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**BYLAWS**  
**OF**  
**LOCKETT RANCHES OWNERS ASSOCIATION**

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BYLAWS  
OF  
LOCKETT RANCHES OWNERS ASSOCIATION

Article I

Name, Membership, Applicability, and Definitions

Section 1. Name. The name of the Association shall be Lockett Ranches Owners Association (hereinafter sometimes referred to as the "Association").

Section 2. Principal Office. The principal office of the Association shall be located within Lockett Ranches or in a nearby community, as determined by the Board of Directors.

Section 3. Definitions. The words used in these Bylaws shall have the same meaning as set forth in that Declaration of Covenants, Conditions, and Restrictions for Lockett Ranches (said Declaration, as amended, renewed, or extended from time to time, is hereafter sometimes referred to as the "Declaration").

Article II

Association: Meetings, Quorum, Voting, Proxies

Section 1. Membership. The Association shall have two (2) classes of membership, Class "A" and "B," as more fully set forth in that Declaration, the terms of which pertaining to membership are specifically incorporated herein by reference.

Section 2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors either within Lockett Ranches or in a nearby community, as determined by the Board of Directors.

Section 3. Annual Meetings. The first meeting of the Members, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Association. The next annual meeting shall be set by the Board so as to occur no later than ninety (90) days after the anniversary date of the First Meeting of Members. Subsequent regular annual

meetings of the Members shall be held within thirty (30) days of the same day of the same month of each year thereafter at an hour set by the Board. Subject to the foregoing, the annual meeting of the Members shall be held at a date and time as set by the Board of Directors.

Section 4. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by at least twenty-five percent (25%) of the total votes of the Association.

Section 5. Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of the Members shall be hand-delivered to the mailing address for the Member's Tract or mailed to the Member, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary or the persons calling the meeting. If mailed, the notice of meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at the address of his or her Lot or at such other address as designated in writing by the Member which appears on the records of the Association, with postage thereon prepaid. In the case of a special meeting or when required by statute or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

Section 6. Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 7. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than

thirty (30) days from the time the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that at least twenty-five percent (25%) of the total votes of the Association remains present in person or by proxy, and provided further that any action taken shall be approved by at least a majority of the Members required to constitute a quorum.

Section 8. Voting. The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein.

Section 9. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his or her Lot or upon receipt of notice by the Secretary of the Board of the death or judicially declared incompetence of a Member or upon the expiration of eleven (11) months from the date of the proxy.

Section 10. Majority. As used in these Bylaws, the term "majority" shall mean those votes, owners, or other group as the context may indicate totaling more than fifty percent (50%) of the total number.

Section 11. Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence in person or by proxy of one-third (1/3) of the Members shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring thereat.

Section 13. Action Without A Meeting. Any action required by law to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Members entitled to vote with respect to the subject matter thereof, and such consent shall have the same force and effect as a unanimous vote of the Members.

### Article III

#### Board of Directors: Number, Powers, Meetings

##### A. Composition and Selection.

Section 1. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors. Except as provided in Section 2 of this Article, the Directors shall be Members or spouses of such Members; provided, however, no person and his or her spouse may serve on the Board at the same time.

Section 2. Directors During Declarant Control. The Directors shall be selected by the Declarant acting in its sole discretion and shall serve at the pleasure of the Declarant so long as the Class "B" membership exists, as set forth in the Declaration, unless the Declarant shall earlier surrender its right to select Directors. The Directors selected by the Declarant need not be Members, Owners or residents within Lockett Ranches. After the expiration of Declarant's right of appointment, all Directors must be Members of the Association.

Section 3. Veto. This Section 3 may not be amended without the express, written consent of the Declarant until the Class B membership of the Declarant is terminated.

Until the termination of the Class "B" membership, the Declarant shall have a veto power over all actions of the Board and the Design Review Committee, as is more fully provided in this Section, unless earlier surrendered. This veto power shall be exercisable only by Declarant, its successors, and assigns who specifically take this power in a recorded instrument. The veto shall be as follows:



No action authorized by the Board of Directors or Design Review committee shall become effective, nor shall any action, policy, or program be implemented until and unless:

(a) Declarant shall have been given written notice of all meetings and proposed actions approved at meetings of the Board or Design Review Committee by mail or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice complies as to Board of Directors meetings with Article III, Sections 9, 10, and 11, of these Bylaws and which notice shall, except in the case of the regular meetings held pursuant to the Bylaws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) Declarant shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program to be implemented by the Board or the Design Review Committee. Declarant and its representatives or agents shall make its concerns, thoughts, and suggestions known to the members of the Board or the Design Review Committee. At such meeting, Declarant shall have and is hereby granted a veto power over any such action, policy, or program authorized by the Board or Design Review Committee. Said veto may be exercised by Declarant, its representatives, or agents at the meeting held pursuant to the terms and provisions hereof. Any veto power shall not extend to require any action by the Board or Committee.

Section 4. Number of Directors. The number of Directors in the Association shall be not less than three (3) nor more than seven (7), as the Board of Directors may from time to time determine by resolution. The initial Board shall consist of three (3) members.

Section 5. Nomination of Directors. Except with respect to Directors selected by the Declarant, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Members to serve until the close of such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its

discretion determine, but in no event less than the number of vacancies or terms to be filled. Nominations shall be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Section 6. Election and Term of Office. Notwithstanding any other provision contained herein:

At the first annual meeting of the membership after the termination of the Class "B" membership and at each annual meeting of the membership thereafter, Directors shall be elected.

The initial terms of the Directors shall be fixed at the time of their election as they among themselves shall determine. So long as there are three (3) Directors but not more than five (5), the term of one (1) Director shall be fixed at one (1) year, the term of one (1) Director shall be fixed at two (2) years, and the term of one (1) Director shall be fixed at three (3) years. So long as there are six (6) or more Directors, there shall be concurrent terms for no less than two (2) members. At the expiration of the initial term of office of each respective member of the Board of Directors, a successor shall be elected to serve for a term of three (3) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association.

Section 7. Removal of Directors and Vacancies. Unless the entire Board is removed from office by the vote of the Association Members, an individual Director shall not be removed prior to the expiration of his or her term of office if the number of votes cast against his or her removal would be sufficient to elect him or her if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Directors authorized at the time of the more recent election of Directors were than being elected. A Director who was elected solely by the votes of Members other than the Declarant may be removed from office prior to the expiration of his or her term by the votes of a majority of Members other than the Declarant.

In the event of death or resignation of a Director, his or her successor shall be selected, subject to any right of the Declarant to appoint the successor, by a majority of the remaining members of the Board and shall serve for the unexpired term of the predecessor.

Section 8. Voting Procedure for Directors. The first election of the Board shall be conducted at the first meeting of the Association. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected.

B. Meetings.

Section 9. Organization Meetings. The first meeting of the members of the Board of Directors following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board.

Section 10. 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 by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of the time and place of the meeting shall be communicated to Directors not less than ten (10) days prior to the meeting; provided, however, notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 11. Special Meetings. special meetings of the Board of Directors shall be held when called by written notice signed by the President, Vice President, or Secretary of the Association, or by any two (2) Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a person at the Director's office or home who would reasonably be expected to communicate such notice promptly to the Director; or (d) by facsimile transmission, charges prepaid. All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the Association. Notices sent by first class mail shall be deposited in the United States mail at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or facsimile shall be delivered, telephoned, or transmitted at least forty-eight (48) hours before the time set for the meeting.

Section 12. Waiver of Notice. The actions taken at any meeting of the Board of Directors, however called, noticed or held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 13. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 14. Compensation. No Director shall receive any compensation from the Association for acting as such unless approved by a majority vote of the total vote of the Members of the Association at a regular or special meeting of the Association.

Section 15. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings.

Section 16. Open Meetings. All meetings of the Board shall be open to all Members, but Members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board.

Section 17. Executive Session. The Board may, with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to receive legal advice or discuss and vote upon employment or personnel matters, pending or contemplated litigation in which the

Association is or may become involved or matters related to enforcement of the Association's documents or rules. The general nature of any and all business to be considered in executive session shall first be announced in open session.

Section 18. Action Without a Formal Meeting. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

Section 19. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these Bylaws directed to be done and exercised exclusively by the Members.

The Board of Directors shall delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of a managing agent or manager, if any, which might arise between meetings of the Board of Directors.

In addition to the duties imposed by these Bylaws or by any resolution of the Association that may be hereafter adopted, the Board of Directors shall have the power to and be responsible for the following, in way of explanation, but not limitation:

(a) preparation and adoption of the annual budget of the Common Expenses;

(b) making Regular Assessments, Special Assessments and Capital Improvement Assessments, establishing the means and methods of collecting such Assessments, and establishing the due dates of the installment payments of the Regular Assessments. Unless otherwise determined by the Board of Directors, the Regular Assessments shall be payable in equal quarterly installments, each such installment to be due and payable in advance on the first day of each quarter;

(c) providing for the operation, care, upkeep, and maintenance of Private Roads, pedestrian and equestrian easements and any entrance gates or other improvements.

(d) designating, hiring, and dismissing the personnel necessary for the care, upkeep and maintenance of the Private Roads, pedestrian and equestrian easements and any entrance gates or other improvements and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

(e) providing for pick-up of litter;

(f) providing for snow removal;

(g) providing for security;

(h) collecting the Assessments, opening bank accounts and authorizing signers, and using the proceeds to administer the Association;

(i) making and amending rules and regulations;

(j) enforcing by legal means the provisions of the Declaration, these Bylaws, the Design Guidelines and the rules and regulations adopted by it or any committee and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(k) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(l) paying the cost of all services rendered to the Association or its Members and not chargeable to Owners;

(m) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Owners and mortgagees, their duly authorized agents, accountants, or attorneys, during general business hours on working days at the time and in a manner that shall be set and announced by the Board of Directors for the general knowledge of the Owners. All books and records shall be kept in accordance with generally accepted accounting practices;

(n) make available to any prospective purchaser of a Tract, any Owner of a Tract, any Mortgagee, and the holders, insurers, and guarantors of a Mortgage on any Tract, current

copies of the Declaration, the Articles of Incorporation, the Bylaws, the Design Guidelines and rules governing the Tract, and all other books, records, and financial statements of the Association; and

(q) permit utility providers to use portions of the Private Roads reasonably necessary to the ongoing development or operation of Lockett Ranches.

Section 20. Management Agent.

(a) The Board of Directors may employ for the Association a professional manager or agent at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the manager or agent, subject to the Board's supervision, all of the powers granted to the Board of Directors by these Bylaws, other than the powers set forth in subparagraphs (a), (b), (i), and (j) of Section 19 of this Article. The Declarant, or an affiliate of the Declarant, may be employed as manager or agent.

(b) No management contract may have a term in excess of three years and must permit termination by either party without cause and without termination fee on not more than ninety (90) days' written notice.

Section 21. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform with established AICPA guidelines and principles, which require, without limitation, (i) a segregation of accounting duties, (ii) disbursements by check requiring two (2) signatures, and (iii) cash disbursements limited to amounts of Fifty Dollars (\$50.00) and under;

(c) no remuneration shall be accepted by the manager or agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;

(d) any financial or other interest which the manager or agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors; and

(e) commencing at the end of the month in which the first Tract is sold and closed, annual financial reports shall be prepared for the Association to be distributed to the Members within ninety (90) days following the end of the fiscal year containing:

(i) an income statement reflecting all income and expense activity for the preceding twelve (12) months on an accrual basis;

(ii) an account activity statement reflecting all receipt and disbursement activity for the preceding twelve (12) months on an accrual basis;

(iii) an account status report reflecting the status of all accounts in an "actual" versus "approved" budget format with a budget report reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten percent (10%) of a major budget category (as distinct from a specific line item in an expended chart of accounts);

(iv) a balance sheet as of the last day of the Association's fiscal year and a statement of changes in financial position for the fiscal year;

(v) a delinquency report listing all owners who have been delinquent during the preceding twelve (12) month period in paying the quarterly installments of Regular Assessments and who remain delinquent at the time of the report and describing the status of any action to collect such installments which remain delinquent (A quarterly installment of a Regular Assessment shall be considered to be delinquent on the thirtieth (30th) day after it becomes due). Ordinarily, the annual report referred to above shall be prepared by an independent accountant for any fiscal year in which the gross income to the Association exceeds Twenty Thousand Dollars (\$20,000.00). If said report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association.



Section 22. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of repair, restoration or replacement of the Private Roads and Entrance Gates without the approval of the Members of the Association; provided, however, the Board shall obtain membership approval in the same manner provided in the Declaration for Capital Improvement Assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed fifty percent (50%) of the budgeted Common Expenses of the Association for that fiscal year.

Section 23. Rights of the Association. With respect to the Private Roads, pedestrian and equestrian easements and entrance gates or other improvements and with respect to other Association responsibilities, and in accordance with the Declaration, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with other community, neighborhood and homeowners associations, both within and without Lockett Ranches.

Section 24. Hearing Procedure. The Board shall not impose a fine, suspend voting, make a Special Assessment or infringe upon any other rights of a Member or other occupant for violations of rules unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:

(i) the alleged violation;

(ii) the action required to abate the violation; and

(iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a sanction after notice and hearing if the violation occurs again.

(b) Notice. At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same violation subsequently occurs, the Board or its delegate shall serve the violator with written

notice of a hearing to be held in executive session by the Board of Directors or a committee thereof appointed for such purpose. The notice shall contain:

- (i) the nature of the alleged violation;
- (ii) the time and place of the hearing, which time shall not be less than ten (10) days from the giving of the notice;
- (iii) an invitation to attend the hearing and produce any statement, evidence, and witness on his or her behalf; and
- (iv) the proposed sanction to be imposed.

(c) Hearing. The hearing shall be held in executive session pursuant to this notice affording the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(d) Appeal. Following a hearing before a committee of the Board of Directors appointed for such purpose, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the President or Secretary of the Association within thirty (30) days after the hearing date.

#### Article IV

##### Officers

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. The Board of Directors may elect such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person, excepting the offices of

President and Secretary. The President and Treasurer shall be elected from among the members of the Board of Directors.

Section 2. Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members, as herein set forth in Article III. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

Section 5. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two (2) officers.

## Article V

### Committees

Section 1. General. Committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present are hereby authorized. Such committees shall perform such duties and have such powers as may be provided in the resolution. Each committee shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors. Each committee shall elect a chairman from among its members who shall preside at its meetings and who shall be responsible for transmitting any and all communications to the Board of Directors.

## Article VI

### Miscellaneous

Section 1. Fiscal Year. The initial fiscal year of the Association shall be set by resolution of the Board of Directors.

Section 2. Parliamentary Rules. Except as may be modified by Board resolution establishing modified procedures, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with Arizona law, the Articles of Incorporation, the Declaration, or these Bylaws.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of Arizona law, the Articles of Incorporation, the Declaration, and these Bylaws, the provisions of Arizona law, the Declaration, the Articles of Incorporation, and the Bylaws (in that order) shall prevail.

Section 4. Books and Records.

(a) Inspection by Members and Mortgagees. The Declaration and Bylaws, membership register, books of account, and minutes of meetings of the Members, the Board, and committees shall be made available for inspection and copying by any mortgagee, Member of the Association, or by his or her duly appointed representative at any reasonable time and for a purpose

reasonably related to his or her interest as a Member at the office of the Association or at such other place within the Subdivision as the Board shall prescribe.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents at the expense of the Association.

Section 5. Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or sent by mail, first class postage prepaid:

(a) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such owner; or

(b) if to the Association, the Board of Directors, or the Managing Agent, at the principal office of the Association or the Managing Agent, if any, or at such other address as shall be designated by the notice in writing to the owners pursuant to this Section.

Section 6. Amendment. These Bylaws may be amended only by the affirmative vote (in person or by proxy) or written consent of Members representing a majority of the total votes of the Association.