among other things, the cost of protecting and preserving the area for which it is responsible, expenses of management, insurance premiums for insurance coverage, landscaping and care thereof, legal and accounting

fees, management fees, payment of any debts remaining from a previous assessment period, the creation of a reasonable contingency or other reserve or surplus fund, as well as other related costs and expenses. All assessments shall state the general purpose therefore and shall be mailed to each member not later than thirty (30) days prior to the date such assessment is payable. The Board of Directors shall have no authority to levy any special or capital assessments except as set forth in the Declaration or these Bylaws, unless authorized by a majority vote of the members of the Corporation present in person or by proxy and entitled to vote at a duly convened and constituted meeting of members. Any special assessment made by the Board of Directors shall be paid within thirty (30) days after the levy thereof.

I. To collect delinquent assessments by suit or otherwise, and to enjoin seek damages from a member for failure to pay assessments.

J. To establish a bank account or accounts for the common treasury and for all separate funds as may be deemed advisable by the Board of Directors.

K. To provide for the security of the Subdivision or portions thereof. The Corporation, its officers, directors and agents shall bear no liability to any member or other person in the event it elects not to provide or implement security measures, or in the event security measures provided or implemented are inadequate or ineffective.

Section 4. Election and Term of Office. Except as otherwise set forth herein, the members of the Board of Directors shall be elected at a regular annual meeting of the corporation by a plurality vote for a term of two (2) years and shall hold office until their successors are elected and qualified. Prior to each annual meeting of members of the Corporation, the Board of Directors shall appoint a nominating committee to provide a slate of nominees for election to fill forthcoming vacancies, if any, on the Board of Directors. Additionally, four (4) or more members entitled to vote for directors may nominate, by signed petition(s), nominee(s) for the Board of Directors, by filing such petition(s), together with the written consent of the nominee(s) with the Secretary of the Corporation at least thirty (30) days prior to the annual meeting to which such petition(s) relate.

Section 5. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a director by vote of members of the Corporation shall be filled by vote of a majority of the remaining directors. even though they constitute less than a quorum, and each person so elected shall hold office until the next annual meeting of the members of the Corporation and until his successor is duly elected and qualified.

Section 6. Removal of Directors. At any regular or special meeting of members of the Corporation, anyone or more of the directors may be removed with or without cause by the vote of a majority of the members of the Corporation present in person or by proxy and entitled to vote at such meeting and, thereupon. A successor shall then and there be elected by the members so present and entitled to vote to fill the vacancy thus created. Any director whose removal has been proposed by the members shall be given an opportunity to be heard at such meeting.

Section 7. Organization Meeting. The first meeting of a Board of Directors containing newly elected director(s) shall be held immediately after the members' annual membership meeting at which such director(s) were elected, and no notice shall be necessary to the newly elected director(s) in order legally to constitute such meeting, providing a majority of the entire Board membership shall be present.

Section 8. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time (but at least quarterly), by a majority of the directors. No notice need be given for regular meetings of the Board of Directors.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the President of the Corporation on five (5) days notice given to each director by mail or on one (1) day notice given personally or by telephone or telegraph, which notice shall state the time and place of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) directors.

Section 10. Board of Directors Quorum. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting, from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 11. Fidelity Bonds. The Board of Directors may require that all officers and employees of the Corporation handling or responsible for Corporation funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Corporation.

Section 12. Expenditures. Any proposed single expenditure to be made by the Corporation in excess of Five Hundred Dollars (\$500.00), or any item which would require an annual expenditure by the Corporation in excess of Two Thousand Dollars (\$2000.00), must be approved by a unanimous vote of the entire Board of Directors.

Section 13. Signatures. All agreements, checks, drafts, notes or other instruments to be executed by the Corporation shall be signed by such of the officers of the Corporation or by such other person or persons as may be authorized by the Board of Directors.

ARTICLE IV

OFFICERS

Section 1. Designation. The principal officers of the Corporation shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. The same person may hold more than one office simultaneously, except that the same person shall not hold the offices of President and Secretary simultaneously.

Section 2. Election of Officers. The officers of the Corporation shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the entire membership of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Corporation. He shall preside at all meetings of the Corporation and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of President of a Corporation, including but not limited to, the power to appoint committees from among the members from time to time, as he may, in his discretion, decide is appropriate to assist in the conduct of the affairs of the Corporation.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed on him by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Corporation; he shall have charge of such books and papers as the Board of Directors shall direct; and he shall in general perform all the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for Corporation funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Corporation. He shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Corporation in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE V

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. Indemnification. The Corporation shall indemnify every director or officer, and his or her heirs and personal representatives, against all loss, cost, and expense, including counsel fees, reasonably incurred by him or her in connection with any action, suit or proceeding to which he or she may be a party by reason of his or her being or having been a director or officer of the Corporation; except as to matters as to which he or she shall be finally adjudged in such action, suit or proceeding to be liable for negligence or misconduct. In the event of a settlement of any action, suit or proceeding, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Corporation is advised by counsel that the person to be indemnified has not been guilty of negligence or misconduct in the performance of his or her duties as such director or officer in relation to the matter involved. The foregoing right shall not be exclusive of other rights to which such director or officer may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Corporation by reason of or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Corporation as common expenses.

ARTICLE VI

OBLIGATION OF THE MEMBERS

Section 1. Assessments. All members shall be obligated to pay the assessments levied by the Corporation pursuant to these Bylaws or the Declaration referred to herein and payment thereof shall be made not later than the thirtieth (30th) day following the mailing of the statement setting forth the amount, of such assessment. A member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of the members, within the meaning of these Bylaws, if, and only if, such member shall have fully paid all assessments made or levied against such member.

Section 2. Assessment Lien. All sums assessed against a member, but remaining unpaid, shall constitute a lien on the lot or lots owned by such member. In the event an assessment remains unpaid for a period of more than thirty (30) days after the date upon which a statement setting forth the amount of such assessment is mailed, such lien may be enforced as provided herein.

Section 3. Personal Obligation. The amount of any assessment chargeable against any member shall be a personal and individual debt of such member. Suit to recover a money judgment for unpaid assessments, plus interest thereon, including attorneys' fees, shall be maintainable by the Corporation,

Section 4. Maintenance and Repair.

A. Every member must perform promptly, at such member's expense, all maintenance and repair work within the lot owned by such member which, if omitted, would affect the Subdivision in its entirety or any part belonging to another member.

B. A member shall be obligated to reimburse the Corporation or a member upon receipt of a statement for any expenditure incurred by the Corporation or member, or both, for repair, replacement or restoration of damages resulting from negligent or other tortious conduct of such member, a member of his or her family, his or her agent, employee, invitee, licensee, or tenant.

ARTICLE VII

AMENDMENTS TO BYLAWS

Section 1. Amendment. These Bylaws may be amended, altered or repealed at a duly constituted meeting of the Board of Directors upon a vote of at least seventy-five percent (75%) of the directors present at such meeting; provided that not less than five (5) days notice of such meeting shall be given and provided further that a copy of any proposed amendment shall be delivered with such notice. Bylaws amendments are subject to repeal or change by the members as provided by Arizona law.

ARTICLE VII
EVIDENCE OF OWNERSHIP
AND REGISTRATION OF MAILING ADDRESS

Section 1. Proof of Ownership. Any person, upon becoming an Owner of a lot, shall furnish to the Secretary of the Corporation a photocopy of the recorded instrument vesting that person or entity with title to such lot, which instrument shall remain in the files of the Corporation.

Section 2. Registration of Mailing Address. Each member shall have one registered mailing address to be used by the Corporation for mailing of assessment statements, notices, demands, and all other communications, and such registered address shall be the only mailing address of such member to be used by the Corporation. Such registered address of a member shall be furnished by such member to the Secretary of the Corporation within ten (10) days after such member has acquired ownership of a lot in the Subdivision; such registration shall be in written form and shall be signed by all the Owners of such lot, or by such persons as are authorized to represent the interest of all of the Owners thereof. If no such address is registered, or if all of the Owners cannot agree, then the street address of the lot owned by such members shall be the registered address of such members until another registered address is furnished as permitted under this Section. Registered addresses may be changed from time to time by similar designation.

ARTICLE IX
NONPROFIT CORPORATION

Section 1. Nonprofit Corporation. This Corporation is not organized for profit. No member, director or other person or persons shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Corporation be paid as salary or compensation to, or distributed to, or inure to the benefit of, any member or other person. The foregoing, however, shall neither prevent nor restrict the following:

A. Reasonable compensation may be paid to any member or director acting as an agent or employee of the Corporation for services rendered in effecting one or more of the purposes of the Corporation; and

B. Any member or director may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Corporation.

ARTICLE X

FISCAL YEAR

Section 1. Fiscal Year. The fiscal year of the Corporation shall begin on 1 January and end on 31 December of each year. Any change in the fiscal year shall be forwarded to the Arizona Corporation Commission for updating its records for reporting purposes, in addition to Federal and state reporting requirements.

ARTICLE XI

MISCELLANEOUS

Section 1. In the event of any inconsistency between the provisions of these Bylaws and those of the Declaration of Establishment of Conditions, Reservation and Restrictions of Rancho del Cerro Subdivision, as to pertinent lots, recorded in the office of the Pima County Recorder, Pima County, Arizona, in Book 5465 at page 136, et seq., and as the same may be amended, the provisions of said declaration shall govern.

Section 2. All meetings of the members of the Corporation and the Board of Directors shall be conducted under ROBERTS RULES OF ORDER, Newly Revised, unless in conflict with the Articles of Incorporation for the Corporation, these Bylaws, the Declaration, or with the laws of the State of Arizona.

IN WITNESS WHEREOF, the undersigned have executed these Bylaws, this 3rd day of September, 1985.

David H. Brown
DIRECTOR

David Killen
DIRECTOR

John W. Lovell
DIRECTOR

Maude V. Medlin-Brown
DIRECTOR

Patricia Zimmer
DIRECTOR