VILLA MONTEREY RECREATIONAL ASSOCIATION

AMENDED AND RESTATED BY-LAW

Effective Date June 5,2018

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. The name of this organization is the Villa Monterey Recreational Association, hereafter referred to as the Association. The Association's principal office shall be located within the Villa Monterey, Unit II, a subdivision located in Scottsdale, Maricopa County, Arizona and is included in the City of Scottsdale, Villa Monterey Historic District. The Association may have such other offices within Maricopa County, State of Arizona, as may from time to time be designated by the Board of Directors.

Section 2. The Villa Monterey Recreational Association is an Arizona non-profit corporation. No Part of any earnings or assets shall inure to the benefit of any individual homeowner or to any other person. No member of the Board of Directors shall receive remuneration for work/duties connected with serving on the Board. The Board may allow homeowners to work or provide services for pay.

Section 3. All the homeowners within Villa Monterey, Unit II shall be Members of the Association.

Section 4. These By-Laws may be amended only by a majority of the homeowners voting either in person or by absentee/mail in ballot at any duly held meeting of the membership, provided that written notice of such amendment shall be served by the Secretary not less than 30 days prior to the meeting. Written notice will be mailed to the members' unit address unless the Association has another permanent address on file with the Secretary. Absentee/mail in ballots must be received in the Association Office by the deadline stated in the notice.

Section 5. The Association's fiscal year shall be January 1st to December 31st..

Section 6. These "Amended and Restated" By-Laws are effective immediately upon passage by the membership.

Section 7. Assessments levied and paid in advance shall not be refundable upon the sale or transfer of any parcel in Villa Monterey Recreational Association. Any proration of such impounded funds must be arranged between the transferor of such parcel and the transferee.

ARTICLE II

PURPOSE OF THE ASSOCIATION

Section 1. The Association shall provide for the establishment of a Board of Directors, herein after referred to as the Board, which shall be the governing body of Villa Monterey Recreational Association. The Board shall establish the rules and regulations that govern the maintenance, appearance and operation of the common areas owned by the Association. The Board shall have the fiscal management of all Association funds. The Board shall have the responsibility of overseeing the management of the Association.

Section 2. The Association shall provide for the establishment/enforcement of restrictions and other covenants that shall control the use, maintenance, and condition of the properties within Villa Monterey Recreational Association.

ARTICLE III

MEMBERSHIP

Section 1. The owner of record for each lot/unit in Villa Monterey Recreational Association shall be a voting member of the Association. Only one vote per lot/unit.

Section ~~3~~ 2. Qualification for membership has previously been documented as follows: Recorded January 12, 1962, in docket 3390, page 337; amended by Addendum recorded May 31, 1962, in docket 4162, page 581; Amendment recorded January 31, 1962, in docket 4011, page 221. All in the office of the Maricopa County Recorder.

Section 4-3. A Homeowner has the following rights of membership: One vote per lot/unit; attendance at the Annual or special meeting; participation in committee activities; one copy of the annual financial report; and full use of the recreation area of Villa Monterey Recreational Association, subject to the rules and regulations.

Section ~~5~~ 4. Residency in Villa Monterey Recreational Association is age restricted, as set forth in the Association's Declaration.

ARTICLE IV

MEETINGS – MEMBERSHIPS

Section 1. An annual meeting of the homeowners shall be held at a date and time during the first quarter of each year, as determined by the Board. The Annual meeting and all other special meetings of the homeowners shall be conducted at 7701 E. Coolidge Street unless otherwise specified in the mailing notice. Every year a slate of three or more Directors shall be voted upon by the membership.

Section 2. Special meetings of the voting homeowners for any purpose or purposes, may be called by the President and shall be called by the President and Secretary at the request in writing of either a majority of the Board of Directors or 10% of those lots/units authorized to vote. Such request shall state the purpose or purposes of the proposed meeting, and the business transacted

shall be confined to the purposes stated in the call. At such special meeting no action binding upon the homeowners may be taken unless a majority of those voting in person or by ~~proxy~~ mail in ballot approve such action.

Section 3. Written notices of all annual and special meetings of the Members shall be mailed by the Secretary of the Association not less ten nor more than fifty (50) days prior to the day of the meeting. All notices shall state the place, date, and hour of the meeting and shall contain a brief description of the matters to be submitted to the members. Deposit in the mails of a notice addressed to the homeowner at their Villa Monterey Recreational Association address or a permanent address on file with the Secretary shall constitute full compliance with the notice requirements of this section.

Section 4. Voting may be done in either in person or by absentee mail in/ ballot. All absentee ballots must be received by the date and time specified. No vote, whether cast in person or by mail in ballot shall be counted if the homeowner is delinquent in the dues or assessments, or has been informed of a default in complying with any requirements in the Declaration of Restrictions. Tallying and recording of votes shall be done by two inspectors of Election appointed by the Board of Directors prior to the Annual meeting, neither of whom shall be a member of the Board or a candidate for election to the Board.

Section 5. All matters voted upon by the members shall be decided by a majority of those present in person or by absentee/mail in ballot, except as otherwise provided by state statute or by these By-Laws.

Section 6. At any meeting of the Members, the presence in person or by absentee/mail-in ballot of at least ten percent (10%) of the membership shall constitute a quorum.

ARTICLE V

BOARD OF DIRECTORS

Section 1. The Board of Directors shall have supervision, control and direction of the affairs of the Association, shall determine its policies or changes therein within the limits of the By-Laws, shall actively ~~prosecute~~ implement its purposes and shall have discretion in the disbursement of its funds. It may adopt such rules and regulations for the conduct of its business as shall be deemed advisable, and may, in the execution of the powers granted, appoint such agents as it may consider necessary. The Board of Directors shall consist of seven (7) representatives. Only owners of record are eligible to be Directors of the Association .

A Director shall serve a term of two (2) years and no more than three (3) consecutive terms of office. If a Director serves three (3) terms in office, he/she shall wait a period of twelve (12) months before being again eligible for Board Membership.

At all meetings of the Board, a majority of the Directors present either in person or electronically, where all parties can hear and speak to each other, shall constitute a quorum for the transaction of businessA Director has the right to one (1) vote on all matters properly placed before the Board.

An elected Director of the Association may only be removed from his/her position in accordance with A.R.S. Section 33-1813, as the same may be amended from time to time. A vacancy shall exist when a Director is absent without valid excuse from his/her post for three (3) consecutive Board meetings in person or electronically, if approved by a majority of Directors present. If a vacancy exists among the Directors from resignation, death or otherwise, a replacement shall be appointed within sixty (60) days by the remaining Directors for the unexpired term of such Director.

Section 2. Notice of all meetings of the Board (regular or special) shall be given to the members at least forty-eight hours in advance of the meeting by newsletter, conspicuous posting or any other reasonable means as determined by the Board, unless emergency circumstances exist which require action by the Board before notice can be given. In the event that emergency circumstances arise, an emergency meeting of the Board may be called to discuss business or take action that cannot be delayed for the forty-eight hours required notice. At any emergency meeting called by the Board, the Board may only act on emergency matters. The minutes of the emergency meeting shall state the reason(s) necessitating the emergency meeting and the minutes shall be read and approved at the next regularly scheduled meeting of the Board.

Section 3. Each member of the Association is entitled to one (1) ballot per election. In preparing the ballot, candidates' names shall be placed in alphabetical order. At the conclusion of the voting, the candidates with the most votes, up to the number of vacant board positions, shall become the new Directors and begin serving a two-year term. In the event that a tie breaker is necessary to determine the outcome of a board election, the outgoing board, by majority vote, shall break the tie.

Section ~~4.~~ It is the responsibilities of Directors to elect a President, Vice-President, Secretary, and Treasurer and to conduct other business that may properly come before the board.

Section ~~5~~. The first meeting of the new Board of Directors shall be called by the President of the preceding Board within ten (10) days after the Annual meeting of the homeowners to elect officers and conduct business. Thereafter, regular meetings of the Board may be held at such time and place as shall be determined by a majority of the Directors. If, at any meeting of the Board, there shall be less than a quorum present in person or electronically (where people can hear and speak to one another), no business shall be transacted. If another meeting is scheduled, notice will be given to the membership via written posting at the pool Ramada.

Section ~~6.~~ Special meetings of the Board shall be called by the President or by the Secretary upon the filing with the President or Secretary of a request by at least three (3) Directors. Notice of the time and place of any such meetings shall be given by the President or Secretary to each Director personally, by mail, email, or electronically, at least three (3) days prior to the date designated for such meeting.

Section 7. The Directors shall arrange to have the financial records of the Association audited annually by a qualified person appointed as an Independent Auditor. All financial and other records of the Association, with the exception of any records that may be withheld from disclosure

pursuant to Arizona law, shall be made reasonably available for examination in accordance with A.R.S. Section 33-1805, as the same may be amended from time to time.

Section ~~8~~. Directors shall not receive any compensation for their services as Directors, but the Board may authorize reimbursement of expenses incurred in the performance of their duties.

ARTICLE VI

OFFICERS

Section 1. The elected officers of the Association shall consist of a President, Vice-President, Secretary, and Treasurer. All officers shall serve one (1) year terms. Any officer may serve additional terms if selected by the Directors.

Section 2. The President shall: be the Chief Executive Officer of the Association and shall have general management and superintendence of the affairs of the Association; preside at all meetings of the voting homeowners and of the Board of Directors. In all cases where the duties of the other officers are not specifically prescribed by the By-Laws, or rules and regulations of the Board, the President may prescribe such duties. He/she shall and may perform any and all duties pertaining to the office of President or conferred or imposed upon the President by the By-Laws, or by the Board of Directors. The President has the authority to sign with the Vice-President/ Secretary/ Treasurer all authorized contracts approved by the Board of Directors to manage and maintain the common areas and community affairs.

Section 3. The Vice-President shall: acts in place of the President in the event of his/her absence or disability and shall perform such other duties as prescribed by the Board of Directors.

Section 4. The Secretary shall: act in the place of the President or Vice-President in the event of their absence or disability. He/she will also keep Association minutes of meetings and see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law. The Secretary will keep as registrar the post office address of each member which shall be furnished to the Secretary by such members. In general perform all the duties incident to the office of Secretary and such other duties as may from time to time be assigned by the Board of Directors. Keep in safe custody the seal of the Association and when authorized by the Board, affix it when required to any instrument.

Section 5. The Treasurer shall: have charge and custody of and be responsible for all funds and securities of the Association. The moneys of the Corporation shall be deposited in an FDIC insured bank or trust company in the name of the Association as the Board of Directors shall designate. The Treasurer shall receive, deposit and give receipts for moneys due and payable to the Association. He/she shall prepare a report for each Director's meeting as well as the Annual Meeting showing the financial condition of the Association.The treasurer shall furnish–at the expense of the Association, appropriate Directors' and officers' Insurance approved by the Board in such sum as the Board shall prescribe. In general the treasurer shall perform all the duties incident to the office of Treasurer and such other duties as may from time to time be assigned to him/her by the Board of Directors. ARTICLE VII

NOMINATING COMMITTEE

Section 1. A nominating committee shall be established every year for the purpose of selecting eligible homeowners to run for the office of Director. The Committee shall consist of three (3) homeowners appointed by the President at least ninety (90) days prior to the date of the annual meeting. Any vacancy on the Committee shall be filled by appointment by the Board of Directors. The Nominating Committee shall select three (3) or more persons (nominees) from the Membership, who consent to run to fill the vacancies on the Board. The Committee Chairperson shall notify the Secretary of the Association of the names of the nominees at least two weeks before the notice of the annual meeting is placed in the mails. The names of the nominees shall appear on the ballot sent with the notice to each member. Any member may submit his/her name as a nominee in writing to the Secretary at least two weeks before the mailing of such notice of the Annual Meeting to the general membership. All nominees selected by the Committee, along with all members who submit their name for nomination shall be included on the ballot. The Secretary shall give full notice of such nominations to all members. No write-in candidates or nominations from the floor at the annual meeting shall be permitted.

ARTICLE VIII

ANNUAL BUDGET

The annual budget shall be prepared by the President and Treasurer, and presented to the Board of Directors for approval no later than 30 days after the Annual Meeting. The annual budget shall include legal and accounting fees, all other operating expenses, and all sources of income.

Revised 04/03/2018