

Amended and Restated  
BY-LAWS  
OF  
VALLEY RANCH PATIOS, INC.  
An Arizona nonprofit corporation  
As of February 11, 2010

BY-LAWS

OF

VALLEY RANCH PATIOS, INC.  
(an Arizona nonprofit corporation)

1. DEFINITIONS

Unless the content clearly indicates a different meaning, the following as used in these By-Laws are defined as follows:

1.01 Articles.

“Articles” means the Articles of Incorporation of Valley Ranch Patios, Inc., which are filed in the Office of the Arizona Corporation Commission, as the same may be amended from time to time.

1.02 Council.

“Council” means the governing body, or Board of Directors, of VALLEY RANCH PATIOS, INC., as elected pursuant to these By-Laws.

1.03 Declaration.

“Declaration” means the Declaration of Restrictive Covenants for All Patio Home Lots in Hidden Valley Ranch, a Planned Area Development in the City of Prescott, Arizona, recorded in Book 1352 of Official Records, Pages 380 to 424, inclusive, of official records of the County Recorder of Yavapai County, Arizona, as the same may be amended from time to time.

1.04 Developer.

“Developer” means HVR, LIMITED, an Arizona limited partnership, and the successors and assigns of the partnership of any of its interest in the property for the purpose of development.

1.05 Group.

“Group” means VALLEY RANCH PATIOS, INC., an Arizona nonprofit corporation, its successors and assigns, formed as an entity through which the owners may act in accordance with the DECLARATION OF RESTRICTIVE COVENANTS, Articles and By-LAWS.

1.06 Lot.

“Lot” means a patio home lot designated and legally described freehold estate as platted on the plats recorded and to be recorded for HIDDEN VALLEY RANCH, a Planned Area Development, in the Office of the Yavapai Co County Recorder. Such patio home lots will be designated on recorded plats with the letter “P” followed by a lot number.

1.07 Master Declaration.

“Master Declaration” means Declaration of Restrictive Covenants for All Phases of Hidden Valley Ranch, a Planned Area Development, in the City of Prescott, Arizona, as recorded in Book 1257, Page 598, of official records in the Office of the County Recorder of Yavapai County, Arizona and as hereafter amended.

1.08 Owner.

“Owner” means the Developer or the record owner, whether one or more persons or entitled (including, but not limited to Developer), of equitable title or legal title (if equitable title has merged therewith) to a lot located within the property. Owner does not include a person or entity who or which holds an interest in a lot merely as security for the performance of an obligation. In the case of a lot, the fee simple to which is vested of record in a trustee pursuant to Arizona Revised Statutes, par.33-801, et seq., legal title shall be deemed to be the trustor.

1.09 Property.

“Property” or “Properties” means all Patio Home Lots in Hidden Valley Ranch, a Planned Area Development in the City of Prescott, Arizona, and such additions thereto as may be brought within the jurisdiction of the Group.

2. OFFICES AND CORPORATE SEAL

2.01 Principal Office.

The principal office of the Group shall be Post Office Box 660, Prescott, Arizona 86302, or such other places in Prescott, Arizona, as the Council may hereafter designate.

2.02 Other Offices.

The Group may also maintain offices as such other place or places in Prescott, Arizona, as may be designated from time to time by the

Council, and the business of the Group may be transacted at such other offices with the same effect as that conducted at the principal office.

2.03 Corporate Seal.

A corporate seal shall not be requisite to the validity of any instrument executed by or on behalf of the Group, but, nevertheless, if in any instance a corporate seal be used, the same shall consist of a flat-faced circular die with the following words and figures cut or engraved thereon:

“VALLEY RANCH PATIOS, INC., - ARIZONA”  
“INCORPORATED – 1980”

2.04 Mailing Address.

The mailing address of the Group is P.O. Box 660, Prescott, Arizona 86302.

3. MEMBERSHIP

3.01 Qualifications.

Ownership of a Lot shall be the sole qualification for membership and shall be evidenced only by recordation in the records of the Group (no certificate of membership will be issued). If title to a Lot is held by more than one person or entity, the membership related to that Lot shall be shared by all such persons and entities in the same proportionate interest and by the same type of tenancy or ownership by which the title to the Lot is held.

3.02 Voting Rights.

The Group shall have two classes of voting membership:

Class A – Class A membership shall be all Owners, other than Developer, and shall be entitled to one vote for each Lot owned.

Class B – Class B membership shall be the Developer, who shall be entitled to three votes for each Lot owned. Class B membership shall cease and be converted to Class A membership on the happening of the first of the following events:

- (i) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (ii) When Developer, in writing, surrenders the Class Membership, or
- (iii) On December 31, 1990.

3.03 Active and Inactive Members.

Members of the Group shall be classified as either active or Inactive.

3.0301 Active Members.

Active members shall be those who:

(i) Have paid and kept current annual dues and any assessments in accordance with the terms and provisions of these By-Laws and any rules and regulations pertaining thereto promulgated by the Council.

(ii) Are not in breach or violation of the covenants, stipulations and restrictions contained under the Declaration.

(iii) Are not in breach or violation of any rules and Regulations promulgated by the Council.

An active member shall be subject to being reduced to the status of inactive member when so determined by the Council, after a finding that the member is not in good standing under subparagraph (i), (ii), or (iii) of this section. An active member may not be reduced to the status of an inactive member until and unless such active member shall have first been served with written notice of the accusations against him and shall have been given an opportunity by the Council to produce witnesses, if any, and to be heard.

3.0302 Inactive Members.

All other members shall be deemed inactive members. Inactive members shall have no voting rights.

Notwithstanding anything herein contained to the contrary, the reduction of an active member to the status of an inactive member who continues to own a Lot in the Property, shall not affect the validity of any assessment then existing, or thereafter levied, against such Lot by the Council, together with the lien rights vested in the Group arising from a delinquency thereof.

3.0303 Restoration to Active Membership.

An inactive member shall become an active member upon accomplishment of the following:

(i) Payment to the Group of delinquent dues and associated costs and penalties if any.

(ii) Payment to the Group of all delinquent assessments and associated costs and penalties if any.

(iii) Compliance with the covenants, stipulations restrictions contained in the Declaration, if there be a breach or violation thereof.

(iv) Compliance with the rules and regulation promulgated by the Council, if there be a breach or violation thereof.

(v) Application to and determination by the Council that the applying inactive member is presently in good standing and entitled to regain the status of an active member.

#### 4. MEETING OF MEMBERS

##### 4.01 Place of Meetings.

Every meeting of the owners of the Group shall be held at the offices of the group or at such other place in Prescott, Arizona, as shall be specified in the notice of the meeting given as hereinafter provided.

##### 4.02 Annual Meetings.

The annual meeting shall be held the third Sunday of January for the purpose of electing directors and the transaction of such other business as may properly come before the meeting.

##### 4.03 Special Meetings.

Special meetings, unless otherwise regulated by statute, may be called by resolution of the Council, by the President or Secretary, or upon a petition signed by ten percent (10%) of the owners. Such petition shall state the purpose or purposes of such proposed meeting.

##### 4.04 Notice of Meetings.

Notice of every meeting shall be in writing and signed by the President or Vice President or Secretary or Assistant Secretary of the Group, stating the purposes for which the meeting is called, the time, and the place it is to be held. If a purpose of the meeting shall be consideration of amendment of the Articles, such notice shall be in accordance with the provisions of Arizona Revised Statutes, Section 10-1034. A copy of the notice shall be served, either personally or by mail, upon each owner of record entitled to vote at such meeting not less than ten nor more than fifty days before the meeting. If mailed, it shall be directed to each owner at his address as it appears in the records of the Group or to such other address as such owner shall have specified in a written request to the Secretary of the Group. Notice of any adjourned meeting need not be given except when expressly required by Law.

##### 4.05 Quorum.

Except as otherwise provided by law, the owners present in

person shall constitute a quorum at each meeting of the Group.

#### 4.06 Membership Book.

The Secretary of the Group shall maintain a membership book reflecting the names and addresses of the owners. Upon the transfer of any Lot within the Property, it shall be the obligation of the person(s) receiving title to the Lot to present to the Secretary or his delegate his name and address along with evidence of such transfer. Upon receipt of such evidence (a photostatic or machine copy of a recorded document indicating such purchase shall be sufficient evidence) the Secretary shall enter on the membership book the name and address of the owner(s). The Council may fix a time not exceeding thirty (30) days preceding the date of any meeting as a record date for the determination of the owners entitled to notice of and to vote at the meeting and in such case only owners having submitted such evidence of ownership shall be entitled to notice of and to vote at the meeting unless evidence is received pursuant to Section 4.07. In the event no record date is fixed by the Council, the record date for the determination of owners entitled to notice and to vote at a meeting shall be the fifteenth day preceding the date of the meeting, as of 9:30 o'clock A.M.

#### 4.07 Voting.

For purposes of determining the right to vote at any meeting of the owners, the information contained in the membership book shall be deemed conclusive, except that the meeting may receive evidence as to the incorrectness of the information in the membership book and the Secretary shall correct such membership book pursuant to the direction of the majority of owners attending or represented at the meeting, and the right to vote shall be determined from the membership book as so corrected. At all meetings of owners all matters, except those which are expressly regulated by law, the Articles, these By-Laws or the Declaration, shall be decided by the vote of a majority of active members present in person. Unless demanded by twenty-five (25) active members present in person at any meeting or so directed by the chairman of the meeting, the vote on any question need not be by ballot. Upon a demand by such members for a vote by ballot on any question or at the direction of such chairman that a vote be taken on any question such vote shall be taken. A vote by ballot shall be secret.

#### 4.08 Designation of Voting Members.

With regard to any Lot held by more than one person or entity, each co-owner shall be a member to the extent of his fractional interest. All of the co-owners of a Lot shall designate in writing to the Group one among them as the member who shall have the power to vote the membership for such Lot. In

the event a Lot is owned by a corporation, partnership, or other legal entity, the membership shall be in the name of the entity and the entity shall designate in writing to the Group the name of the person who shall have the power to vote the membership.

## 5. DIRECTORS

### 5.01 General Powers.

The Council shall manage the business and affairs of the Group and may exercise all such authority and powers of the Group and do all such lawful acts and things as are not by law, the Articles, these By-Laws or the Declaration directed or required to be exercised or done by the owners. The powers of the Council shall encompass, but not be limited to, all of the rights and duties of the Council as set forth elsewhere in these By-Laws, the Articles and the Declaration, and shall also include the power to promulgate such rules and regulations pertaining to such rights and duties as may be deemed proper and consistent with the foregoing. The Council may delegate such duties as appear in the best interests of the Group and to the extent permitted by law. A copy of the rules, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each owner.

### 5.02 Number.

The number of directors which shall constitute the whole Council shall be five (5). The directors shall be elected at the annual meeting of the members, except as provided in Section 5.03, and each director shall hold office until a successor is elected and qualified. The majority of directors must be active members residing on the Property. The number of directors may be changed from time to time by a majority vote of the owners at the annual meeting or at any special meeting; but in no event shall the number be fixed at less than three (3). Directors will be elected for 2-year terms in order to provide continuity on the Council. Elections will be held annually so that all directors' terms will not expire at the same time.

### 5.03 Vacancies.

Vacancies occurring between annual meetings may be filled by a majority vote of the remaining directors when in office or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until successors are duly elected and qualified, unless sooner displaced.

Vacancies created by an increase in the authorized number of directors shall be filled at the annual meeting or the Council may be delegated to fill the vacancies

5.04 Place of Meetings.

The Council may hold meetings, both regular and special, at the offices of the Group or such other place or places in Prescott, Arizona, as the Council may determine.

5.05 Annual Meetings.

The first meeting of each newly elected Council shall be held immediately following the annual meeting in the same place as the annual meeting. No notice to the newly elected directors of such meeting shall be necessary in order legally to hold the meeting, provided a quorum shall be present. In the event such meeting is not held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Council, or as shall be specified in a written waiver by all of the directors.

5.06 Regular Meetings.

Regular meetings of the Council will be held at such time and at such place as shall from time to time be determined by the Council.

5.07 Special Meetings.

Special meetings of the Council may be called by the President or the Secretary on one (1) day's notice to each director, either personally, by mail, by telegram, or by telephone. Special meetings may be called by the resident or Secretary in like manner and on like notice on the written request of two (2) directors.

5.08 Quorum.

A majority of the Council shall constitute a quorum and the concurrence of a majority of those present shall be sufficient to conduct the business of the Council, except as may be otherwise specifically provided by statute, the Declaration or the Articles. If a quorum shall not be present at any meeting of the Council, the directors then present may adjourn the meeting to another time and place, without notice other than announcement at the meeting.

5.09 Action Without Meeting.

Unless otherwise restricted by the Articles or these By-Laws, any action required or permitted to be taken at any meeting of the Council may be taken without a meeting, if all members of the Council consent thereto in writing and the writing or writings are filed with the minutes of proceedings of the Council.

5.10 Compensation.

No compensation shall be paid to directors for the services as directors. No remuneration shall be paid to a director for services performed by him for the Group in any other capacity or by way of reimbursement for expenditures incurred by him in connection with the performance of his duties, unless a resolution authorizing such remuneration or reimbursement shall have been adopted by the Council prior to the services being undertaken or the expenditures incurred.

5.11 Waiver of Notice.

Attendance of a director at a meeting shall constitute waiver of notice of such meeting, except when the director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any director may waive notice of any annual, regular, or special meeting of directors by executing a written notice of waiver either before or after the time of the meeting.

6. OFFICERS

6.01 Designation of Titles.

The officers of the Group shall be elected by the Council and shall be a President, a Vice President, a Secretary, and a Treasurer. The Council may also elect additional Vice Presidents, and one or more Assistant Secretaries and Assistant Treasurers. Any number of offices, except the offices of President and Secretary, may be held by the same person, unless the Articles or these By-Laws otherwise provide.

6.02 Appointment of Officers.

The Council at its first meeting after each annual meeting of members shall elect a President, a Vice President, a Secretary, and a Treasurer, each of whom shall serve at the pleasure of the Council. The Council at any time may appoint such other officers and agents as it shall deem necessary to hold offices at the pleasure of the Council and to exercise such powers and perform such duties as shall be determined from time to time by the Council.

6.03 Salaries.

No compensation shall be paid to Officers for their services as Officers. No remuneration shall be paid to an Officer for services performed by him for the Group in any other capacity or by way of reimbursement for

expenditures incurred by him in connection with the performance of his duties, unless a resolution authorizing such remuneration or reimbursement shall have been adopted by the Council prior to the services being undertaken or the expenditures incurred.

6.04 Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification, or otherwise may be filled by the Council at any time. The appointment will continue until the next annual meeting.

6.05 President.

The President shall preside at all meetings of owners and all meetings of the Council. The President shall sign all deeds and conveyances, all contracts and agreements, and all other instruments requiring execution on behalf of the Group, and shall act as operating and directing head of the Group, to policies established by the Council.

6.06 Vice Presidents.

There shall be as many Vice Presidents as shall be determined by the Council from time to time, and they shall perform such duties as from time to time as may be assigned to them. Any one of the Vice Presidents, as authorized by the Council, shall have all the powers and perform all the duties of the President in case of the temporary absence of the President or in case of his or her temporary inability to act. In case of the permanent absence or inability of the President to act, the office shall be declared vacant by the Council and a successor chosen by the Council.

6.07 Secretary.

The Secretary shall see that the minutes of all meetings of members, of the Council, and of any standing committees are kept. The Secretary shall be the custodian of the corporate seal and shall affix it to all proper instruments when deemed advisable by him or her. He or she shall give or cause to be given required notices of all meetings of the members and of the Council. The Secretary shall have charge of all the books and records of the Group except the books of account, and in general shall perform all normal duties incident to the office of Secretary in similar organizations and such other specific duties as may be assigned.

6.08 Treasurer.

The Treasurer shall have general custody of all the funds and securities of the Group except such as may be required by law to be deposited with any state official. The Treasurer shall see to the deposit of the funds of the

Group in such bank or banks as the Council may designate. Regular books of account shall be kept under his or her direction and supervision, and he or she shall render financial statements to the Council and members at proper times. The Treasurer shall have charge of the preparation and filing of such reports, financial statements, and returns as may be required by law. The Treasurer shall give to the Group such fidelity bond as may be required, and the premium therefore shall be paid by the Group as an operating expense.

6.09 Assistant Secretaries.

There may be such number of Assistant Secretaries as from time to time the Council may fix, and such persons shall perform such functions as from time to time may be assigned to them. No Assistant Secretary shall have power or authority to collect, account for, or pay over any tax imposed by any federal, state or city government.

6.10 Assistant Treasurers.

There may be such number of Assistant Treasurers as from time to time the Council may fix, and such persons shall perform such functions as from time to time may be assigned to them. No Assistant Treasurer shall have the power or authority to collect, account for, or pay over any tax imposed by any federal , state, or city government.

7. COMMITTEES

7.01 Committees.

The Council may establish such committees as it deems in the best interests of the Group and such committees shall perform the functions assigned to them.

8. POWERS, RIGHTS AND DUTIES OF THE GROUP AND MEMBERS THEREOF

8.01 Powers, Rights and Duties of the Group and Members Thereof.

8.0101 General.

The Group and its members shall have all the powers, rights, duties and obligations set forth in the Articles, these by-Laws, rules and regulations thereto, and the Declaration. No transfers of membership in the Group shall be made except as provided in the Articles, By-Laws, rules and regulations and the Declaration.

8.0102 Right of Entry

The Council or its duly authorized agent is hereby granted a right of entry onto the premises of each owner for the purposes of its duty or right of maintenance or repair. Such entry will be made with as little inconvenience to the owner or tenant as is practicable and any damage caused thereby will be repaired at the expense of the Group. Each owner shall furnish to the Group at the owner's expense such water as shall be reasonable for the maintenance of the landscaping maintained by the Group.

8.02 Owners Rights and Responsibilities in General.

8.0201 Declaration Binding.

The acceptance of a deed or conveyance or the entering into a lease or the entering into occupancy of any Lot shall constitute an agreement that the provisions of the Declaration, the Articles and By-Laws and the rules and regulations adopted pursuant thereto, as the same may be amended from time to time, are accepted and ratified by such owner or guest and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Lot as though such provisions were recited and stipulated at length at each and every deed of conveyance or lease thereof.

8.0202 Strict Compliance.

Each owner shall strictly comply with the provisions of the Declaration, the Articles and By-Laws and the rules and regulations adopted pursuant thereto, as the same may be amended from time to time. Failure to so comply shall be grounds for an action to recover sums due for damages or injunctive relief or both, maintainable by the Council on behalf of the owners, or in a proper case, by an aggrieved owner.

8.03 Owner's Rights and Responsibilities Re: Dwelling.

8.0301 Exclusive Ownership and Possession.

Each owner shall be entitled to exclusive ownership and possession of his Lot, subject to easements and rights granted to the Group herein, and subject to the provisions of the Master Declaration.

8.0302 Maintenance.

Except for those portions which the Council is required to maintain and repair hereunder, each owner shall, at his own expense, maintain his Lot and improvements in good order, condition and repair. This is

understood to include utility service lines from the meter into the dwelling and the dwelling sewer line out to the city main line.

8.0303 Water Service.

Each owner shall at all times, maintain water service to his Lot and shall pay when the same becomes due all charges for water used on the Lot, including the water utilized by the Group in maintaining the landscaping on the Lot.

8.0304 Casualty Insurance.

It is declared that the Group and all owners have an interest that the Property and all improvements be maintained in a uniform, neat and attractive condition and that loss or damage to the improvements on any Lot will affect the financial interests of the owners and the Group unless the improvements are restored or the site cleared and landscaped. The provisions for casualty insurance are to protect these economic interests. Each owner shall keep the improvements on his Lot insured by a company authorized to do insurance business in the State of Arizona, against loss by fire and perils covered under the standard extended coverage endorsement. Such insurance coverage shall contain a Replacement Cost Endorsement, if available. The owner shall provide the Council with a Certificate of Insurance, or other evidence of insurance satisfactory to the Council, and shall instruct the insurer to notify the Council of any modification, alteration, cancellation, or termination of the insurance coverages reflected in the Certificate of Insurance or other evidence of insurance provided to the Council.

Upon the failure of an owner to file evidence of current insurance, the Council shall have the right and power, but without obligation to do so, to insure the improvements on the Lot of such owner in an amount estimated to cover the cost of razing improvements on the Lot to ground level and replacing the surface with top soil. The policy shall be issued to the Group and the owner as the named insureds. The cost of any insurance obtained by the Council pursuant to this section, shall be the obligation of the owner of the insured Lot, and shall be collected by the Council from the owner as a special assessment against the owner, secured by a lien on the Lot as provided in the Declaration for assessments or other charges.

8.0305 Loss to Improvements  
Proceeds of Group's Insurance on a Lot.

These issues, if ever appropriate, will be handled in accordance with the Declaration.

8.04 Assessments.

8.0401 Determination of Budgets and Assessments.

The Council shall prepare a budget and determine the total amount required to be raised by regular assessments for each calendar year pursuant to the terms of the Declaration. To determine the total amount required to be raised, the Council shall prepare a budget for each calendar year showing, in reasonable detail, the various matters proposed to be covered by the budget, the estimated costs and expenses which will be payable, the estimated income and other funds which will be received as well as any estimated surplus from prior fiscal years, and the estimated total amount required to be raised by assessments to cover costs and expenses and to provide a reasonable reserve for contingencies.

In addition, the total amount required to be raised by assessments for any calendar year shall include the amount necessary to cover costs and expenses of fulfilling the obligations of the Association made in connection with or contemplated under any previously approved budget. Should assessments be contemplated over a period of less than a calendar year, the total amount required to be raised by such assessments for any such period shall reflect the lesser period of time involved. If for any reason an assessment proves to be inadequate, including non-payment by members, the Council in that event may levy a Special or Supplemental Assessment which shall be assessed to all members. Except as emergencies may require, the Council shall make no commitment for expenditures in excess of the funds reasonably expected to be available from the assessments made on an approved budget.

8.0402 Approval of the Budget.

The budget shall be presented to the members at the annual meeting of the Group or at any special meeting called for that purpose.

Any budget requiring a Regular (monthly) Assessment of \$100.00 or less per lot or a Special or Supplemental Assessment of \$100.00 or less per lot during any calendar year shall require the approval of a majority of the Association members present at the Annual meeting.

Any budget requiring a Regular (monthly) Assessment in excess of \$100.00 per lot or a Special or Supplemental Assessment in excess of \$100.00 per lot during any calendar year shall require the approval by the affirmative vote of two-thirds (2/3) of the Association members present at the Annual Meeting.

8.0403 Regular Assessments.

Regular Assessments are monthly assessments and

are due on the first day of the month to which they apply and are delinquent after the 15<sup>th</sup> day of the month.

8.0404 Special or Supplemental Assessments.

Such assessments are due 30 days after written notice is given to the homeowners and are delinquent after 90 days.

8.0405 Personal Obligations of Member.

The amount of each assessment shall be a separate, distinct and personal debt and obligation of the member against whom the same has been assessed at the time such assessment is made and shall be collectible as such. The Council shall have the right to impose a late charge for non-payment of any assessment which becomes delinquent in accordance with paragraphs 8.0403 and 8.0404 above.

8.0406 Lien for Assessments  
Release of Lien  
Foreclosure of Lien.

These issues, if ever appropriate, will be handled in accordance with the Declaration.

The Council shall have the right to proceed with a lien against any Owner's real property if the Council determines that such action is in the best interests of the Group.

8.0407 No Waiver.

The failure by the Council, prior to the commencement of any fiscal year, to determine the budget therefore and the amount required to be raised by regular assessment or failure of the membership to approve the proposed budget shall not release any member from his obligation to pay the assessment for that or any subsequent year. If such failure(s) occur, the assessment fixed for the current fiscal year shall continue until such budget is determined and the assessment(s) set.

8.0408 Books, Accounting and Records.

All funds collected shall be expended for the purpose designated in the Declaration, the Articles or these By-Laws. The Council or its

duly authorized agent shall keep detailed and accurate books and records of the receipt and expenditures affecting patio home properties and shall specify and itemize the maintenance and repair expenses thereof and any other expenses incurred.

Such books and records shall be available for examination by any member or his duly authorized representative at convenient hours on weekdays. The Council may maintain separate accounts as it deems necessary for working capital, reserve funds for replacement, to cure deficits from prior fiscal year operations, and the like.

#### 8.05 Management Agreements.

Upon resolution of the Council, the Group may enter into management agreements with third parties to provide for the administration, management, repair and maintenance of the Property.

#### 8.06 Checks, Drafts.

All checks, drafts and other orders for the payment of moneys out of the funds of the Group and all notes or other evidences of indebtedness of the Group shall be signed by such officer or officers, agent or agents of the group and in such manner as shall from time to time be determined by resolution of the Council.

#### 8.07 Deposits.

All funds of the Group not otherwise employed shall be deposited from time to time to the credit of the Group in such banks, savings and loan associations, trust companies or other depositories as the Council may select or may be selected by any officer or officers, agent or agents of the Group to whom such power may from time to time be delegated by the Council; and, for the purpose of such deposit, the President, any Vice President, the Treasurer, the Secretary or any other officer or agent or employee of the Group to whom such power may be delegated by the Council may endorse, assign and deliver checks, drafts and other orders for the payment of moneys which are payable to the order of the Group.

### 9. RESERVE

Subject to the provisions of the Articles and to the extent permitted by law, the Council may determine and fix such sum or sums as the Council from time to time, in its absolute discretion, shall deem proper as a reserve fund to meet contingencies, or for repairing or maintaining any property of the Group, or for such other purposes as the Council shall deem conducive to the best interest of

the Group.

10. BOOKS

There shall be kept in the possession of the Treasurer of the Group correct books of all business and transactions of the group, a copy of these By-laws and a copy of the membership roll of the Group which shall contain the names of all owners of the group showing the respective residence and the date the property was acquired.

11. FISCAL YEAR

The fiscal year of the Group shall be the calendar year.

12. WAIVER OF NOTICE

Whenever under the provisions of any law of the State of Arizona, the Articles, By-Laws, or resolution of the Council, the Group or Council is authorized to take action after notice to Owners or directors or after the lapse of a prescribed period of time, such action may be taken without notice and without the lapse of any period of time, if, at any time before or after such action shall be completed, such notice or lapse of time shall be waived in writing by the person entitled to notice or entitled to participate in the action to be taken or, in the case of an Owner, by an attorney-in-fact thereunto authorized.

Any meeting of members or the Council at which all owners or all directors, respectively, are present, or to which notice is waived by all absent members or directors, may be held at any time, for any purpose and at any place, and shall be deemed to have been validly called and held, and all acts done and business conducted at such meeting shall be deemed valid in all respects.

13. AMENDMENTS

These By-Laws, or any of them, may be altered, amended, repealed, or new By-Laws may be made by the Council by majority vote or at any Annual or Special meeting, of the members, by two-thirds (2/3) vote of the members present in person, provided that the proposed action in respect thereof shall be stated in the notice of such meeting, or that such notice shall be waived.

14. MISCELLANEOUS

14.01 Headings and Titles.

Headings and titles in these By-Laws, are intended solely for convenience of reference, and shall not affect the terms or provisions of these By-Laws or the meaning thereof.

14.02 Notices.

An entry in the minutes of a meeting of members or the Council that notice has been duly given shall be prima facie evidence that due notice of such meeting was given as required by law and these By-Laws. No mistake, inadvertence or excusable neglect in the giving of any notice required by these B-Laws, nor the contents of any thereof, shall affect the validity of any meeting called thereby, or of any proceedings had at any such meeting.

14.03 Singular and Plural, Masculine and Feminine

In these By-Laws, the singular includes the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine and neuter gender each includes the masculine, feminine or the neuter as the context requires.

14.04 No Waiver.

The failure of the Group or Council to insist, in any one or more instances, upon the strict performance of any of the covenants, conditions, restrictions or provisions of the Declaration of Restrictive Covenants and the By-Laws of the association, or to exercise any right or option herein contained, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment, for the future, of any such covenant, condition, restriction or provision to remain in full force and effect.

14.05 Conflict of By-Laws with Other Instruments.

To the extent that these By-Laws conflict with either the Declaration or the Articles, the Declaration or Articles, as the case may be, shall be deemed controlling.

# VALLEY RANCH PATIOS, INC. BY-LAWS

## TABLE OF CONTENTS

| <u>Section</u> | <u>Description</u>                    | <u>Page No.</u> |
|----------------|---------------------------------------|-----------------|
| 1.             | DEFINITIONS.....                      | 2               |
| 1.01           | Articles.....                         | 2               |
| 1.02           | Council.....                          | 2               |
| 1.03           | Declaration.....                      | 2               |
| 1.04           | Developer.....                        | 2               |
| 1.05           | Group.....                            | 2               |
| 1.06           | Lot.....                              | 3               |
| 1.07           | Master Declaration.....               | 3               |
| 1.08           | Owner.....                            | 3               |
| 1.09           | Property.....                         | 3               |
| 2.             | OFFICES AND CORPORATE SEAL.....       | 3               |
| 2.01           | Principal Office.....                 | 3               |
| 2.02           | Other Offices.....                    | 3               |
| 2.03           | Corporate Seal.....                   | 4               |
| 2.04           | Mailing Address.....                  | 4               |
| 3.             | MEMBERSHIP.....                       | 4               |
| 3.01           | Qualifications.....                   | 4               |
| 3.02           | Voting Rights.....                    | 4               |
| 3.03           | Active and Inactive members.....      | 5               |
| 3.0301         | Active Members.....                   | 5               |
| 3.0302         | Inactive Members.....                 | 5               |
| 3.0303         | Restoration to Active Membership..... | 5               |
| 4.             | MEETINGS OF MEMBERS.....              | 6               |
| 4.01           | Place of Meetings.....                | 6               |
| 4.02           | Annual Meetings.....                  | 6               |
| 4.03           | Special Meetings.....                 | 6               |
| 4.04           | Notice of Meetings.....               | 6               |
| 4.05           | Quorum.....                           | 6               |
| 4.06           | Membership Book.....                  | 7               |
| 4.07           | Voting.....                           | 7               |
| 4.08           | Designation of Voting Members.....    | 7               |
| 5.             | DIRECTORS.....                        | 8               |
| 5.01           | General Powers.....                   | 8               |
| 5.02           | Number.....                           | 8               |
| 5.03           | Vacancies.....                        | 8               |
| 5.04           | Place of Meetings.....                | 9               |
| 5.05           | Annual Meetings.....                  | 9               |
| 5.06           | Regular Meetings.....                 | 9               |
| 5.07           | Special Meetings.....                 | 9               |

TABLE OF CONTENTS (continued)

| <u>Section</u> | <u>Description</u>  | <u>Page No.</u> |
|----------------|---|-----------------|
| 5.08           | Quorum.....   | 9               |
| 5.09           | Action With out Meeting.....                                      | 9               |
| 5.10           | Compensation.....   | 10              |
| 5.11           | Waiver of Notice.....   | 10              |
| 6.             | OFFICERS.....   | 10              |
| 6.01           | Designation of Titles.....  | 10              |
| 6.02           | Appointment of Officers.....                                      | 10              |
| 6.03           | Salaries.....   | 10              |
| 6.04           | Vacancies.....  | 11              |
| 6.05           | President.....  | 11              |
| 6.06           | Vice Presidents.....  | 11              |
| 6.07           | Secretary.....  | 11              |
| 6.08           | Treasurer.....  | 11              |
| 6.09           | Assistant Secretaries.....  | 12              |
| 6.10           | Assistant Treasurers.....   | 12              |
| 7.             | COMMITTEES.....   | 12              |
| 7.01           | Committees.....   | 12              |
| 8.             | POWERS, RIGHTS AND DUTIES OF THE GROUP AND MEMBERS THEREOF.....   | 12              |
| 8.01           | Powers, Rights and Duties of the Group and Members Thereof.....   | 12              |
| 8.0101         | General.....  | 12              |
| 8.0102         | Right of Entry.....   | 13              |
| 8.02           | Owner's Rights and Responsibilities in General.....               | 13              |
| 8.0201         | Declaration Binding.....  | 13              |
| 8.0202         | Strict Compliance.....  | 13              |
| 8.03           | Owner's Rights and Responsibilities, Re: Dwelling.....            | 13              |
| 8.0301         | Exclusive Ownership and Possession.....                           | 13              |
| 8.0302         | Maintenance.....  | 13              |
| 8.0303         | Water Service.....  | 14              |
| 8.0304         | Casualty Insurance.....   | 14              |
| 8.0305         | Loss to Improvements, Proceeds of Group's Insurance on a Lot..... | 14              |
| 8.04           | Assessments.....  | 15              |
| 8.0401         | Determination of Budgets and Assessments.....                     | 15              |
| 8.0402         | Approval of Budget.....   | 15              |
| 8.0403         | Regular Assessments.....  | 15              |
| 8.0404         | Special or supplemental Assessments.....                          | 16              |

TABLE OF CONTENTS (continued)

| <u>Section</u> | <u>Description</u>   | <u>Page No.</u> |
|----------------|--|-----------------|
| 8.0405         | Personal Obligations of Member.....                                | 16              |
| 8.0406         | Lien for Assessments, Release of Lien,<br>Foreclosure of Lien..... | 16              |
| 8.0407         | No Waiver.....   | 16              |
| 8.0408         | Books, Accounting and Records.....                                 | 16              |
| 8.05           | Management Agreements.....   | 17              |
| 8.06           | Checks, Drafts.....  | 17              |
| 8.07           | Deposits.....  | 17              |
| 9.             | RESERVE.....   | 17              |
| 10.            | BOOKS.....   | 18              |
| 11.            | FISCAL YEAR.....   | 18              |
| 12.            | WAIVER OF NOTICE.....  | 18              |
| 13.            | AMENDMENTS.....  | 18              |
| 14.            | MISCELLANEOUS.....   | 18              |
| 14.01          | Headings and Titles.....   | 18              |
| 14.02          | Notices.....   | 19              |
| 14.03          | Singular and Plural, Masculine and<br>Feminine.....                | 19              |
| 14.04          | No Waiver.....   | 19              |
| 14.05          | Conflict of By-Laws with other Instruments.....                    | 19              |

Amended, Approved and Rewritten February 11, 2010