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**SECOND AMENDED AND RESTATED BYLAWS**  
**OF**  
**DC RANCH ASSOCIATION, INC.**

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**OF**

**DC RANCH ASSOCIATION, INC.**

**RECITALS**

- A. On September 13, 1996, the Bylaws of DC Ranch Association, Inc. (the "Association") were duly adopted by the Board of Directors of the Corporation; (prior version was not recorded)
- B. On July 7, 1999 the first Amended and Restated Bylaws were adopted; (prior version was not recorded)
- C. The Class "B" Control Period has terminated;
- D. The Association desires to further amend the amended and Restated Bylaws in various respects;
- E. Having obtained the requisite written consent of Voting Members representing 51% of the total votes in the Association;

NOW, THEREFORE, the first Amended and Restated Bylaws are hereby replaced and superseded in their entirety and the following Second Amended and Restated Bylaws are substituted in their place, effective immediately upon Recordation:

**Article I**

**Name, Principal Office, and Definitions**

- 1.1. Name. The name of the corporation is DC Ranch Association. Inc. (the "Association").
- 1.2. Principal Office. The Association's principal office shall be located at DC Ranch in Scottsdale, Arizona. The Association may have such other offices, either within or outside Arizona, as the Board of Directors may determine or as the Association's affairs may require.
- 1.3. Definitions. The words used in these Bylaws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that certain Recorded Declaration of Covenants, Conditions, and Restrictions for the Ranch as it may be amended ("Declaration"), unless the context indicates otherwise.

**Article II**

**Association: Membership, Meetings, Quorum, Voting, Proxies**

- 2.1. Membership. The Association membership is set forth in the Declaration and incorporated herein.
- 2.2. Place of Meetings. The Association shall hold meetings at its principal office or at such other suitable place convenient to the Members as the Board may designate.
- 2.3. Annual Meetings. Meetings shall be of Voting Members and, if required by law, shall be open to all Members. Annual meetings shall be set by the Board to occur once during the Association's fiscal year on a date and at a time set by the Board. Annual meetings may be conducted electronically (i.e., via the Internet, intranet, or teleconference) if, and to the extent, permitted by law.

2.4. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board, upon a petition signed by Voting Members representing at least ten percent of the total votes of the Association, or upon a petition signed by Members holding at least 25% of the Association's voting power.

2.5. Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of Voting Members shall be delivered, either personally or by mail, to each Voting Member entitled to vote at such meeting, and, if required by law, to all Members not less than ten nor more than 50 days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

In the case of a special meeting or when otherwise 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.

If mailed, the notice of a meeting shall be deemed to be delivered three days after deposit in the United States mail addressed to the Voting Member at such Voting Member's address as it appears on the records of the Association, with postage prepaid.

2.6. Waiver of Notice. Waiver of notice of a meeting of Voting Members shall be deemed the equivalent of proper notice. Any Voting Member may waive, in writing, notice of any meeting of Voting Members, either before or after such meeting. Attendance at a meeting by a Voting Member shall be deemed a waiver by such Voting Member of notice of the time, date, and place thereof, unless such Voting Member specifically objects to lack of proper notice at the time the meeting is called to order.

Attendance at a special meeting shall be deemed a waiver of notice of all business transacted at such meeting, unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of Voting Members who are present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the time the original meeting was called. If a quorum is present at the reconvened meeting, any business may be transacted which might have been transacted at the meeting originally called. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Voting Members in the manner prescribed for regular meetings.

Voting 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 Voting Members to leave less than a quorum, provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

2.8. Voting. Members' voting rights shall be as set forth in the Declaration and in these Bylaws, and such voting rights provisions in the Declaration are incorporated herein by this reference.

2.9. Proxies. Voting Members may not vote by proxy. On any matter as to which a Member is entitled personally to cast the vote for a Unit, such vote may be cast in person, by written ballot, or by absentee ballot, subject to the limitations of Arizona law and subject to any specific provision to the contrary in the Declaration or these Bylaws.

2.10. 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 50% of the total eligible number thereof.

2.11. Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence of Voting Members representing a majority of the total votes in the Association shall constitute a quorum at all meetings of the Association.

2.12. Conduct of Meetings. The Board of Directors shall delegate the responsibility of preparing the minutes of the meetings to an officer, employee, or contractor of the Association. The President shall preside over all meetings of the Association, and the Secretary shall review the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings.

2.13. Action Without a Meeting. Any action required or permitted by law to be taken at a meeting of Voting Members may be taken without a meeting, without prior notice and without a vote if written consent specifically authorizing the proposed action is signed by Voting Members holding at least the minimum number of votes necessary to authorize such action at a meeting if all Voting Members entitled to vote thereon were present. Such consents shall be filed with the minutes of the Association and shall have the same force and effect as a vote of Voting Members at a meeting.

### **Article III**

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

##### **A. Composition and Selection.**

3.1. Governing Body; Composition. The Association's affairs shall be governed by a Board of Directors, each of whom shall have one vote. The directors shall be Members or residents; provided no Owner(s) and resident(s) representing the same Unit may serve on the Board at the same time. A "resident" shall be any natural person 18 years of age or older whose principal residence is a Unit within the Ranch. If a Member is not a natural person, any officer, director, partner or trust officer of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Member; provided, no Member may have more than one such representative on the Board at a time.

3.2. Number of Directors. The Board shall consist of no less than three or more than seven directors, as provided herein.

3.3. Nomination and Election Procedures.

- (a) Nominations and Declarations of Candidacy. Prior to each election of directors, the Board shall prescribe the opening date and the closing date of a reasonable filing period in which each and every eligible person who has a bona-fide interest in serving as a director may file as a candidate for any available position on the Board. The Board shall also establish such other rules and regulations as it deems appropriate to conduct the nomination of directors in a fair, efficient, and cost-effective manner.

Each candidate shall be given a reasonable, uniform opportunity to communicate qualifications to the Members and to solicit votes.

- (b) Election Procedures. Each Voting Member may cast all votes assigned to the Units which such Voting Member represents for each position to be filled from the slate of candidates on which such Voting Member is entitled to vote. There shall be no cumulative voting. That number of candidates equal to the number of positions to be filled receiving the greatest number of votes shall be elected. Except as provided herein, the directors elected by Voting Members shall hold office until their respective successors have been elected. Directors may be elected to serve any number of consecutive terms.

3.4. Term of Office. Directors shall serve staggered three (3) year terms as follows, to prevent a majority of directors' terms from simultaneously expiring: In the first election of directors after adoption of these Second Amended and Restated Bylaws, the directors shall be divided into two or more groups with staggered terms of directorship for a term of one, two or three years.

The groups shall be assigned based on the total number of votes each director receives with the directors receiving the highest total number of votes being assigned to the group with the longest term. In the case of a tie in the number of votes received by candidates, election and assignment of the term of the director shall be decided by a coin flip. All elections and appointments of directors hereafter shall be made in a manner to preserve the staggering of terms contemplated hereby.

3.5. Vacancies. In the event of the death, disability, or resignation of a director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time Voting Members may elect a successor for the remainder of the term.

#### B. Meetings.

3.6. Organizational Meetings. The Board shall hold an organizational meeting within 30 days after newly-elected or newly-appointed directors take office.

3.7. Regular Meetings. Regular Board meetings may be held at such time and place a majority of the directors shall determine, but at least four such meetings shall be held during each fiscal year with at least one per quarter. Notice of the time and place of a regular meeting shall be communicated to directors not less than four days prior to the meeting provided, 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.

3.8. Special Meetings. Special Board meetings shall be held when called by written notice signed by the President or Vice President or by any two directors. The notice shall specify the meeting's time and place and the nature of any special business to be considered. The notice shall be given to each director by: (a) personal delivery; (b) first class mail postage prepaid; (c) 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) facsimile, computer, fiber optics or such other communication device. All such notices shall be given at the director's telephone number, fax number, electronic mail number, or sent to the director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four business days before the time set for the meeting. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least 72 hours before the time set for the meeting.

3.9. Waiver of Notice. The transactions of any Board meeting, however called and noticed or wherever 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 also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.10. Telephonic Participation in Meetings. Board Members or any Board designated committee may participate in a Board or committee meeting by means of conference telephone or other electronic means, through which all persons participating in the meeting can hear each other. Participation in this manner shall constitute presence at the meeting for all purposes.

3.11. Quorum of Board. At all Board meetings, 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, unless otherwise specifically provided in these Bylaws or the Declaration. 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. If any Board meeting cannot be held because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.12. Compensation. Directors shall not receive any compensation from the Association for acting as such unless approved by Voting Members representing a majority of the total votes in the Association at a regular or special Association meeting. Any director may be reimbursed for expenses incurred on the Association's behalf upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association; provided such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board, excluding the interested director.

3.13. Conduct of Meetings. The Board of Directors shall delegate the responsibility of preparing the minutes of the meetings to an officer, employee, or contractor of the Association. The President shall preside over all Board meetings and the Secretary shall review the minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings.

3.14. Notice to Owners; Open Meetings. Except in an emergency, notice of the time and place of Board meetings shall be posted at least four days in advance of the meeting at a conspicuous place within the Ranch which the Board establishes for the posting of notices relating to the Association. Notice of any meeting at which assessments are to be established shall state that fact and the nature of the assessment. Except as otherwise provided herein, all Board meetings shall be open to all Voting Members and, if required by law, all Owners, but attendees other than directors may not participate in any discussion or deliberation unless permission to speak is authorized by a vote of the majority of a quorum of the Board. In such case, the President may limit the time any such individual may speak. Notwithstanding the above, the President may adjourn any Board meeting and reconvene in executive session, and may exclude persons other than directors, to discuss any or all of the following:

- (a) employment or personnel matters for Association employees;
- (b) legal advice from an attorney retained for the Board or the Association;
- (c) pending or contemplated litigation; or
- (d) pending or contemplated matters relating to enforcement of the Governing Documents.

3.15 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, is signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

### C. Powers and Duties.

In all actions by a member of the Board of Directors in connection with the authority and powers granted to the Board by the Ranch Governing Documents, including but not limited to, management, personnel maintenance and operations, interpretation and enforcement of the Ranch Governing Documents, the development of rules and restrictions, insurance, contracts and finance, and design review such director shall act in good faith, in a manner such director believes is in the best interests of the Association and with the care an ordinarily reasonable person in a like position would exercise under similar circumstances.

When performing his/her duties, a director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by any of the following, so long as the director acts without knowledge that would cause such reliance to be unwarranted:

- (a) one or more officers or employees of the Association whom the director believes are reliable and competent in the matters presented;
- (b) legal counsel, public accountants, or other Persons as to matters which the director believes to be within such Person's professional or expert competence; or
- (c) a committee of or appointed by the Board, of which the director is not a member as to matters within its designated authority, which committee the director believes to merit confidence.

This section is intended to be a restatement of the business judgment rule established in applicable law as it applies to the Association. All amendments, modifications, restatements, and interpretations of the business judgment rule applicable to the Association shall be interpreted to amend, modify, restate, or interpret this section.

3.16. Powers. The Board of Directors shall have all of the powers and duties necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Declaration, these Bylaws, the Articles, and as provided by law. The Board may do or cause to be done all acts and things which the Declaration, Articles, these Bylaws, or Arizona law do not direct to be done and exercised exclusively by Voting Members or the membership generally.

3.17. Duties. The duties of the Board shall include, without limitation:

- (a) preparing and adopting, in accordance with the Declaration, an annual budget and establishing each Owners share of the Common Expenses and any Neighborhood Expenses;
- (b) cooperating with the Community Council in levying and collecting assessments from the Owners;
- (c) providing for the operation, care, upkeep, and maintenance of the Area of Ranch Responsibility;
- (d) designating, hiring, and dismissing the personnel necessary to carry out the rights and responsibilities of the Association and where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (e) depositing all funds received on the Association's behalf in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve funds may be deposited, in the Board's best business judgment, in depositories other than banks;
- (f) making and amending use restrictions and rules in accordance with the Declaration;
- (g) opening of bank accounts on the Association's behalf and designating the signatories required;
- (h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Declaration and these Bylaws;
- (i) enforcing the provisions of the Declaration, these Bylaws, and the rules adopted pursuant thereto and bringing any legal proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the Association shall not be obligated to take any action, including, but not limited to, the commencement of any legal proceeding to enforce any covenant, restriction, or rule which the Board in the exercise of its business judgment determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement action. Such a decision shall not be construed as a waiver of the Association's right to enforce such provision at a later time or under other circumstances, nor shall it operate to estop the Association from enforcing any other covenant, restriction or rule;
- (j) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof: and filing and adjusting claims, as appropriate;
- (k) paying the cost of all services rendered to the Association;
- (l) keeping books with detailed accounts of the receipts and expenditures of the Association;
- (m) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Properties;
- (n) indemnifying a director, officer, or committee member or former director, officer, or committee member of the Association to the extent such indemnity is authorized by Arizona law, the Articles of Incorporation, or the Declaration;



- (o) assisting in the resolution of disputes between Owners and others without litigation, as set forth in the Declaration;
- (p) cooperating with the Community Council in carrying out its purposes and responsibilities under the DC Ranch Community Council Covenants and Easements (“Covenants and Easements”) and the Community Council Bylaws; and
- (q) cooperating with the Community Council in upholding the Community-Wide Standard, as defined in the Covenants and Easements.

3.18. Management. The Board may employ a professional manager agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The manager may be a corporation or an individual. The Board may delegate such powers as are necessary to perform the managers assigned duties but shall not delegate policymaking authority or those duties set forth in Section 3.17(a), 3.18(b), 3.18(f), 3.18(g) and 3.18(i). Declarant or an affiliate of Declarant may be employed as managing agent or manager.

The Board may delegate to one of its members the authority to act on the Board’s behalf on all matters relating to the duties of the manager, if any, which might arise between meetings of the Board.

3.19. Accounts and Reports. The following management standards of performance shall 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 to generally accepted accounting principles;
- (c) cash accounts of the Association shall not be commingled with any other accounts;
- (d) no remuneration shall be accepted by the manager from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder’s fees, services fees, gifts, or otherwise; any thing of value received shall benefit the Association;
- (e) any financial or other interest which the manager may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board;
- (f) commencing at the end of the quarter in which the first Unit is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:
  - (i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;
  - (ii) a statement reflecting all cash receipts and disbursements for the preceding period;
  - (iii) a variance report reflecting the status of all accounts in an “actual” versus “approved” budget format;
  - (iv) a balance sheet as of the last day of the preceding period; and

- (v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent (any assessment or installment thereof shall be considered to be delinquent on the 15<sup>th</sup> day following the due date unless otherwise specified by Board resolution); and
- (g) an annual report consisting of at least the following shall be made available to all Members within 180 days after the close of the fiscal year: (i) a balance sheet; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines, by an independent public accountant; provided, upon written request of any holder, guarantor, or insurer of any first Mortgage on a Unit, the Association shall provide an audited financial statement.

3.22. Borrowing. The Association shall have the power to borrow money for any legal purpose; provided, the Board shall obtain Voting Member approval in the same manner provided in Section 8.4 of the Declaration for Special Assessments if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed ten percent of the Association's budgeted gross expenses for that fiscal year.

3.23. Right To Contract. The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or Neighborhood and other owners or residents associations, within and outside the Properties. Any common management agreement shall require the consent of an absolute majority of the Board.

3.24. Enforcement. The Association shall have the power, as provided in the Declaration, to impose sanctions for any violation of any duty imposed under the Ranch Governing Documents. In the event that any occupant, tenant, employee, guest, or invitee of a Unit violates the Declaration, Bylaws, or a rule and a fine is imposed the Owner shall pay the fine upon notice from the Association.

The Association shall not be obligated to take any enforcement action, including, but not limited to, the commencement of legal proceedings, if the Board reasonably determines that the Association's position is not strong enough to justify taking such action. Such a decision shall not be construed as a waiver of the Association's right to enforce such provision at a later time under other circumstances, nor shall it operate to estop the Association from enforcing any other covenant, restriction, or rule.

The Association, by contract or other agreement, may, but shall not be obligated to, enforce applicable city and county ordinance, if applicable, and may, but shall not be obligated to, permit Maricopa County or the City of Scottsdale to enforce ordinances within the Properties for the benefit of the Association and its Members.

In conducting the business of the Association, the Board, at all times, shall act within the scope of the Ranch Governing Documents and in good faith to further the legitimate interests of the Association and its Members. In fulfilling its governance responsibilities, the Board shall limit its actions to those reasonably related to the Association's purposes; those reasonably related to or within the Association's powers, as provided by the Ranch Governing Documents and as provided by the laws of the State of Arizona; and those that are reasonable in scope. The Board shall exercise its power in a fair and nondiscriminatory manner and shall adhere to the procedures established in the Ranch Governing Documents.

- (a) Notice. Prior to imposition of any sanction hereunder or under the Declaration, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed ; (iii) a period of not less than ten days within which the alleged violator may present a written request for a hearing to the Board, if one has been appointed pursuant to Article V; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed; provided that the Board may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the ten-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.
- (b) Hearing. If a hearing is requested within the allotted ten-day period, the hearing shall be held before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice 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 Person, who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative 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.
- (c) Appeal. Following a hearing before the Board the violator shall have the right to appeal the decision to the Department of Real Estate.
- (d) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, the Board may elect to enforce any provision of the Declaration, these Bylaws, or the rules of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules) or, following compliance with the dispute resolution procedures set forth in the Declaration, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the procedure set forth above. The Board shall have the authority, but not the obligation, to institute such legal proceedings and the failure to commence such legal proceedings shall not constitute a waiver of the right to enforce any provision of the Ranch Governing Documents, nor shall it operate to estop the Board from enforcing any provision of the Ranch Governing Documents. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorneys' fees actually incurred. Any entry onto a Unit for purposes of exercising this power of self-help shall not be deemed a trespass.

#### **Article IV** **Officers**

4.1. Officers. The Association officers shall be a President, Vice President, Secretary, and Treasurer. The President, Vice President, and Secretary shall be elected from among the Board members; other officers may but need not be Board members. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable. Such officers shall have such authority and perform such duties as the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary. The Board also shall appoint one or more representatives to communicate to the Community Council the Association's vote with respect to any matter for which the Association's vote is required pursuant to the Covenants and Easements.

4.2. Election and Term of Office. The Board shall elect the Association officers at the first Board meeting following each annual meeting of Voting Members, to serve until their successors are elected.

4.3. Removal and Vacancies. The Board may remove any officer whenever in the Board's judgment the Association's best interests will be served and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

4.4. Powers and Duties. The Association's officers each shall have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as the Board may specifically confer or impose. The President shall be the Association's chief executive officer. The Treasurer shall supervise preparation of the budget provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, manager, or both.

4.5. Resignation. Any officer may resign at any time by giving written notice to the Board, 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.

4.6. 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 officers or by such other person or persons as may be designated by Board resolution.

4.7. Compensation. Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.12.

## **Article V** **Committees**

5.1. General. The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

5.2. Covenants Committee. In addition to any other committees which the Board may establish pursuant to Section 5.1, the Board may appoint a Covenants Committee consisting of at least three and no more than seven Members. Acting in accordance with the provisions of the Declaration, these Bylaws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the Association's hearing tribunal and shall conduct all hearings held pursuant to Section 3.24.

5.3. Neighborhood Committees. In addition to any other committees appointed as provided above, each Neighborhood which has no formal organizational structure or association may elect a Neighborhood Committee to determine the nature and extent of services, if any, to be provided to the Neighborhood by the Association in addition to those provided to all Members of the Association in accordance with the Declaration. A Neighborhood Committee may advise the Board on any other issue but shall not have the authority to bind the Board. Each Neighborhood Committee, if elected, shall consist of three to five Members, as determined by the vote of at least 51% of the Owners of Units within the Neighborhood.

Neighborhood Committee members shall be elected for a term of one year or until their successors are elected. Any director elected to the Board from a Neighborhood shall be an ex officio member of the Neighborhood Committee. The Voting Member representing such Neighborhood shall be the chairperson of the Neighborhood Committee, shall preside at its meetings, and shall be responsible for transmitting any and all communications to the Board.

In conducting its duties and responsibilities, each Neighborhood Committee shall abide by the notice and quorum requirements applicable to the Board under Sections 3.8, 3.9, 3.10, and 3.11. Neighborhood Committee meetings shall be open to all Unit Owners in the Neighborhood and their representatives. Neighborhood Committee members may act by unanimous written consent in lieu of a meeting.

**Article VI**  
**Miscellaneous**

6.1. Fiscal Year. The Association's fiscal year shall be the same as the fiscal year adopted by the Community Council, unless the Board establishes a different fiscal year by resolution.

6.2. Parliamentary Rules. The Board shall govern the conduct of Association proceedings in conformance with Arizona law, the Articles of Incorporation, the Declaration, or these Bylaws.

6.3. Conflicts. If there are conflicts among 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.

In the event of a conflict among any of the foregoing documents and the Covenants and Easements, the bylaws of the Community Council, or the articles of incorporation of the Community Council (collectively, "Community Council Governing Documents"), the Community Council Governing Documents shall control.

6.4. Books and Records.

- (a) Inspection by Members. The Board shall make available for inspection and copying by any Member, or the duly appointed representative of any Member at any reasonable time and for a purpose reasonably related to his or her interest in a Unit: the Declaration, Bylaws, and Articles of Incorporation, including any amendments, the rules of the Association, the membership register, books of account, including financial records, and the minutes of meetings of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the Association office or at such other place within the Properties as the Board shall designate.
- (b) Rules for Inspection. The Board shall establish 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 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. A director's right of inspection includes the right to make a copy of relevant documents at the Association's expense.
- (d) Exceptions to Inspection Requirement. Notwithstanding any provision to the contrary, the Board shall not be required to make available for inspection any portion of any book or record which relates to any of the following:
  - (i) personnel matters or a person's medical records;
  - (ii) communication between an attorney for the Association and the Association;

- (iii) pending or contemplated litigation;
- (iv) pending or contemplated matters relating to enforcement of the Governing Documents; or
- (v) meeting minutes or other records of a session of a Board or Association meeting that is not required by law to be open to all Members.

In addition, the Board shall not be required to disclose or make available for inspection any financial or other records of the Association if disclosure would violate local, state, or federal law.

6.5. Notices. Except as otherwise provided in the Declaration or these Bylaws, all notices, demands, bills, statements, or other communications under the Declaration or these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

- (a) if to a Member or Voting Member, at the address which the Member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member or Voting Member,
- (b) if to the Association, the Board, or the manager, at the principal office of the Association or the managing agent or at such other address as shall be designated by notice in writing to the Members pursuant to this Section; or
- (c) if to any committee, at the principal address of the Association or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

6.6. Amendment.

- (a) By Members Generally. Except as provided above, these Bylaws may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Members representing 51% of the total votes in the Association and the consent of the Class "B" Member, if such exists. In addition, the approval requirements set forth in Article XV of the Declaration shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.
- (b) Validity and Effective Date of Amendments. Amendments to these Bylaws shall become effective upon Recordation unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its Recordation, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these Bylaws.

No amendment to these Bylaws which affects the rights or interests of the Community Council shall be valid or effective unless and until approved in writing by the Community Council.

No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant, the Class "B" Member, or the assignee of such right or privilege.

I, Elizabeth Kepuraitis, being duly elected President of the DC Ranch Association, Inc. hereby attest that this Second Amended and Restated Bylaws of DC Ranch Association, Inc. was approved by the requisite affirmative vote or written consent of the Voting Members and the DC Ranch Association Board of Directors on May 4, 2020.

By: *Elizabeth Kepuraitis*

Elizabeth Kepuraitis, the President of DC Ranch Association. Inc.

State of Arizona        )  
                                  )ss.  
County of Maricopa    )

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this 14<sup>th</sup> day of May 1, 2020, by Elizabeth Kepuraitis, the President of DC Ranch Association, Inc., an Arizona nonprofit corporation, for and on behalf of the corporation.

*Michele R. Miller*  
Notary Public

My Commission Expires: 6-22-2020

