

**BYLAWS OF
RANCHO NORTH CONDOMINIUM ASSOCIATION**

ARTICLE I

1. Purpose. The corporation has been formed for the purpose of serving as the condominium association for Rancho North, existing by virtue of the Condominium Declaration For Rancho North, a Condominium, (such document as amended or restated from time to time being hereinafter called the "Declaration").

2. Definitions

- A. "Association" shall mean the Rancho North Condominium Association.
- B. "Director" shall mean a Director of the Association.
- C. "Officer" shall mean an Officer of the Association.

3. Other Definitions. Capitalized terms used in these Bylaws without definition shall have the meanings specified for such terms in the Declaration except where the context requires a different meaning.

4. Priority of Declaration. The provisions of the Declaration shall have priority over these Bylaws, and any provision hereof which is contrary to or inconsistent with the Declaration (as amended from time to time) shall be void to the extent of such inconsistency.

**ARTICLE II
MEMBERSHIP AND VOTING RIGHTS**

1. Eligibility for Membership. Every Owner of a Unit shall be a Member of the Association. Membership in the Association shall be appurtenant to and may not be separated from ownership of any Unit.

2. Transfer of Membership. Membership in the Association shall not be transferred, pledged or alienated in any way except upon the sale of the Unit to which it is appurtenant and then only to the purchaser of such Unit. Any attempt to make a prohibited transfer is void.

3. Voting. Notwithstanding the number of Owners who jointly or otherwise own a Unit, the vote for each Unit shall be cast as a whole, and fractional votes shall not be allowed. Where two (2) or more persons own an interest in a Unit, and they are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question.

4. Majority of Owners. As used in these Bylaws, the term "Majority of Owners" shall mean those Owners holding more than fifty percent (50%) of the total Eligible Votes of all the Owners.

5. Suspension of Voting Rights. If a Member shall be in default in the payment of any Assessments or other amounts due under Governing Documents for a period of forty-five (45) days or more, such Member's right to vote as a Member of the Association is automatically suspended until all payments, including accrued interest and attorneys' fees, are brought current. In the event any Owner is in violation of the Governing Documents said Owners' right to vote as a Member of the Association may be suspended for a period not to exceed sixty (60) days for each infraction of the Governing Documents, and, once suspended, shall remain suspended until such violation has been cured. For a Member to cast an "Eligible Vote", that Member must not be in default as defined in this Paragraph as of the date the "Members of Record" are determined pursuant to Art. III, Par. 4 herein.

ARTICLE III MEETINGS OF MEMBERS

1. Annual Meetings. The annual meeting of the members of the Association shall be held for the election of Directors and transaction of such other business as may properly come before the Association. The annual meeting shall be held at least once every twelve (12) months on a date and at a time and place within the State of Arizona designated by the Board of Directors.

2. Special Meetings. Special meetings of the members may be called at any time by the Board, or upon written request of Members holding twenty-five percent (25%) of Eligible Votes in the Association.

3. Notice of Meetings. Written notice of each meeting of the members setting forth the date, time, and location of the meeting shall be given to all Members and, in the case of special meetings, the notice shall also state the purpose for which the meeting is called. A copy of the notice shall be mailed or hand delivered to the members not less than ten (10) nor more than fifty (50) days before the meeting.

4. Members of Record. The Board may fix a time not exceeding fifty (50) days preceding the date of any meeting, as a record date for the determination of the Members entitled to notice of a membership meeting. In the event no such record date is fixed by the Board, the record date for the determination of Members entitled to receive notice shall be the business day before notice is sent to Members and the record date for the determination of Members entitled to vote shall be the day of such meeting.

5. Membership List. The Association shall maintain a membership list reflecting the names and mailing addresses of the Members. Upon the transfer of any Unit within the Property, it shall be the obligation of the transferee to present to the Association his address along with evidence of such transfer. Upon receipt of evidence (i.e. a copy of a recorded deed), the membership list shall reflect the transfer of membership.

6. Quorum. The presence in person or by absentee ballot of the Members entitled to cast at least ten percent (10%) of the eligible votes in the Association shall constitute a quorum for any action except as may be otherwise provided by law, in the Declaration, the Articles of Incorporation, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting to a date not less than ten (10) nor more than forty-five (45) days in the future. Written notice of the date, time and place of said adjourned meeting shall be given in the manner provided in this Article. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally called.

7. Method of Voting. At all meetings, Members may vote either in person or by absentee ballot. The Board shall also have the discretion to allow Members to vote by some other form of delivery.

8. Actions by Members. Except as otherwise provided by the Declaration, Articles, Bylaws, or applicable law, at every Member's meeting at which a quorum shall be represented in person or by absentee ballot, all matters shall be decided by a majority of the Eligible Votes cast by Members voting on the matter.

ARTICLE IV DIRECTORS; BOARD MEETINGS

1. Number and Qualification. After the period of Declarant Control ends, the number of Directors of the Association shall be not less than three (3) nor more than seven (7) persons as may be determined from time to time by the Board. After the period of Declarant Control ends, each Director must be an Owner whose vote is not suspended. If the Owner is a corporation, partnership, limited liability company, or trust, a Director may be an Officer, partner, managing agent, member, trustee, or beneficiary of such Owner whose vote is not suspended. No more than one Owner (or spouse of an Owner) from each Unit may serve as a Director at any one time.

2. Election and Term of Office. After the period of Declarant Control ends, two Members shall be elected to the Board of Directors for a term of one (1) year and the remaining Directors shall be elected for a term of two (2) years, and shall hold office until their respective successors are elected and qualify, or until the death, disqualification, resignation, or removal of the Director. Thereafter, at each annual meeting, Members shall be elected to replace Directors whose terms have expired and shall serve for a term of two (2) years.

3. Resignation. A Director may resign at any time by giving written notice of such resignation to the President, or Secretary. Such resignation shall take effect at the time of receipt of such notice or at any later time specified therein. The acceptance of such resignation shall not be necessary to make it effective.

4. Removal. Any Director may be removed with or without cause at a duly called meeting of the Members called for such purpose, by the affirmative vote of a majority of the

Members voting on the matter, so long as the requirements contained in Arizona law regarding the removal of Directors are met.

5. Vacancies. Any vacancy in the Board shall be filled by an affirmative vote of the remaining Directors, though less than a quorum, or by a sole remaining director, and any director so chosen shall serve for the remainder of the terms of such vacancy.

6. Regular Board Meetings. Regular meetings of the Board may be held at such times and places within the State of Arizona as the Board may determine.

7. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association or by any two (2) Directors.

8. Notice to Directors of Board Meetings. Notice of the time and place of regular Board meetings shall be given to each Director, personally or by mail, e-mail, or telephone, at least three (3) days prior to the day named for the meeting. Except in emergency circumstances, notice of special meetings shall be given to Directors, personally or by mail, e-mail, or telephone, at least two (2) days prior to the day named for the meeting.

9. Notice to Members of Board Meetings. Notice of regular meetings of the Board shall be given to Members at least forty-eight (48) hours in advance of the meeting by newsletter, conspicuous posting, or any other reasonable means as determined by the Board of Directors. Notice of special meetings of the Board shall be given to Members at least forty-eight (48) hours in advance of the meeting by newsletter, conspicuous posting, or any other reasonable means as determined by the Board of Directors unless emergency circumstances necessitate a meeting before forty-eight (48) hours notice can be given.

10. Waiver of Notice. Before, at or after any meeting of the Board of Directors, any Director or Member may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance of a Director or Member at any meeting shall constitute a waiver of notice of such meeting unless the Director or Member attends for the sole and express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

11. Quorum; Acts of the Board. A majority of the number of Directors then in office shall constitute a quorum for the transaction of business, except as may otherwise be required by the Declaration, Articles, Bylaws, or applicable law. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

12. Attendance by Electronic Voice Communication. Any meeting of the Board may be attended by Directors by means of any form of electronic voice communication, provided that all Directors and Members, if at an open meeting, can simultaneously hear the proceedings and be heard by all the others in attendance at the meeting. A quorum for any meeting so held shall be computed on the basis of all Directors in voice contact with each other. Any meeting so held shall be a formal meeting of the Board for all purposes, and any business may be transacted at

such meeting that could be transacted if the Directors were assembled in physical proximity to each other.

13. Consent Without a Meeting. Any action which is required to be taken or which may be taken at a meeting of the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the Directors.

14. Powers and Duties. Subject to the terms and provisions of the Declaration, the Board shall manage the business and affairs of the Association and may exercise all such authority and powers of the Association and do all such lawful acts and things as are not by law, the Declaration, Articles, or these Bylaws directed or required to be exercised or done exclusively by the Members. The Board may delegate such duties as appear in the best interests of the Association and to the extent permitted by the Declaration and these Bylaws.

15. Other Powers. Without limiting the generality of Section 2 of this Article, the Board of Directors shall be responsible for the following:

- (a) Subject to the provisions of Section 1 of Article VII, adopt and amend bylaws and rules.
- (b) Adopt and amend budgets for revenues, expenditures and reserves and collect assessments for Common Expenses from Owners.
- (c) Hire and discharge managing agents and other employees, agents and independent contractors.
- (d) Subject to limitations set forth within the Declaration and these Bylaws, institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Project.
- (e) Make contracts and incur liabilities.
- (f) Regulate the use, maintenance, repair, replacement and modification of Common Elements.
- (g) Cause additional improvements to be made as a part of the Common Elements.
- (h) Delegation of none, some or all of the Board of Director's powers to other persons or to a managing agent as the Board deems it to be in the best interest of the Association and to the extent permitted by the Declaration and these Bylaws.

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

17. Disputes with Declarant. Any dispute between the Declarant and the Association and/or the Board arising from the Declaration relating to any express or implied warranty or any construction defects shall be determined by mandatory arbitration pursuant to the provisions of Section 18 below. This Section 17 shall not be amended at any time, including after closing on the sale by Declarant of all of the condominium Units in the Regime, without the prior express written consent and joinder of the Declarant, together with such other approval requirements as are set forth in these Bylaws.

18. Express Warranty; Disclaimer of Other Warranties and Mandatory Arbitration. The Association and each Owner acknowledges that each initial purchaser from the Declarant of a

Condominium Unit has entered into a separate Purchase Contract, Deposit Receipt, and Escrow Instructions ("Purchase Agreement"), which provides for an Express Warranty being given by the Declarant to each initial purchaser and a Disclaimer of Other Warranties and also provides for mandatory arbitration of claims and disputes asserted with respect to Construction Defects in the Condominium Units and related Common Elements between the initial purchasers of such Condominium Units and Declarant ("Warranty/Arbitration Provisions"). In accordance with the agreement in the Purchase Agreement of each initial purchaser to abide by said Warranty/Arbitration Provisions, the Association shall submit all unresolved claims and disputes relating to Construction Defects in the Common Elements of the Condominium or in the Units, to the extent of the Association's interest and standing, to final and binding arbitration pursuant to, in accordance with, and subject to said Warranty/Arbitration Provisions contained in the Purchase Agreements and Articles 12 and 13 of the Declaration. The Owners of Condominium Units which did not purchase the Condominium Units from the Declarant shall be bound by the Express Warranty; Disclaimer of Other Warranties and mandatory arbitration provisions of Sections 12 and 13 of the Declaration. This Section 18 shall not be amended at any time, including after closing on the sale by the Declarant of all of the Condominium Units at the Project, without the prior express written consent and joinder of the Declarant.

ARTICLE V OFFICERS

1. Number and Qualification. The Officers of this Association shall be a President, a Secretary and a Treasurer, or one (1) Secretary/Treasurer, and there may be, in addition, one (1) or more Vice Presidents and/or such subordinate Officers as the Board may from time to time by resolution designate. The Officers of this Association shall at all times be members of the Board of Directors.

2. Election of Officers. The Officers of the Association shall be elected annually by the Board. The election of Officers shall take place at the first meeting of the Board of Directors following the annual meeting of the Members or at any other meeting of the Board called for that purpose.

3. Term. Each Officer shall hold office for one (1) year or until election or appointment of his successor, whichever is longer, unless such Officer shall sooner resign, or be removed, or otherwise become disqualified to serve.

4. Special Appointments. The Board may elect or 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 from time to time determine.

5. 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. The acceptance of such resignation shall not be necessary to make it effective.

6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer he/she replaces.

7. Multiple Officers. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created in pursuant to 4 of this Article.

8. Responsibilities. The responsibilities of the Officers, which may be delegated, are as follows:

(A) President. The president shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out, and shall sign all documents and contracts.

(B) Vice President. The Vice President(s), if any, shall act in the place and stead of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

(C) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association, together with their addresses, and shall perform such other duties as required by the Board.

(D) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; keep proper books of account, and shall prepare an annual budget and a statement of income and expenditures. The Treasurer shall be responsible for the timely filing of federal and state tax returns and reports required of the Association.

ARTICLE VI BOOKS AND RECORDS

The Association shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its Members and the Board. The Association shall also keep at its principal office the Declaration, Articles, Bylaws, and Association Rules, as well as a record of the names and addresses of Members. Books, records and minutes shall be in written form or in any other form capable of being converted into written form within a reasonable time. Each Member may examine the Association's books and records of account, minutes, Declaration, Articles, Bylaws, Association Rules and record of Members, and may make copies of or extracts from such documents, in person or by agent or attorney, at any reasonable time within ten (10) business days of such request. Each member may also purchase copies of the Association records within ten (10) business days of such request for a reasonable price, not to exceed the statutory maximum. Notwithstanding the foregoing, the following are not subject to inspection

by any party other than the Board of Directors, its management agent, if any, and its attorneys and accountants, as necessary and appropriate:

(A) Privileged communication between an attorney for the Association and the Association, including, but not limited to, legal advice from an attorney for the Board or the Association;

(B) Pending litigation;

(C) Meeting minutes or other records of a closed, executive meeting of the Board held in accordance with Arizona law;

(D) Personal, health or financial information about an individual Member of the Association, an individual employee of the Association, or an individual employee of a contractor for the Association;

(E) Records relating to job performance of, compensation of, health records of, or specific complaints against an individual employee of the Association or an individual employee of a contractor of the Association who works under the direction of the Association; and

(F) Financial and other records of the Association if disclosure would violate any state or federal law.

ARTICLE VII MISCELLANEOUS

1. Amendment of Bylaws. These Bylaws may be amended in accordance with the minimum voting requirements set forth in the Arizona Nonprofit Corporation Act, A.R.S. § 10-11001 et seq., as amended from time to time. Notwithstanding the foregoing, the Board, without a vote of the Members, may amend these Bylaws in order to conform these Bylaws to Arizona or Federal law. The Bylaws shall not be amended to contain any terms or provision which would be contrary to the Declaration or the Articles of Incorporation as amended from time to time.

2. Right of Amendment if Requested by Governmental Agency or Federally Chartered Lending Institutions. Anything in the Bylaws to the contrary notwithstanding, the Declarant reserves the right to amend all or any part of the Bylaws to such an extent and with such language as may be necessitated by the FHA, VA, FHLMC or FNMA and to further amend the Bylaws to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of the Bylaws or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Unit. Any amendment which deletes, diminishes or alters the rights of the Declarant must be approved by the Declarant.

3. Compensation and Reimbursement. No compensation shall be paid to Directors or Officers for their services as Directors or Officers. No remuneration shall be paid to a

Director for services performed by him or her for the Association in any capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken. Neither a Director nor an Officer may be an employee of the Association. If authorized by the Board of Directors, Directors and Officers may be reimbursed for any actual expenses incurred in connection with their duties as such Directors or Officers.

4. Committees. The Board of Directors may establish and dissolve standing or ad hoc committees for any Association purpose. The Board of Directors has the power to appoint and remove any member of any committee. Committee members may, but need not, be Directors. The Board of Directors shall establish the authority, purpose, and scope of action of any committee. Each committee shall report to the Board of Directors. Except for authority specifically granted to the committee, all actions of a committee shall be subject to final approval by the Board of Directors.

5. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the last day of December of every year.

6. Limitation of Director Liability. In accordance with the provisions of the Nonprofit Corporation Act (set forth at A.R.S. § 10-3101 et seq., as may be amended from time to time), each Director shall be immune from civil liability and shall not be subject to suit indirectly or by way of contribution for any act or omission resulting in damage or injury if said Director was acting in good faith and within the scope of his official capacity (which is any decision, act, or event undertaken by the Association in furtherance of the purpose or purposes for which it is organized) unless such damage or injury was caused by willful and wanton or grossly negligent conduct of the Director. This provision intends to give all Directors the full extent of immunity available under the Nonprofit Corporation Act.

7. Indemnification of Directors, Officers, and Agents. The Association shall indemnify any person who incurs expenses or liabilities by reason of the fact that he or she is or was an officer, director, committee member, or agent of the Association. This indemnification shall be mandatory in all circumstances in which indemnification is permitted by law; provided, however, that indemnification limited to reasonable expenses incurred in connection with the proceeding.

8. Governing Law. The validity, construction and effect of these Bylaws shall be governed by the laws of the State of Arizona.

9. Severability. The invalidity or unenforceability of any provision of these Bylaws shall not affect the validity or enforceability of the remaining provisions hereof.

10. Construction. Throughout these Bylaws, the use of the singular number shall be construed to include the plural, the plural the singular, and the use of any gender shall include all genders, whenever required by the context.

11. Titles of Articles and Paragraph headings. The titles of articles and paragraph headings of these Bylaws are for descriptive purposes only and shall not control or alter the meaning of these Bylaws as set forth in the text hereof.

We hereby certify that the foregoing Bylaws of the Association were duly adopted by the Board of Directors of the Association as of the 17th day of October, 2017.

RANCHO NORTH CONDOMINIUM ASSOCIATION

By: 
Kevin G. Kiesl, President

By: 
Mike Aiello, Secretary

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