

HIGHLAND PINE PROPERTY OWNERS, INC.

AMENDED BY-LAWS (*Revised 6 – 2010*)

[As retyped May 2024, including correcting typos]

ARTICLE 1

Purpose

SECTION [1]

The general nature of business to be transacted and the objectives and purposes of the Association are to insure protection of property values, preserve our aesthetics, and take such action as may deemed necessary for the benefit of the property owners.

ARTICLE II

Offices

SECTION 1. Principal Offices: the principal offices of the Association shall be in the County of Yavapai, State of Arizona

SECTION 2. Other Offices: The Association may establish offices at such other places within the State of Arizona as the Board of Directors may from time to time designate [.]

ARTICLE III

General Tenets

SECTION 1. **Eligibility for Membership:** Full voting membership in the Association shall be limited to record owners of equitable title, or legal title if equitable title has merged, of property within the limits of the development of Highland Pines, and the contiguous properties as shown on the map in appendix A [none attached to original 2010 version], with the exception of parcels 100-01-005 and 100-01-109A, who have paid their membership fee, with one (1) vote per property. Non[-]voting membership shall be limited to non-owner occupants of the previously defined property. Non-voting members shall not be eligible for election to the Board of Directors. Eligibility will be determined by the Board of Directors[.]

SECTION 2. **Membership Fee:** Membership fee for this Association shall be determined by the Board of Directors. The membership year shall be May 1 to April 30. After November 1st, the initial membership fee for a new member for the current year will be half the current membership fees for that year only.

Section 3. Fiscal Year: For the purpose of accounting for funds and reporting to regulatory agencies, the fiscal period of the Association shall he [be] from July 1, through June 30.

Section 4. **Accounting/Recording/Reporting:** A reasonable system of recording the financial activities of the Association, including appropriate documentation, shall be maintained and/or caused to be

maintained by the Board. A reporting of the current financial position shall be made at each regularly scheduled Board meeting and the Annual Meeting. Appropriate internal controls shall be instituted.

SECTION 5. **Audit:** The Board of Directors shall cause to be conducted periodic financial audits internal or external of financial reviews as it may deem necessary.

SECTION 6. **Minutes:** Minutes of the Annual Meeting, General Meeting, and any Special Meetings will be mailed to the members within a reasonable time following such meetings. Minutes of the Board of Directors meetings will be posted on the Association bulletin board(s) and mailed to the members who have paid a reasonable mailing fee as determined by the Board.

ARTICLE IV

Members of the Association

SECTION 1. **Annual Meeting:** the Annual Meeting of the membership of the Association will be held on a *Saturday* between May 15 and June 15 as designated by the Board of Directors, each year at Highland Pines or at such other location as may be designated by the Board of Directors[.] The Board of Directors shall give or cause to be given notice of such meeting by mail (including via inclusion in the Association's Newsletter) or hand delivery at least ten (10) [omit extra]) days prior to such meeting to each member of the Association at their last known address of record.

SECTION 2. **General Meeting:** A General Meeting of the membership of the Association will be held on a *Saturday* between August 15 and September 15 each year as designated by the Board of Directors, each year at Highland Pines or at such other location as may be designated by the Board of Directors. The Board of Directors shall give or cause to be given notice of such meeting by mail (including via inclusion in the Association's Newsletter) or hand delivery at least ten (10) [omit extra]) days prior to such meeting to each member of the Association at their last known address of record.

SECTION 3. **Special Meetings:** Special Meetings of the membership of the Association for any purpose(s) other than those regulated by the by-laws may be called by the President[,], by resolution of the Board of Directors or upon petition signed by twenty-five (25) percent of the voting membership of the Association. Such petition shall clearly state the purpose(s) of such proposed meetings and shall be submitted to the Board of Directors prior to such meeting,

SECTION 4. **Notice of Special Meeting:** The President or Secretary shall give or cause to be given notice of the time, place, and purpose of holding such meeting by mailing or hand delivering such notice at least fourteen (14) days prior to such meetings to each voting member of the Association at the address of each member as it appears in the records of the Association.

SECTION 5. **Quorum:** The presence, either in person or by absentee ballot of at least twenty-five (25) members of the Association shall constitute a quorum for an Annual, General or Special Meeting.

SECTION 6. **Voting Rights and Procedures:** Each member of the Association being present in person or absentee ballot shall be entitled to one vote. Absentee ballot[s] must be in writing, dated for a specific

meeting and must be filed with the Secretary of the Association prior to such meeting. The tellers appointed by the Board of Directors shall read the names and number of votes cast for each candidate.

SECTION 7. Adjournment of Meetings: If the number of members necessary to constitute a quorum shall fail to attend in person or by absentee ballot at the time and place of the meetings, the Chairman of the meeting may adjourn the meeting without notice other than an announcement at the meeting, until the necessary number of members shall be present, at which time any and all business may be transacted which might have been transacted at the original meeting.

ARTICLE V

Directors

SECTION 1. Board of Directors: The business and affairs of the this Association shall be managed, controlled and conducted by the Board of Directors. The Board of Directors as elected at Annual Meeting shall be composed of nine (9) members in good standing with the Association.

SECTION 2. Powers and Duties: The Board of Directors shall have the powers and duties necessary for administration of the affairs of the Association. The Board of Directors may effect any actions deemed necessary for the good of the Association if not denied by law or these by-laws.

SECTION 3. Election and Term of Office: The term of the Directors named in the by-laws of the Association shall be for a period of three (3) years. Directors will be elected to replace Directors whose terms are expiring each year. Consideration shall be given to balance the number of term expirations each year.

SECTION 4. Vacancies: Vacancies on the Board of Directors caused by any reason shall be filled by a vote of the majority of remaining Directors. The Director so elected to such vacancy shall serve for the remainder of the term of the Director he/she replaces, or until he/she is removed through the same method as appointment: that is by vote of the majority of the remaining Directors.

SECTION 5. Removal of Directors: At any Annual, General, or Special Meeting of the members of the Association, any one or more of the Directors may be removed with or without cause at any time by an affirmative vote of the entire membership being present at the meeting or represented by absentee ballot, each voting member being entitled to one vote per Director being considered to be removed. Any Director whose removal has been proposed by the members shall be given [given] an opportunity to be heard at the meeting. The item must be published as an agenda item and Board Member(s) must be notified in writing.

SECTION 6. Compensation: No compensation shall be paid to Directors for their services as Directors. A member may be reimbursed for the actual cost incurred in behalf of the Association provided a Board resolution is passed authorizing such remuneration prior to the date such service is performed.

SECTION 7. **Organization Meeting:** The first meeting of the newly elected Board of Directors shall be held within ten (10) days after election at a time and place as shall be fixed at the meeting at which the Directors were elected.

SECTION 8. **Quorum:** A majority of the Board of Directors shall constitute a quorum for the transaction of business.

SECTION 9. **Action Taken Without a Meeting:** The Directors shall have the right to take any action, the absence of a meeting, which they could take at the meeting, by obtaining prior written approval of all the Directors. Such written approval may take the form of an email communication in response to an email initiated by either the President or the Secretary of the Board which fully and accurately describes the proposed action to be taken.

SECTION 10. **Fiduciary Responsibilities of Individual Directors:** A fiduciary relationship is one in which property and or other power is entrusted in one person for the benefit of others, not unlike representative democracy. Each Director has a fiduciary duty to the Association[. B]y accepting this office, each Director agrees to act in good faith to give the Association the benefit of his/her judgement and to act solely in the interests of the Association.

This relationship is not without potential liability. Each Director is bound by law to be diligent with respect to the management and administration of the Association. A Director can be held liable for losses resulting from neglect of duty in this regard.

Each Director must act to ensure, as one member of the Board, that funds are expended [expended] only for Association purposes. If a Director causes funds to be expended for a non-Association purpose, said Director can be held personally accountable.

Each Director owes the Association members, officers, and other Directors the duty of full disclosure of information relating to the business of the Association. "Self-dealing" contracts represent a conflict of interest and are voidable by the Association.

Any matter under consideration by the Board which involves a personal interest on the part of a Director shall cause said Director to remove herself/himself from discussion and voting on the matter.

If a Director acts in good faith on an informed basis and is in the honest belief that an action was taken in the best interest of the Association, then, in the event of a lawsuit, the "business judgement rule" may be a reasonable defense. In an effort to reconcile the goals of accountability and Directors' discretion, courts have created the doctrine of the business judg[e]ment rule, under which Directors are not liable for mere errors of judg[e]ment while acting in good faith within the scope of the Association's business.

SECTION 11. **Code of Ethics:** A reasonable code of ethics shall be adopted and agreed to by each Director. It shall incorporate an agreement to adhere to all state, county and IRS laws and regulations, additionally, it shall include a pledge of cooperation to achieve the goals and objectives of the Association.

SECTION 12. **Indemnification/Personal property Exemption/Responsibility:** The Association shall indemnify any and all of its Directors and former Directors against any claims, damages and expenses incurred by them or levied against them for actions and/or omissions alleged to have been committed by them while serving and acting as a Director provided that the Board of Directors or a court of law determined in good faith that the Director(s) did not act with fraudulent or criminal intent, or through gross negligence, in regard to the matter involved in the action.

The private property of the incorporators, Directors, and former Directors shall be exempt from liability for all corporate debts and obligations whatsoever.

The Board of Directors may employ such agents, employees, or attorneys as, in its opinion, shall be necessary to transact the business of the corporation. No Director shall be responsible for default of said agents, employees, or attorneys or misconduct of any other Director, or his successor, nor shall any Director be responsible for fraud or negligence of another Director.

ARTICLE VI

Officers

SECTION 1. **Designation:** The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. The duties of the Secretary and the Treasurer may be fulfilled by one person at the discretion of the Board of Directors. Other positions may be created if deemed necessary by the Board of Directors.

SECTION 2. **Election of Officers:** The Officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of the new Board.

SECTION 3. **Removal of Officers:** Upon an affirmative vote of the majority of the members of the Board of Directors, any Officer may be removed, either with or without cause, and her/his successor elected at any regular or special meeting of the Board of Directors. The successor(s) may be removed in the same manner by a majority vote of the remaining Directors.

SECTION 4. **Vacancies:** A vacancy in any office may be filled in a manner prescribed for regular election. The Officer so elected to such vacancy shall serve for the remainder of the term of the officer she/he replaces unless removal is instituted in accordance with Section 3 of this Article.

SECTION [5]. **Compensation:** No compensation shall be paid to Officers for their services as Officers. An Officer may be reimbursed for the actual cost incurred in behalf of the Association provided a Board resolution is passed authorizing such remuneration prior to the date such service is performed.

ARTICLE VII

Amendment of By-Laws

These by-laws may be amended by the affirmative vote of the members present or by absentee ballot at any Annual, General or Special Meeting of the membership provided that a quorum prescribed in Article

IV, Section 5, herein, is present or represented by absentee ballot [at] any such meeting. These by-laws may not be amended insofar as such amendment would be inconsistent with the recorded restriction of the property. The President and/or Secretary shall give or cause to be given notice of the time, place and/or purpose of holding such a meeting by mailing or hand delivering such notice to the address of each member as it appears upon the records of the Association.