

AMENDED AND RESTATED
BYLAWS OF
VALSTATE (RANCHO VALENCIA) HOMEOWNERSASSOCIATION

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THE BYLAWS DATED MARCH 30, 2012 WERE AMENDED BY THE BOARD OF DIRECTORS OF VALSTATE HOMEOWNERS ASSOCIATION PURSUANT TO ARTICLE VIII OF SUCH BYLAWS. SUCH PREVIOUSLY ADOPTED BYLAWS ARE SUPERSEDED IN THEIR ENTIRETY AND REPLACED WITH THIS AMENDED AND RESTATED BYLAWS.

ARTICLE I

General

Section 1.1 Organization and Scope. These Amended and Restated Bylaws govern the operation and management of Valstate Homeowners Association (the "Association"), (the "Association"), an Arizona nonprofit corporation. The Association was formed as a property owners' association.

Section 1.2 Definitions. Except as otherwise provided herein, capitalized terms used in these Bylaws that are defined in the Declaration have the meanings set forth in the Declaration.

Section 1.3 Application of Bylaws. All present and future Owners and Occupants, or any other Persons with any right, title or interest in any Lot, , or who may have a right to use the Common Areas, are subject to the provisions of these Bylaws. The ownership, rental or occupancy of any Lot is an acceptance and ratification of, and agreement to comply with, these Bylaws by the Owner or Occupant.

Section 1.4 Association Responsibilities. The Board is responsible for administering the Declaration and exercising the powers and duties provided for by law and in the Declaration, except for those matters that are reserved to the Members by law or in the Declaration, the Articles of Incorporation of the Association (the "Articles") or these Bylaws.

ARTICLE II

Voting Rights

Section 2.1 Majority Vote. A majority of the votes of Members eligible to vote who are present at any meeting in person or by absentee will decide any question presented to the Members unless these Bylaws, the Articles, the Declaration or applicable law require otherwise, in which case the voting requirements in these Bylaws, the Articles, the Declaration or such applicable law will control.

Section 2.2 **Vote Indivisible.** Joint ownership or ownership of undivided interests in any Lot will not result in multiple Memberships in the Association and Membership in the Association will be shared by the joint Owners of a Lot. The vote for each Member must be cast as a single unit. Fractional votes are not allowed.

Section 2.3 **Designation of Voting Member.** If a Lot is owned by more than one Person and the Owners are unable to agree on how their vote will be cast, they will not be entitled to vote on the matter in question. If any Owner casts a vote representing a certain Lot, the Owner will be conclusively presumed to be acting with the authority and consent of all other Owners of the Lot unless an objection is made to the Board, in writing, at or prior to the time the vote is cast. If more than one Person casts or attempts to cast a vote for a particular Lot, all of the votes will be void.

Section 2.4 **Transfer of Class A Membership.** Except as otherwise provided in the Declaration, the rights, duties and obligations of a Class A Member cannot be assigned, transferred, pledged, conveyed or alienated in any way except upon the transfer of ownership of the Class A Member's Property, and then only to the transferee.. Such transfer may be affected by deed, intestate succession, testamentary disposition, foreclosure or other legal process authorized under Arizona law. Any attempt to make an unapproved transfer is void. Any transfer of ownership in a Lot transfers the Membership appurtenant to ownership of a Lot to the new Owner. No change in the ownership of a Lot is effective for voting purposes until the Board receives written notice of such change together with satisfactory evidence, such as a copy of the recorded deed. The Association may charge a new Member a reasonable transfer fee upon transfer of title to a Lot.

Section 2.5 **List of Members Entitled to Vote.** The Secretary of the Association, or the custodian of the Association's records, will maintain a record of the names and addresses of Members entitled to vote.

ARTICLE III

Meetings of Members

Section 3.1 **Annual Meetings.** The annual meeting of the Members will be held in October unless otherwise determined by the Board. At each annual meeting the Members will elect the Board in accordance with the requirements of the Declaration, the Articles and these Bylaws, and may also transact any other business that is authorized to be transacted by the Members at annual meetings.

Section 3.2 **Special Meetings.** Except as otherwise provided in the Declaration, special meetings of the Members for any purpose or purposes may be called by the President, by a resolution of the Board, or upon a written petition filed with the Secretary, signed by Members who are entitled to cast 33% of all of the votes of the Class A

Membership. Such petition must state the specific purpose of the special meeting. For purposes of determining whether the 50% requirement was met, the record date is the close of business on the 30th day before delivery of the petition for a special meeting. A special meeting will be scheduled by the Board on a date designated by the Board in its sole discretion, provided that the meeting must be held within 45 days from the date the petition is filed with the Secretary. No business can be transacted at a special meeting except as stated in the notice.

Section 3.3 Place. All meetings of the Members will be held at a date, place and time that is designated by the Board and stated in the notice of the meeting.

Section 3.4 Notices. It is the duty of the Secretary or the managing agent to mail or deliver to each Member entitled to receive notice as provided in Section 3.5 , a notice of each annual or special meeting, stating the date, time and place of such meeting, and the purpose of the meeting if a special meeting is called. Except as otherwise provided by statute, the Declaration, the Articles or these Bylaws, the notice must be sent at least 10 days but not more than 60 days prior to such meeting. Each notice is deemed given if mailed to or served at the address of the Member as it appears in the records of the Association. Notice via email or other electronic means is not permitted.

Section 3.5 Record Date. The Board may set a date as the record date for the purpose of determining Members entitled to notice of, or to vote at, any meeting of the Members, or to make a determination of Members for any other proper purpose (the "Record Date"). The Record Date cannot be more than 70 days prior to the date on which the particular action requiring such determination is to be taken, and, in the case of a meeting of the Association, not less than 10 days prior to the date of the meeting. Unless a different date is set by the Board, the Record Date will be 40 days prior to the action requiring the determination. An Owner who is delinquent in the payment of any Assessment or other sum to the Association, or whose rights as a Member are otherwise under suspension as provided in the Declaration as of the Record Date is not entitled to notice of, or to vote at, any meeting of Members noticed or held during the period of the delinquency or suspension. When a determination of Members entitled to vote at any meeting of the Association has been made as provided in this Section, that determination applies to any adjourned meeting. After setting the Record Date for a meeting, the Secretary or the managing agent will prepare an alphabetical list of the names of all of its Members who are entitled to notice of the meeting, the address of each Member and the number of votes each Member is entitled to vote at the meeting. The Secretary or managing agent will also prepare on a current basis through the time of the membership meeting another list of Members, if any, who are entitled to vote at the meeting, but not entitled to notice of the meeting, which list shall be prepared on the same basis and made a part of the list of Members.

Section 3.6 Quorum. Except as otherwise provided by statute, the Declaration, the Articles or these Bylaws, at any meeting of the Members, 10% of the Members entitled to vote at the meeting, whether present in person or represented by

absentee ballot, constitutes a quorum for the transaction of business. If any meeting cannot be held because a quorum is not present, the Board will set a date, time and place for the adjourned meeting and notice of that meeting, together with absentee ballots to be used at the adjourned meeting, will be sent to the Members pursuant to Section 3.4. The quorum at any adjourned meeting will be 5% of the Members entitled to vote, appearing in person or represented by an absentee ballot. .

Section 3.7 Absentee Ballots.

1. The Association will provide for votes to be cast by the members in person and by absentee ballot and may provide for voting by some other form of delivery. Any action taken at an annual or special meeting of the Members must comply with all of the following:
 - a) The absentee ballot must set forth each proposed action.
 - b) The absentee ballot must give the Member the opportunity to vote for or against each proposed action.
 - c) The absentee ballot is valid for only one specified election or meeting of the members and expires automatically after the completion of the election or meeting.
 - d) The absentee ballot must specify the time and date by which the ballot must be delivered to the board of directors in order to be counted, which must be at least seven days after the date that the board delivers the absentee ballot to the member.
 - e) The absentee ballot cannot authorize another person to cast votes on behalf of the member.
2. Votes cast by absentee ballot or other forms of delivery are valid for the purpose of establishing a quorum.

Section 3.8 Election of Directors. Election to the Board will be by secret written ballot. At such election the Members may cast one vote for each vacancy. The persons receiving the largest number of votes will be elected to the vacant positions. Cumulative voting for directors is not permitted.

ARTICLE IV

Board of Directors

Section 4.1 Number and Qualification of Directors; Term. During the term of the Class B Membership, the Association will be managed by the Board and such officers as the Board may elect or appoint in accordance with these Bylaws. The Board will consist of at least two (2) Members. After the termination of the Class B Membership, the Board will consist of at least five directors who must be Members (or individuals designated

by corporate, partnership or other nonindividual Members). The term of each director is for two (2) years; provided, however, that if the Board determines that the terms should be staggered, then the terms of the directors may vary to allow for election of two directors in even numbered years and three directors in odd numbered years. Co-owners of a Lot may not serve on the Board at the same time.

Section 4.2 Organization. The Directors will take office following the close of the annual meeting at which they were elected and will hold office until their successors have been duly elected and the first meeting of the new Board has been held. The organizational meeting of a newly elected Board will be held within 30 days after the annual meeting at which the Board was elected.

Section 4.3 Vacancies on the Board of Directors. All vacancies on the Board, including any vacancy created by the removal of a director, will be filled by a vote of the majority of the remaining directors, even though less than a quorum. Each person elected to fill a vacancy will serve as a director until a successor is elected at the next annual meeting of the Members to serve the remaining term of the director who created the vacancy.

Section 4.4 Disqualification and Resignation of Directors. Any director may resign at any time by sending written notice of such resignation to the Board, its presiding officer, the Association, or the Secretary of the Association. If a director ceases to be a Member (or, in the case of a director who is an individual designated by a corporate, partnership or other non-individual Member, if such designating Person is no longer the designated representative of a corporation, partnership or other non-individual Member) his/her directorship will immediately and automatically terminate. No individual will continue to serve on the Board if such individual, or the corporate, partnership or other non-individual Member which designated such individual for candidacy as a director, is more than 30 days delinquent in the payment of an Assessment or any other sum due to the Association, and such delinquency will automatically constitute a resignation by such director on the 31st day of the delinquency.

Section 4.6 Regular Meetings. The Board may hold regular meetings at such date, time and place as a majority of the directors designate. Notice of regular meetings must be given to each director personally or by mail, telephone, facsimile transmission or any other electronic means at least five (5) days prior to the date designated for such meeting. Notice of meetings of the Board will be provided to the Members in accordance with the requirements in the Arizona Planned Community Act.

Section 4.7 Powers and Duties. The Board has all powers necessary and is responsible for the administration of the affairs of the Association, and may do all such acts and things as are not by law, by the Declaration, by the Articles or by these Bylaws directed to be exercised solely by the Members. These powers include, but are not limited to, the following:

(a) To set, levy, collect, use and expend Assessments to carry out the purposes and powers of the Association;

(b) To hire, employ, dismiss and control the personnel necessary for the maintenance and operation of Common Areas, including the right and power to employ attorneys, accountants, contractors and other professionals as the need arises;

(c) To make and amend rules and regulations respecting the operation, use and maintenance of Common Areas;

(d) To contract for the management of the Association and to delegate to the manager all or a portion of the powers and duties of the Association;

(e) To contract with a professional management company for the operation of the Association. If the Association has been managed by a professional management company, it cannot become self-managed unless two-thirds of the Owners, voting in person or by absentee ballot, approve the transition from professional management to self-management.

(f) To use, disburse and expend the Assessments in the exercise of its powers and duties;

(g) To maintain, repair, replace and operate the Common Areas;

(h) To reconstruct improvements after casualty loss and to make further improvements to the Association;

(i) To establish committees of the Board and delegate to such committees the Board's authority to carry out certain duties of the Board, provided that such delegation is revocable at any time by the Board;

(j) To enforce, by legal means if necessary, the provisions of the Declaration, the Articles, the Bylaws, the Association Rules, the Design Guidelines, and any other documents and laws respecting the Association and the Association;

(k) To pay taxes and assessments that are liens against any part of the Common Areas;

(l) To pay the cost of all power, water, sewer and other utility services supplied to the Common Areas and not metered and billed to individual properties;

- (m) To elect the officers of the Association;
- (n) To prepare the annual and other budgets;
- (o) To establish and collect the Assessments, and to enforce unpaid assessments by recording Assessment liens and initiating foreclosure proceedings;
- (p) To borrow monies for the proper operation of the Association and the performance of its duties when Assessments actually collected from Owners are insufficient for such purposes, and to repay all loans on terms acceptable to the Board;
- (q) To obtain necessary insurance for the Common Areas and to obtain directors' and officers' liability insurance, as well as fidelity insurance on those individuals handling the funds of the Association;
- (r) To grant, obtain, hold, or relocate easements for the benefit of the Owners and Occupants;
- (s) To open bank accounts on behalf of the Association and to designate the signatories on such accounts; and
- (t) To invest any excess funds held or controlled by the Association in government insured accounts.
- (u) To provide for an annual financial audit, review or compilation in accordance with A.R.S. §33-1810, or as otherwise required by the laws of the State of Arizona and to make the audit, review or compilation available to the Owners, upon written request, at least 180 days after the end of the Association's fiscal year.

Section 4.8. Removal of a Director. After the expiration of the Class B Membership, at any regular or special meeting of the Association at which a quorum is present, any member of the Board can be removed by the Members, with or without cause, by the vote of a majority of the Members who are voting in person or by absentee ballot. For purposes of the removal of a director, a quorum exists if 20% of the Owners are present at the meeting, or have returned an absentee ballot. The procedure for removing directors is as follows:

1. A petition signed by the Owners entitled to cast at least 25% of the votes in the Association which requests the removal of a member of the board must be submitted to the Board.

2. Once the petition has been received by the Board, the Board must notice a special meeting of the Association. The notice of this special meeting must be given to the Owners at least 10 days before the meeting. Such notice must be either hand-delivered or sent by first class mail to the mailing address for the Owner as reflected in the Association's records. An absentee ballot must be sent with the notice of the special meeting in accordance with the requirements in Section 3.7 and give the member the right to vote for or against the removal of the named director who is proposed to be removed.
3. No person whose removal has been requested by the requisite number of Members may be appointed by the Board to fill the vacancy created by the removal of that Director.
4. The special meeting must be held within 30 days from receipt of the petition requesting the removal of a director.
5. A petition asking for the removal of the same member of the board cannot be submitted more than once during each term of office for that board member.

Section 4.9 Board Action in Lieu of Meeting. Unless otherwise expressly restricted by statute, the Declaration, the Articles or these Bylaws, any action required or permitted to be taken at a meeting of the Board or any committee may be taken without a meeting if all directors or committee members, as appropriate, consent to that action in writing. Each such consent will be filed with the minutes of next meeting of the Board or committee.

Section 4.10. Compensation of Directors. The Association cannot pay any compensation to any director for serving as a director of the Association or for providing services to the Association outside of the scope of his/her duties as a director. A director may be reimbursed for services and goods used by the director in performing his/her duties, so long as the expenditure by the director was approved in advance by the Board.

ARTICLE V

Officers

Section 5.1 Elected Officers. The principal officers of the Association are the President, the Vice President, a Secretary and a Treasurer. Each officer must be an Owner or a representative designated by a group of Owners in accordance with Section 2.3 hereof or an individual designated by a corporate, partnership or other non-individual Owner.

A person may hold more than one office, except that the offices of President and Secretary cannot be simultaneously held by the same person..

Section 5.2 **Term.** The officers of the Association will be elected annually by the Board at the organizational meeting of each new Board and will hold office at the pleasure of the Board. If any office becomes vacant for any reason, the vacancy will be filled by the Board at any regular or special meeting of the Board.

Section 5.3 **President.** The President is the chief executive officer of the Association and will preside at all meetings of the Members and of the Board. The President has executive powers and responsibility for the general supervision over the affairs of the Association, including but not limited to the power to appoint committees from among the Members to assist in conducting the affairs of the Association.

Section 5.4 **Vice President.** The Vice President will take the place of the President and perform all of the duties of the President whenever the President is absent or unable to act. The Vice President will also perform such other duties as may be imposed on the Vice President from time to time by the Board.

Section 5.5 **Secretary.** The Secretary will: (a) issue notices of all meetings of the Members and the Board; (b) attend and keep the minutes of such meetings; (c) have charge of all of the Association's books, records and papers, including the Member list; and (d) perform such other duties as may be imposed on the Secretary from time to time by the Board.

Section 5.6 **Treasurer.** The Treasurer will have custody of, will keep full and accurate account of all receipts and disbursements of the Association, in books belonging to the Association, and will deposit all monies and other valuable effects in the name of and to the credit of the Association in such depositories as may be designated from time to time by the Board. The Treasurer may delegate the collection, deposit and disbursement of monies by establishing a reasonable method of accounting which will be reviewed by the Board on a monthly basis. All books of account will be kept on a consistent basis in accordance with generally accepted accounting practices. The Treasurer will also perform such other duties as may be imposed on the Treasurer from time to time by the Board.

Section 5.7 **Resignation and Removal of Officers.** Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause. Any officer may resign at any time by giving written notice of such resignation to the Board, the President or the Secretary. Such resignation will take effect upon delivery of such notice or at any later time specified therein, and unless otherwise provided therein, acceptance of such resignation will not be necessary to make it effective.

Section 5.8. **Delegation of Duties.** The officers may delegate their duties to a Property Manager hired by the Board, including the collection of assessments, the purchase of services and goods and the payment of expenses of the Association.

ARTICLE VI

Fiscal Management

Section 6.1 **Depositories.** The funds of the Association will be deposited in such banks and depositories as determined by the Board from time to time, upon resolutions approved by the Board, and can only be withdrawn upon checks and demands for money signed by such officer or officers of the Association or a management company designated by the Board.

Section 6.2 **Budget.** The Board will prepare an estimated annual budget for each fiscal year of the Association. Such budget will take into account the estimated cash requirements, income and required borrowings, if any, of the Association for the year. The annual budget will also provide for a reserve for contingencies for the year and for future years and an adequate reserve for maintenance, repairs and replacements of those Common Areas that must be replaced on a periodic basis, as determined by the Board. To the extent that the Assessments and other cash income collected from the Owners during the preceding year are more or less than the expenditures for the preceding year, the surplus or deficit, as the case may be, will be taken into account in determining the annual budget. The estimated annual budget for each fiscal year will be approved by the Board, and a copy will be furnished by the Board to each Owner at the annual meeting of the Members or at any other time upon the request of any Member.

Section 6.3 **Fiscal Year.** The fiscal year of the Association begins on January 1 and ends on December 31. The commencement date of the fiscal year may be modified by the Board, subject to any necessary approvals by the Arizona Corporation Commission and the Internal Revenue Service.

Section 6.4 **Contracts.** Unless otherwise provided by the Board, all contracts will be executed on behalf of the Association by either the President or the managing agent. The Board may provide written authorization to any officer or agent of the Association to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

Section 6.5 **Loans.** Only the Board can obtain loans on behalf of the Association. Any loan that exceeds the projected annual assessment amount set forth in the most current budget must be approved by 2/3rds of the Members voting in person or by absentee ballot at any meeting called for that purpose.

Section 6.6 **Other Provisions.** Other provisions regarding fiscal management, including such matters as Assessments, records and statements of payment and discharge of Assessment liens, are set forth in the Declaration, the relevant portions of which are incorporated in these Bylaws by reference.

ARTICLE VII

Obligations of Members

Section 7.1 Obligations of Members. Every Owner and Occupant has such obligations to the Association and the other Owners and Occupants as provided in the Declaration, which is incorporated by reference.

Section 7.2 Use of Common Areas. The Common Areas will be used for only such purposes as may be permitted by the Declaration, the Articles, the Association Rules, or these Bylaws. All Owners and Occupants must abide by such rules as the Board may from time to time adopt relating to the time, manner and nature of the use of the Common Areas.

ARTICLE VIII

Amendments

These Bylaws may be amended by a majority vote of the Members eligible to vote who are present in person or by absentee ballot at any duly called special meeting of the Members at which a quorum is present; provided, however, that the Board may amend the Bylaws to conform with any changes to Arizona Law, including the Arizona Nonprofit Corporation Act or the Arizona Planned Community Act. Notwithstanding the foregoing, these Bylaws cannot be amended to contain any provision which would be contrary to or inconsistent with the Declaration, the Articles or Arizona Law. Any provision of, or purported amendment to, these Bylaws which is contrary to or inconsistent with the Declaration or the Articles is void to the extent of such inconsistency.

ARTICLE IX

Liability Survives Termination of Membership

The termination of Membership in the Association does not (i) relieve or release a former Member from any liability or obligation under the Declaration or in any way connected with the Association, which is incurred by the former Member during the period of Membership, or (ii) impair any rights or remedies the Association may have against the former Member with respect to such liability or obligation.

ARTICLE X

Limitation of Liability

Notwithstanding any duty the Association may have to maintain and repair the Common Areas, neither the Association, nor its officers and directors, are liable for injury or damage caused by a latent condition in the Common Areas or by any Owner or Occupant or other Person.

ADOPTED BY the Board of Directors of Valstate (Rancho Valencia) Homeowners Association, Inc., at Tucson, Arizona, this 9th day of March, 2016.



President