

BY-LAWS
OF
SAMALAYUCA IMPROVEMENT ASSOCIATION

ARTICLE I

OFFICES

The principal office of the corporation shall be located in the Samalayuca Estates, Tucson, Pima County, Arizona, at 800 Samalayuca Drive.

The corporation may have such other and further offices, either within or without the State of Arizona, as the Board of Directors from time to time may determine the affairs of the corporation require.

ARTICLE II

SEAL

The Board of Directors shall provide a seal, which shall be in the form of a circle and shall have inscribed thereon the name of the corporation and the words "CORPORATE SEAL, ARIZONA."

ARTICLE III

MEMBERSHIP

Section 1. Qualifications. Every owner of record of real property within the subdivision of SAMALAYUCA ESTATES, as said subdivision is described in the office of the County Recorder of Pima County, Arizona, in Book 11 of Maps and Plats, at Page 7 thereof, shall be a member of this corporation.

Membership shall follow the ownership of property as it appears upon the public records, except:

- (a) A purchaser in possession of property within the subdivision under a valid, recorded contract of sale shall be presumed to be the owner thereof and shall be a member of the corporation unless otherwise agreed between vendor and purchaser by instrument filed with the corporation; and

- (b) A purchaser in possession of property within the subdivision under a valid, but unrecorded contract of sale of which the corporation has actual notice, shall be presumed to be the owner of such property and shall be a member of the corporation, unless otherwise agreed between vendor and purchaser by instrument filed with the corporation.

Husband and wife, joint tenants, or tenants in common owning property within the subdivision shall hold membership jointly as if one individual owned the same amount of property, but except as provided in Section 5 of this Article, every member of a household within the subdivision shall be entitled severally to all rights and privileges of membership in the corporation.

Section 2. Classes of Membership

- (a) Resident Membership. Members residing in the subdivision shall be classed as resident members. Members owning habitable dwellings within the subdivision and holding the same for personal occupancy shall be deemed to reside in the subdivision notwithstanding the duration or number of absences therefrom.
- (b) Non-resident Membership. Members residing elsewhere than in the subdivision shall be classed non-resident members.
- (c) Voting Membership. There shall be one voting membership for each lot within the subdivision. Voting rights shall be as provided in Section 5 of this Article.

Section 3. Transfer of Membership. Membership shall not be transferable except when coupled with the transfer of ownership of property within the subdivision or an agreement for the transfer of ownership thereof.

The giving of an option for the purchase of property within the subdivision shall not be effective to transfer membership in the corporation to the optionee, but an optionee who agrees with the corporation to perform the obligations of a resident member shall be entitled in place of the optionor to exercise such rights and privileges as are assigned by optionor to optionee by instrument in writing filed with the corporation. In such case, however, the optionor and optionee shall be jointly and severally liable to the corporation for the payment of membership dues and assessments.

The granting of leasehold or tenancy rights in property within the subdivision shall not be effective to transfer membership in the corporation to the lessee or tenant, but a lessee or tenant who agrees with the corporation to perform the obligations of a resident member shall be entitled to exercise such rights and privileges of membership as are assigned by the landlord to the lessee or tenant by instrument in writing filed with the corporation. In such case, however, the landlord and the lessee or tenant shall be jointly and severally liable to the corporation for the payment of membership dues and assessments.

Section 4. Rights and Privileges

- (a) Resident members not in arrears in the payment of dues and assessments shall be entitled to have and shall have such supply of water as may be requisite or convenient for the full

use and enjoyment of their property, exclusive of water for private swimming pools. Water for private swimming pools on individual properties of members is declared to be an extraordinary use and shall be furnished only upon such terms and conditions and for such considerations as may be mutually agreed between the user and the corporation.

- (b) Except for a member under suspension as provided in Section 7 of this Article, every resident member not in arrears in the payment of dues and assessments shall have the full use and enjoyment of all recreational facilities of the corporation, subject to such rules and regulations as may be prescribed from time to time in accordance with these By-Laws.
- (c) A non-resident owning a habitable dwelling in the subdivision shall have the same rights and privileges as a resident member.
- (d) A non-resident member not owning a habitable dwelling in the subdivision who shall assume and keep and fully perform the membership obligations of a resident member, shall have the rights and privileges of a resident member, including voting rights, provided that the Board of Directors may at its discretion, subject to the provisions of Article IX of these By-Laws, reduce the amount of dues proportionately according to the rights and privileges agreed to be extended and actually exercised by such member. A non-resident member once having exercised all or any of the rights and privileges of a resident member, including the right to vote, shall thenceforth pay the dues fixed by the Board of Directors as aforesaid notwithstanding that such member may elect not to exercise the rights and privileges extended.
- (e) Except as provided in subparagraphs (c) and (d) of this Article, non-resident members shall not be entitled to the use of the facilities of the corporation.
- (f) An assignee of a member shall be entitled to the rights and privileges of the assignor-member which are assigned by instrument in writing filed with the corporation, upon the express condition, however, that such assignee shall agree with the corporation to keep and perform and fully keep and perform the obligations of the assignor-member.

Section 5. Voting Rights. Owners of property within the subdivision may have as many voting memberships as they own lots therein and shall be entitled to cast one vote for each voting membership representing each lot for which they are obligated to pay dues and are not in arrears thereof. No more than one vote shall be counted for each lot. Husband and wife, joint tenants and tenants in common shall constitute a single voting membership and that no fractional vote by owners shall be considered unless the owners wishing to divide their vote shall notify the Board of Directors of this association by an instrument in writing prior to each meeting.

Section 6. Obligations of Members.

- (a) Resident members and the members of their household shall govern themselves in the use of the recreational facilities of the corporation in compliance with such rules and regulations as are from time to time promulgated by the Board of Directors, and shall promptly pay dues and assessments according to the rate fixed by the Board of Directors

under the provisions of Article IX of these By-Laws.

- (b) A non-resident member owning a habitable dwelling within the subdivision shall have the same obligations to the corporation as a resident member, except as may be otherwise provided by the Board of Directors under Article IX of these By-Laws.
- (c) A non-resident member not owning a habitable dwelling within the subdivision shall not by reason of his membership in the corporation be obligated for the payment of dues, except as provided in subparagraph (d) of Section 4 of this Article.

Section 7. Suspension of Membership. A member may be suspended and denied the use of the facilities of the corporation for non-payment of dues and assessments, or upon default of any obligation imposed by these By-Laws and rules and regulations prescribed hereunder, except that no member not in arrears in the payment of dues and assessments shall be denied his full share of water. No member shall be suspended and denied the use of the facilities of the corporation except upon the written recommendation of the Board of Directors, signed by all the Directors and containing the specification and charges upon which such action is based, and concurred in by the affirmative vote of three-fourths of the members at a meeting called for that purpose.

Section 8. Termination of Membership. Membership in the corporation shall not terminate except upon alienation of a member's ownership of property within the subdivision, and not owner of property within the subdivision shall be relieved of the payment of dues and assessments required of members for so long as he retains such ownership.

ARTICLE IV

MEETINGS

Section 1. Annual Meeting. An annual meeting of the members shall be held on the *fourth* Monday in January of each year for the purpose of electing directors and for the transaction of other businesses may come before the meeting.

Section 2. Special Meetings. Special meetings of the members may be called by the president, any member of the Board of Directors, and shall be held when requested in writing signed by one-fourth of the members entitled to vote.

Section 3. Place of Meeting. All regular meetings shall be held within the boundaries of the subdivision, except if all members shall meet at any time and place, whether within or without the boundaries of the subdivision, and consent to the holding of a meeting, such meeting shall be valid without call or notice, and at such meeting any corporate action may be taken. Any action required or which may be taken at a meeting of members may be taken without a meeting, if the action so taken is reduced to writing and signed by all of the members entitled to vote with respect to the subject matter thereof.

Section 4. Notice of Meetings. Written notice stating the place, day, hour and purpose of any meeting shall be posted on the bulletin board in the clubhouse of the corporation, and a copy thereof

mailed to each member and the proxy or assignee of record of any member at least fourteen (14) days prior thereto. Members shall designate by instrument in writing filed with the secretary of the corporation their respective addresses to which notice of meetings are to be mailed. The failure of a member to designate his or her address shall constitute a waiver of mailing written notice to such member.

Proof that notice has been given or waived as herein provided shall be furnished by the secretary with respect to any absent member before any action taken at a meeting will be binding on the absent member.

Section 5. Quorum. Except for any action requiring the concurrence of three-fourths of voting memberships entitled to vote, any business of the corporation may be transacted at a meeting at which are present members representing a majority of voting memberships entitled to vote.

Section 6. Proxies. At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or his duly authorized attorney-in-fact. Proxies shall be counted in the determination of whether a quorum is present.

Section 7. Order of business. The order of business at any meeting shall be:

- a. Determination of quorum
- b. Reading and disposal of any unapproved minutes.
- c. Reports of officers and committees.
- d. Unfinished business.
- e. New business
- f. Adjournment.

ARTICLE V

BOARD OF DIRECTORS

Section 1. Powers. The affairs of the corporation shall be managed by its Board of Directors, who shall have all powers not expressly withheld by law, the Articles of Incorporation, and these By-Laws.

Section 2. Eligibility, Number, and Tenure. Directors shall be elected from resident members. The number of directors shall be fixed by the members at their annual meeting, but shall always number at least five. Each director shall hold office until the next annual meeting of members and until his successor shall have been elected and qualified.

Section 3. Annual Meeting. A regular annual meeting of the Board of Directors shall be held without other notice than this By-Law, immediately after and at the same place as the annual meeting of members.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the president or any two directors.

Section 5. Place of Meetings. Meetings of the Board of Directors shall be held within the subdivision, except that if all members of the Board are present at any time and place, either within or without the subdivision and consent to the holding of a meeting, such meeting shall be valid and any action taken thereat shall be of the same force and effect as if the meeting were held pursuant to call and notice.

Section 6. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board held pursuant to call and notice. The act of a majority present shall be the act of the Board, unless the act of a greater number is required by law, these Articles or these By-Laws.

Section 7. Notice of Meetings. Notice of any special meeting of the Board of Directors shall be given at least five (5) days previously thereto by written notice delivered personally or sent by mail or telegram to each Director at his address as shown by the records of the corporation. Notice may be waived by a Director and the attendance at a meeting by a Director shall constitute a waiver of notice of such meeting.

ARTICLE VI

OFFICERS

Section 1. Eligibility and Tenure. The officers of the corporation shall be as provided in Article IX of the Articles of Incorporation and each shall hold office until his successor is chosen and qualified, unless sooner removed as provided in the Articles of Incorporation. All officers shall be elected or appointed from resident members.

Section 2. Powers and Duties of Officers. The powers and duties of the respective officers shall be as follows:

- A. President. The president shall be the principal executive officer of the corporation and shall in general supervise and control the business and affairs of the corporation. He shall preside at all meetings of the members of the Board of Directors. He may sign, with the secretary, or any other proper officer of the corporation authorized by the Board of Directors, any deed, mortgages, bonds, contracts, or other instruments which the Board of Directors have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the corporation, and in general he shall perform all duties incident to the office of president and such other duties as the Board of Directors may from time to time prescribe.
- B. Vice-President. In the absence of the president, or in the event of the refusal or inability of the president to act, the vice-president shall have the powers of the president. The vice-president shall also perform such other duties as from time to time may be assigned to him by the Board of Directors.
- C. Treasurer. The treasurer shall have charge and custody of and the responsibility for all

funds and securities of the corporation; he shall receive and account for all monies coming to the corporation, keep all records thereunto appertaining, and in general perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

- D. Secretary. The secretary shall keep the minutes of the meetings of the members and of the Board of Directors in books provided for that purpose; he shall see that all notices are duly given, he shall be the custodian of the corporate records and of the Seal of the corporation and see that the Seal is affixed to all document executed by the corporation; he shall keep a register of all members with their current post office address and he shall in general perform all duties incident to the office of secretary and such other duties as from time to time be assigned to him by the Board of Directors.

Section 3. Other Officers and Committees. The Board of Directors may from time to time appoint assistants to any officer of the corporation and may designate and appoint such committees for the transaction of the business of the corporation as the circumstances may in their discretion require.

ARTICLE VII

INDEBTEDNESS

The Board of Directors shall not make any capital outlay in excess of \$500.00 during any fiscal year without prior concurrence of three-fourths of members. The Board of Directors may expend corporate funds and obligate the corporation in such amounts as may be necessary to maintain and repair existing facilities.

The highest amount of indebtedness to which the corporation may subject itself shall be \$50,000.00.

ARTICLE VIII

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these By-Laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, etc. All checks, drafts, or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the treasurer and counter-signed by the president.

Section 3. Deposits. All funds of the corporation shall be deposited from time to time to the

credit of the corporation in such banks as the Board of Directors may select, unless the members shall otherwise direct the investment of such moneys.

ARTICLE IX

DUES AND ASSESSMENTS

Section 1. Dues. Dues payable to the corporation by its members, their lessees or assigns, shall be fixed according to the needs of the corporation *by three-fourths of the membership eligible to vote, at any annual meeting or at any special meeting called for this purpose*, without differentiation or discrimination between the members, subject to the following limitations:

- (a) Dues may be adjusted and fixed at a lower rate for resident members temporarily not occupying their dwelling.
- (b) Dues may be adjusted and fixed at a lower rate for non-resident members owning habitable dwellings which are unoccupied.
- (c) Dues may be adjusted and fixed according to the area occupied with respect to a member utilizing more than one lot for a habitable dwelling.
- (d) There shall be no obligation upon any non-resident member not owning a habitable dwelling within the subdivision to pay any dues to the corporation, unless such member shall elect to exercise the rights and privileges of membership as provided in subparagraph (d) of Section 4 of Article III of these By-Laws. The Board of Directors shall fix the rate at which dues shall be payable for any such member electing to vote or exercise any rights and privileges of membership as provided in said subparagraph (d) of Section 4 of Article III of these By-Laws.

Section 2. Special Assessments. At any meeting of the corporation called for that purpose, the corporation may impose special assessments against each member for any lawful purpose of the corporation. Whenever in their discretion a special assessment is required, the Board of Directors shall by resolution call a meeting of the members for a day certain and give notice of the place, date and hour thereof, at least thirty (30) days prior to the time fixed, provided however, that the members may by majority vote at any regular or special meeting, call a meeting for such purpose to be held not less than thirty (30) days thereafter, provided that written notice of said meeting and the purpose for which called shall be mailed to each member of the corporation at his or her address of record with the corporation at least thirty (30) days prior thereto.

No action shall be taken at any such meeting unless members or their proxies representing three-fourths of the voting memberships of the corporation are present. Each member present, or his or her proxy, shall be entitled to one vote for each lot owned by him or her, except members owning property jointly as defined in Section 1 of Article III shall have their vote divided and counted as provided in Section 5 of Article III. No special assessment shall be imposed except upon the affirmative vote of three-fourths of the voting membership of the corporation.

Section 3. Payment of Dues and Assessments. Dues shall be paid monthly in advance on the first day of each month. *A late fee of \$5.00 per month for each month past due, or a higher amount set by three-fourths of the members eligible to vote, shall be charged to any member whose dues are past due by 30 days.* Special assessments shall be paid at such time or times as the Board of Directors may elect.

Section 4. Default. When any member of any class shall be in default in the payment of dues or assessments, his membership may be suspended in the manner provided in Section 7 of Article III of these By-Laws.

ARTICLE X

BOOKS AND RECORDS

The corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board of Directors, and committees having any of the authority of the Board of Directors. All books and records of the corporation may be inspected by any member, or his agent or attorney for any proper purpose at any reasonable time.

ARTICLE XI

FISCAL YEAR

The fiscal year of the corporation shall begin on the 1st day of January and end on the last day of December in each year.

ARTICLE XII

AMENDMENT

These By-Laws may be altered, amended or revised as provide in Article 12 of Articles of Incorporation.

SAMALAYUCA IMPROVEMENT ASSOCIATION SPECIAL MEETING
May 12, 1997

Foster Knutson called the meeting was to order at 7:12 P.M. A quorum was established with 33 members present and 10 eligible proxies.

Foster began by introducing our newest neighbor, Denise Saunders, to the group. He then shared general comments regarding new residents and changes in Board duties brought about by property ownership changes. The hole in the fence on the north side of the pool was duly noted. He also thanked Ken Stockton for the treated floor in the clubhouse. Ken remarked that he is still having trouble getting someone to install the pool float.

The year-to-date budget status was reviewed; there were no other reports.

Jeff Schlegel gave background information on how changes came about in the legal documents. First the Board asked the neighbors to submit suggestions for changes. Other issues came before the Board that needed clarification, and the Board itself saw areas that needed updating. The original documents were written in 1955, and there were minor updates from time to time, the last being in 1982. Jeff reviewed the legal documents from several other Associations and decided to make minor changes to ours as necessary. There are three documents that govern the Association: Articles of Incorporation, By-laws, and Declaration of Protective Covenants. Each was reviewed individually. Jeff explained that no changes were needed in the Articles of Incorporation, but recommended the following in the By-laws and Protective Covenants.

By-Laws:

Date for the Annual Meeting. This change was proposed so that the annual meeting would not interfere with the 3-day holiday weekend.

Annual Meeting. An annual meeting of the members shall be held on the fourth Monday in January of each year...

Motion made by Jeff Schlegel; Seconded by T. P. McWilliams, and passed unanimously.

Setting and Changing Dues. This change allows the members to set dues and removes old limits.

Dues. Dues payable to the corporation by its members, their lessees or assigns, shall be fixed according to the needs of the corporation by three fourths of the membership eligible to vote, at any annual meeting or at any special meeting called for this purpose, without differentiation or discrimination between the members...

Motion made by Jeff Schlegel, Seconded by Phil Volk

Loren Hamlin asked for a clarification of eligible members. After discussion, it was agreed that eligible members are those whose dues are current. This motion passed unanimously.

Late fee for dues. This change set a late fee for dues that are 30 days or more past due.

Payment of Dues and Assessments. Dues shall be paid monthly in advance on the first day of each month. *A late fee of \$5.00 per month for each month past due, or a higher amount set by three fourths of the*

6. No chain link or wire fence shall be erected in the front yard of any building lot. No fence or wall shall be erected on said property over six (6') feet in height, unless required by law or approved by the Board of Directors.

The motion was made by Jeff Schlegel and seconded by Jim Toole; the motion carried unanimously.

Appearance and Upkeep. This section encourages members to maintain their properties and keep them safe and clean. This proposed addition becomes a new section, 9; this changes the numbers of all sections that follow.

9. *All buildings and lots are to be maintained in good, safe, and clean conditions. Unsafe or unsightly conditions, such as unlicensed or inoperable vehicles, brush piles, improperly stored trash or rubbish, or buildings in disrepair, are prohibited.*

The motion was made by Jeff Schlegel and seconded by Mike Stanghellini.

There was a question from the floor regarding recourse for violations. Jeff explained that there are probably ordinances that address these issues, but this will bring the requirement before each land owner at least once, when they purchase their property and are given Association documents by the title company. Ken Stockton asked to change the words from "abandoned vehicles" to "unlicensed or inoperable"; Jeff and Mike agreed. The motion carried unanimously.

Building projects to be approved by the Board. These changes clarify which building projects must be submitted to and approved by the Board of Directors.

11. No building shall be erected, placed, *added to*, or altered on the exterior on any lot in said subdivision until the construction plans, specifications and location plan have been submitted to and approved by the Board of Directors of the Samalayuca Improvement Association, Inc. *All projects affecting the exterior of the building and requiring a building permit must be submitted to and approved by the Board of Directors.*

The motion was made by Jeff Schlegel and seconded by Edie Volk.. The change passed with 41 in favor and 1 against.

Jeff Schlegel asked if there were any further amendments. There were none. A clarification on the use of Area A was requested. Also, the question of liability to the Association if an activity carried a fee. Lauren Hamlin moved and Matt Lee seconded that the Board determine from our insurance company if fee activities are covered by our liability policy. If not, these activities will be prohibited. This motion carried with 40 members in favor and 2 against.

John Pearson moved that dues be increased from \$60.00 to \$65.00 per month as of June 1 to establish a \$60,000 reserve fund to meet the capital needs of the Association. The motion was seconded by Bev Boyd. Jeff explained what the major cyclic needs are e.g. water system, water well, painting buildings, fence, etc. The motion carried with 42 members in favor and 1 against.

There was no further business and the meeting was adjourned at approximately 9 P.M.