

BYLAWS
OF
THE GAINNEY RANCH COMMUNITY ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is THE GAINNEY RANCH COMMUNITY ASSOCIATION, hereinafter referred to as the "Master Association". The location of the principal office of the Master Association shall be as provided in the Articles of Incorporation for the Master Association, dated October 10, 1984, as amended from time to time (the "Articles of Incorporation"). Meetings of Members and Directors may be held at such places within the State of Arizona, County of Maricopa, as may be designated by the Board of Directors.

ARTICLES II

DEFINITIONS

The words and terms used herein shall be deemed to have the same meanings as are given those words and terms in that certain Restated Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements for Gainney Ranch, dated April 4, 1995 and recorded on April 21, 1995 as instrument No. 95-0223112, Records of Maricopa County, Arizona as the same may be from time to time amended (the "Master Declaration").

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings.

The first annual meeting of the Members shall be held within one (1) year from the date of incorporation of the Master Association, and each subsequent regular annual meeting of the Members shall be held in the same month of each thereafter, at the hour of 7:30 o'clock P.M., on a date selected by the Board. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings.

Special Meetings of the Members may be called at any time by the President or by the

Board of Directors, or upon written request of the Members who are entitled to vote one-fourth ($\frac{1}{4}$) of all of the votes of the Class A membership.

Section 3. Notice of Meetings.

Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than fifteen (15) days nor more than fifty (50) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Master Association or supplied by such Member to the Master Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum.

The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth ($\frac{1}{10}$) of the votes of all members shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Master Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies.

At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot or Parcel; provided, however, the Association may rely on the continuance of a proxy until the Association receives actual notice of the conveyance by the Member of his Lot or Parcel.

ARTICLE IV

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number.

The affairs of this Master Association shall be managed by a Board of Directors, who need not be Members of the Master Association. The Board shall have the exclusive right of determining the affairs of the Master Association. The Board shall consist of five (5) Directors.

Section 2. Election.

The Board initially shall consist of the five (5) Directors designated in the Articles of Incorporation. Thereafter, four (4) members of the Board of Directors shall be elected by the vote of Memberships attributable only to Lots and Parcels having a Residential Land Use Classification or Golf Course Land Use Classification, and one (1) member of the Board of Directors (the "Non-Residential Director") shall be elected by the vote of Memberships attributable to all other Land Use Classifications.

Section 3. Term of Office.

The Directors designated in the Articles of Incorporation shall hold office until the first annual meeting of Members, or until their successors are elected and qualified. At the first annual meeting, the Members entitled to vote for the Directors to be elected shall elect three (3) Directors, including the Non-Residential Director, for a term of two (2) years and two (2) Directors for a term of one (1) year. At each annual meeting thereafter, the Members entitled to vote for the Directors to be elected shall elect Directors to replace those Directors whose terms have expired and all such Directors shall be elected for a term of two (2) years. The length of terms may be modified by the Members.

Section 4. Removal and Vacancies.

Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Master Association entitled to vote on the election of his successor. In the event of the death, resignation or removal of a Director, other than a Non-Residential Director, his successor shall be selected by the remaining members of the Board and such successor shall serve for the unexpired term of his predecessor. In the event of the death, resignation or removal of a Non-Residential Director, a special meeting of the Members shall be immediately called by the Board in order to elect his successor.

Section 5. Compensation.

No Director shall receive compensation for any service he may render to the Master Association in such capacity. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties as a Director and may receive a salary or wages if he is employed by the Master Association in a capacity in addition to serving as a Director.

Section 6. Action Taken Without a Meeting.

The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORSSection 1. Nomination.

Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting of the Members. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more persons who are either Members of the Master Association, officers of a corporate Member, or partners in a partnership Member. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

Section 2. Election.

Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Master Declaration. The persons receiving the largest number of votes shall be elected.

ARTICLE VI

MEETINGS OF DIRECTORSSection 1. Regular Meetings.

There shall be four regular meetings of the Board of Directors annually held without notice, at such date, place and hour as may be fixed from time to time by the Board. Should any said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings.

Special meetings of the Board of Directors shall be held when called by the President of the Master Association, or by any two Directors, after not less than three (3) days notice to each Director.

Section 3. Quorum.

A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORSSection 1. Powers.

The Board of Directors shall have power to:

- (a) adopt and publish rules and regulations governing the use of the Master Common Area, the personal conduct of the Members and their guests thereon, and any other matters contemplated by the Master Declaration or Articles of Incorporation and to establish penalties for the infraction thereof;
- (b) suspend the voting rights and right to use of the recreational facilities and other Master Common Areas of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Master Association. Such rights may also be suspended (i) for a period not to exceed sixty (60) days for infraction of the Master Declaration, a Tract Declaration or the Gainey Ranch Rules and (ii) for successive 60-day periods if any such infraction is not corrected during any prior 60-day suspension period;
- (c) exercise for the Master Association all powers, duties and authority vested in or delegated to this Master Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Master Declaration;
- (d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- (e) employ a manager, independent contractors, or such other employees as they deem necessary and to prescribe the duties of such persons.

Section 2. Duties.

It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by the holders of one-fourth ($\frac{1}{4}$) of the votes of Class A Members who are entitled to vote;
- (b) supervise all officers, agents and employees of this Master Association and to see that their duties are properly performed;
- (c) as more fully provided in the Master Declaration to:
 - (1) fix the amount of the Annual Assessment and Security Assessment against each Lot or Parcel subject thereto at least thirty (30) days in advance of each Annual Assessment Period; and
 - (2) take such action, as and when the Board deems such action appropriate but after notice as provided in the Master Declaration, to foreclose the lien against any property for which Assessments are not paid and/or to bring an action at law against the Member personally obligated to pay the same.
- (d) issue, or to cause an appropriate officer or employee to issue, upon demand by any person, a certificate setting forth whether or not any Assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an Assessment has been paid, such certificates shall be conclusive evidence of such payment, as against any bona fide purchaser of, or lender on, the Lot or Parcel in question;
- (e) cause the procurement and maintenance of adequate liability and hazard insurance on property owner by the Master Association;
- (f) cause all officers or employees having fiscal responsibilities to be bonded or covered by a fidelity/crime insurance policy, as it may deem appropriate; and
- (g) cause the maintenance responsibilities of the Master Association set forth in the Master Declaration to be performed.

ARTICLE VIII

OFFICERS AND THEIR DUTIESSection 1. Enumeration of Offices.

The officers of this Master Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers.

The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term.

The officers of this Master Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall be removed or otherwise disqualified to serve.

Section 4. Special Appointments.

The Board may elect such other officers as the affairs of the Master Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

Section 5. Resignation and Removal.

Any officer may be removed from office with or without cause by the Board. 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 receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies.

A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

Section 7. Multiple Offices.

The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties.

The duties of the officers are as follows:

- (a) President: The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments; and shall co-sign all checks and promissory notes.
- (b) Vice President: The Vice President shall act in the place and stead of the President in the event of his absence or inability or refusal to act and shall exercise and discharge such other duties as may be required of him by the Board.
- (c) Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Master Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Master Association together with their addresses; and perform such other duties as required by the Board.
- (d) Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Master Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Master Association; shall keep proper books of account; shall cause an annual audit of the Master Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting and delivered to the Members.

The duties of the officers specified in this Section 8 may be delegated to one or more designated Association employees as determined heretofore or hereafter by resolution of the Board of Directors.

ARTICLE IX

COMMITTEES

The Board of Directors shall appoint an Architectural Control Committee and a Nominating Committee as provided in the Master Declaration and these Bylaws. The Council of Presidents, as composed in accordance with the Master Declaration, shall also be a committee of the Master Association and shall perform the functions and duties described in the Master Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out the purposes of the Master Association.

ARTICLE X

BOOKS AND RECORDS

Subject to any federal or Arizona statutory exceptions, the books, records and papers of the Master Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Master Declaration, the Articles of Incorporation and the Bylaws of the Master Association shall be available for inspection by any Member at the principal office of the Master Association, where copies may be purchased at reasonable cost.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Master Declaration, each Member is obligated to pay to the Master Association, Annual Assessments, Special Assessments and Maintenance Charges and certain Members are obligated to pay Security Assessments. All such Assessments are secured by a continuing lien upon the property against which the Assessment is made. Any Assessment or installment thereof not paid when due shall be deemed delinquent and shall bear interest from thirty (30) days after due date until paid at a rate equal to eighteen percent (18%) per annum, and the Master Association may bring an action at law against the Owner or Lessee personally obligated to pay the same or foreclose the lien against the property, as provided in the Master Declaration. Interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such Assessment. No Owner may waive or otherwise escape liability for the Assessments provided for herein by nonuse of the Master Common Area or abandonment of his Lot or Parcel.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words:
THE GAINNEY RANCH COMMUNITY ASSOCIATION.

ARTICLE XIII

AMENDMENTSSection 1. Amendments.

These Bylaws may be amended in a manner not inconsistent with the Master Declaration or Articles of Incorporation, at a regular or special meeting of the Members, by a majority vote of the votes cast at any meeting at which a quorum of Members are present in person or by proxy.

Section 2. Right of Amendment if Requested by Governmental Agency or Federally Chartered Lending Institutions.

Anything in the Bylaws to the contrary notwithstanding, the Board reserves the right to amend all or any part of the Bylaws to such an extent and with such language as may be requested by the FHA or the VA and to further amend the Bylaws to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of the Bylaws or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Lot(s) or Parcel(s) or any portions thereof.

ARTICLE XIV

INTERPRETATION

In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control; and in the case of any conflict between the Master Declaration and these Bylaws, the Master Declaration shall control.

ARTICLE XV

FISCAL YEAR.

The fiscal year of the Master Association shall begin on the 1st day of January and end on the 31st day of December, of each year, except that the first fiscal year shall begin on the date of incorporation of the Master Association and shall end on the 31st day of December thereafter.

AMENDED February 22, 1996


CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am duly elected and acting Secretary of THE GAINNEY RANCH COMMUNITY ASSOCIATION, an Arizona nonprofit corporation, and,

THAT the foregoing Bylaws constitute an amendment to the original Bylaws of said Master Association, as adopted by unanimous written consent of the Board of Directors thereof, on the 17th day of October, 1984. Such amended Bylaws were adopted by consent of the Board of Directors on the 22nd day of February, 1996.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of said Master Association this 22nd day of February, 1996.



Secretary, Phillip S. Arensberg

(SEAL)

