

**THE ENCLAVE AT GAINNEY RANCH
OWNERS ASSOCIATION**

AMENDED BYLAWS

THE ENCLAVE AT GAINNEY RANCH OWNERS ASSOCIATION

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BYLAWS
OF
THE ENCLAVE AT GAINNEY RANCH HOMEOWNERS ASSOCIATION
ARTICLE I
GENERAL PROVISIONS

1.0 Defined Terms. Capitalized terms used in these Bylaws without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions and Restrictions for The Vintage (now the Enclave) at Gainey Ranch recorded in the Country Recorder of Maricopa County, Arizona, as Instrument Number 85 185985, as amended by the Certificate of Amendment recorded as Instrument No. 85 431185, records of Maricopa County, Arizona. *

1.1 Conflicting Provisions. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

1.2 Corporate Seal. The Association shall have a seal in a form approved by the Board.

1.3 Designation of Fiscal Year. The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation of the Association.

*{Paragraph 1.0, which formerly read: "Defined Terms. Capitalized terms used in these Bylaws without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions and Restrictions for The Vintage at Gainey Ranch recorded with the County Recorder of Maricopa County, Arizona, as instrument No. 85 185985.", was amended by homeowner action at the Annual Meeting April 21, 1990}

1.4 Books and Records. The Project Documents and all other books, records and papers of the Association shall be available for inspection by any Member during reasonable business hours at the principal office of the Association, where copies may be purchased at reasonable cost.

1.5 Amendment By Members. These Bylaws may be amended at any Regular or Special Meeting of the Members at which a quorum is present; provided, however, any amendment for adoption shall require the affirmative vote of at least two-thirds (2/3) of the Members present in person or by proxy.*

1.6 Amendment by Declarant or Board. The Declarant or the Board, without a vote of the Members, may amend these Bylaws in order to conform these Bylaws to the requirements, regulations or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration, any federal, state or local governmental agency whose approval of the Project Documents or the Project is required or requested by the Declarant or any lending institution which is requested to make a loan upon the security of any Lot or any portion of a Lot.

*{Paragraph 1.5, which formerly read: "Amendment By Members. These Bylaws may be amended, at a Regular or Special Meeting of the Members, by a vote of the Members entitled to cast more than fifty percent (50%) of the votes entitled to be cast by the Members present in person or by proxy.", was amended by homeowner action at the Annual Meeting, April 21, 1990}

ARTICLE 2

MEETING OF MEMBERS

2.0 Annual Meeting. The first Annual Meeting of the Members shall be held within one year of the date of the incorporation of the Association. The date, time and place of the first Annual Meeting shall be determined by the Board. Each subsequent Annual Meeting of the Members shall be held on the third Wednesday of February at such time and place as is determined by the Board.*

2.1 Special Meetings. Special Meetings of the Members may be called at any time by the President or by the Board or upon written request signed by Members having at least one-fourth (1/4) of the total authorized votes in the Association.

2.2 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 each notice, postage prepaid, at least fifteen (15) days but not more than forty-five(45) days prior to such meeting to each Member entitled to vote thereat addressed to the Member's address last appearing on the books of the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and shall state the purpose thereof including a tentative agenda of the business to be conducted. By attending a meeting, a Member waives any right he may have had to object to the meeting on the basis that the proper notice of the meeting was not given in accordance with these Bylaws or the Statutes of the State of Arizona.**

*{Paragraph 2.0, which formerly read: " Annual Meeting. The first Annual Meeting of the Members shall be held within one year of the date of the incorporation of the Association. The date, time and place of the first Annual Meeting shall be determined by the Board. Each subsequent annual meeting of the Members shall be held on such date and at such time and place as is determined by the Board.", was amended by homeowners action at the Annual Meeting, April 21, 1990}.

**{Paragraph 2.2, which formerly read: " 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 each notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote thereat addressed to the Member's address last appearing on the books of the 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. By attending a meeting, a Member waives any right he may have had to object to the meeting on the basis that the proper notice of the meeting was not given in accordance with these Bylaws or the statutes of the State of Arizona.", was amended by homeowner action at the Annual Meeting, April 21, 1990.}

2.3 Quorum. Except as otherwise provided in the Articles, the Declaration or these Bylaws, the presence in person or by proxy of Members entitled to cast twenty-five percent (25%) of the total authorized votes in the Association shall constitute a quorum at all meetings of Members. If a quorum shall not be present at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, until a quorum shall be present. Except for matters specifically requiring a greater affirmative vote by the Declaration, Articles or Bylaws, a simple majority vote cast by the Members present in person or by proxy shall be sufficient for passage of a proposal.**

2.4 Proxies. At all meetings of the Members a vote may be cast in person or by proxy. A proxy may be granted by any Member in favor of only another Member, the Secretary of the Association, the Declarant, or the Member's mortgagee, or in the case of a non-resident Member, the lessee of such Member's Lot, his attorney or managing agent. A proxy shall be duly executed in writing and it shall be valid only for the particular meeting designated in the proxy. All proxies must be filed with the Secretary prior to the commencement of the meeting for which the proxy is given. The proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of a notice of revocation signed by the Member who granted the proxy. Except with respect to proxies in favor of a mortgagee, no proxy shall in any event be valid for a period in excess of 180 days after the execution thereof.

**{Paragraph 2.3, which formerly read; "Quorum. Except as otherwise provided in the Articles, the Declaration or these Bylaws, the presence in person or by proxy of Members entitled to cast one-tenth (1/10th) of the total authorized votes in the Association shall constitute a quorum at all meetings of the Members. If a quorum shall not be present at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.", was amended by homeowner action at the Annual Meeting, April 21, 1990.}

ARTICLE 3

BOARD OF DIRECTORS

3.0 Number. From and after April 1989, the affairs of this Association shall be managed by a Board of Directors consisting of up to five (5) persons, all of whom must be Members of the Association or a director, officer or agents of a Member of the Association, except for directors appointed by the Master Association, in the event the Master Association takes control of the Association pursuant to Article XIII, Section 5 of the Master Declaration.*

3.1 Term of Office. Directors shall be elected for a one-year term of office, and each shall serve until his/her qualified successor is duly elected or appointed.**

3.2 Removal. At any Annual or Special Meeting of the Members duly called, any one or more of the Members of the Board of Directors may be removed from the Board with or without cause by Members having more than fifty percent (50%) of the votes entitled to be cast by the Members present in person or by proxy at the meeting, and a successor may then and there be elected to fill the vacancy thereby created.

*{Paragraph 3.0, which formerly read: "Number. The affairs of this Association shall be initially managed by a board of four (4) directors. So long as there is a class B membership in the Association, the directors need not be Members of the Association. After the termination of the Class B membership, all directors must be Members of the Association or a director, officer or agent of a Member of the Association except for directors appointed by the Master Association in the event the Master Association takes control of the Association pursuant to Article XIII, Section 5 of the Master Declaration.", was amended by homeowner action at the Annual Meeting, April 21, 1990}

**{Paragraph 3.1, which formerly read: "Term of Office. The initial Members of the Board shall hold office until the first Annual Meeting of the Members and until their successors are elected and qualified. Commencing with the first Annual Meeting of the Members, all directors shall be elected for a term of one (1) year and until their successors are elected and qualified.", was amended by homeowner action at the Annual Meeting, April 21, 1990.}

3.3 Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

3.4 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 consent of all the directors. Any such written consent shall be filed with the minutes of the proceedings of the Board.

3.5 Vacancies. Vacancies on the Board caused by any reason other than the removal of a director in accordance with the provisions of Section 3.2 of these Bylaws shall be filled by a majority vote of the remaining directors at the first Regular or Special Meeting of the Board held after the occurrence of such vacancy, even though the directors present at such meeting may constitute less than a quorum. Each person so elected shall serve the unexpired portion of the prior director's term.

3.6 Regular Meetings. Regular Meetings of the Board may be held at such time and place as determined from time to time by the Board provided, however, there shall always be a Regular Annual Meeting of the Board which shall be held on the second Wednesday of November. Notice of such Annual Meetings shall be given to all Members in the same manner as provided in Section 2.2, and the agenda shall include time for Members to voice complaints, problems or solutions to problems relevant to the Association.*

*Paragraph 3.6, which formerly required a Regular Annual Meeting of the Board on the third Wednesday of October was amended by homeowner action at the Annual Meeting on February 18, 1998.

3.7 Special Meetings. Special Meetings of the Board may be called by the President on three business days notice to each director, given in writing, by hand delivery, mail or telegraph, which notice shall state the time, place and purpose of the meeting. Special Meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two directors. Special Meetings of the Board may be held without notice by common consent of all directors, provided all directors shall sign a waiver of notice and consent to holding the meeting. Any member of the Association who has special grievance or complaint to present to the Board of Directors may make a written request to any director or to the Executive Director of the Gainey Ranch Community Association at its principal office for a hearing before the Board. The special grievance or complaint shall state the nature of the problem and the relief sought. Such petitioner shall be given notice of the next Regular or Special Board meeting and full opportunity to be heard. Such Board meeting shall be held not later than forty-five (45) days after receipt of the written request.*

3.8 Quorum. A majority of the 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.

*{Paragraph 3.7, which formerly read; "Special Meetings. Special Meetings of the Board may be called by the President on three business days notice to each director, given in writing, by hand delivery, mail or telegraph, which notice shall state the time, place and purpose of the meeting. Special Meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two directors.", was amended by homeowner action at the Annual Meeting, April 21, 1990.}

3.9 Powers and Duties. The Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by the Project Documents required to be exercised or done by the Members. In addition to the duties imposed by these Bylaws or by any resolution of the Members that may hereafter be adopted, the Board shall have the following powers and duties.

(a) Open bank accounts on behalf of the Association and designate the signatories thereon;

(b) Make, or contract for the making, of repairs, additions to, improvements to or alterations of the common area, in accordance with the Project Documents, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

(c) In the exercise of its discretion, enforce by legal means the provisions of the Project Documents;

(d) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair, replacement of the common area and provide services for the Members, and where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties;

(e) Provide for the operation, care, upkeep and maintenance of all of the common area and borrow money on behalf of the Association when required in connection with any one instance relating to the operation, upkeep and maintenance for the common area; provided however, the consent of Members having at least two-thirds (2/3) of the total votes in the Association shall be obtained either in writing or at a meeting called and held for such purpose in accordance with the provisions of these Bylaws in order for the Association to borrow in excess of \$5,000;

(f) Prepare and adopt an annual budget for the Association prior to the commencement of each fiscal year;

(g) Adopt and publish rules and regulations governing the use of the common area and facilities and the personal conduct of the Members and their family members, guests, lessees and invitees thereon and establish penalties for the infraction thereof;

(h) Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of the Project Documents;

(i) Declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board;

(j) Employ, hire and dismiss such employees as they deem necessary and to prescribe their duties and their compensation;

(k) Hire or employ and dismiss a manager, whether as an independent contractor or as an employee, to perform such services and duties as the Board may direct including, but without limitation, any of the duties granted to the officers of the Association in these Bylaws or any duties of the Board set forth in this Section;

(l) Cause to be kept a complete record of all 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 any Member entitled to vote;

(m) Supervise all officers, agents and employees of the Association and see that their duties are properly performed;

(n) Levy Assessments against each Lot in accordance with the provisions of the Declaration;

(o) Record a notice and claim of lien against any Lot for which Assessments are not paid, and foreclose the same within a reasonable time or, in the discretion of the Board, bring an action at law against the Owner personally obligated to pay the same;

(p) Issue, or cause an appropriate officer to issue upon demand to 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 certificate shall be conclusive evidence of such payment;

(q) Procure and maintain adequate property, liability and other insurance as required by the Declaration;

(r) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(s) Cause the common area to be maintained, as more fully set forth in the Declaration.

ARTICLE 4

OFFICERS AND THEIR DUTIES

4.0 Enumeration of Officers. The principal officers of the Association shall be the President, the Vice-President, the Secretary, and the Treasurer all of whom shall be elected by the Board. The President must be a Member of the Board. Any other officer may, but need not, be a Member of the Board.

4.1 Election of Officers. The election of officers shall take place at the first meeting of the Board following each Annual Meeting of the Members.

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

4.3 Special Appointments. The Board may elect such other officers as the affairs of the 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.

4.4 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.

4.5 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 he replaces.

4.6 Multiple Offices. The offices of Treasurer and Secretary may be held simultaneously by the same person. One person may not simultaneously hold more than one of any of the other offices, including special offices created pursuant to Section 4.3 of these Bylaws.

4.7 Powers and Duties. To the extent such powers and duties are not assigned or delegated to a manager pursuant to Section 3.9(k) of these Bylaws the powers and duties of the officers shall be as follows:

(a) President. The President shall be the chief executive officer of the Association; shall preside at all meetings of the Board or the Members; shall see that orders and resolutions of the Board are carried into effect; and have general and active management of the business of the Association;

(b) Vice-President. The Vice-President shall act in the place and stead of the President in the event of his absence, 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 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 Association together with their addresses, and shall 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 Association and shall disburse such funds for appropriate Association purposes as set forth in the Project Documents; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its Regular Annual Meeting, and deliver a copy of each to the Members; and, in general, perform all the duties incident to the office of Treasurer.

ARTICLE 5

INDEMNIFICATION

5.0 Directors and Officers; Third Party Actions. The Association shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Association, by reason of the fact that he is or was a Member, director, officer, employee or agent of the Association or is or was serving at the request of the Association as a Member, director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorney fees, and against judgements, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted, or failed to act, in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgement, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the person acted or failed to act other than in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was lawful.

5.1 Directors and Officers; Derivative Actions. The Association shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgement in its favor by reason of the fact that he is or was a Member, director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including attorney fees, but excluding judgements and fines, and, except as hereinafter set forth, amounts paid in settlement, actually and reasonable incurred by him in connection with the defense or settlement of such action or suit, if he acted, or failed to act, in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and except that no indemnification may be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper. The court in which any such action or suit was brought may determine upon application that, in view of all circumstances of the case, indemnity for the amounts so paid in settlement and for the expenses, including attorney fees, actually and reasonably paid in connection with such application, to the extent the court deems proper.

5.2 Employees and Agents. To the extent that a Member, director, officer, employee or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 5.0 and 5.1 of these Bylaws or in defense of any claim, issue or matter therein, he shall be indemnified against expenses, including attorney fees, actually and reasonably incurred by him in connection therewith.

5.3 Procedure for Effecting Indemnification. Any indemnification under Section 5.0 or 5.1 of these Bylaws, unless ordered by a court, shall be made by the Association only as authorized in the specific case upon a determination that indemnification of a Member, director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 5.0 or 5.1 of these Bylaws. Such determination shall be made by any of the following:

(a) By the Board by a majority vote of a quorum consisting of directors who were not parties to the action, suit or proceeding;

(b) If such a quorum is not obtainable, in a written opinion of independent legal counsel appointed by a majority of the disinterested directors for that purpose;

(c) If there are no disinterested directors, by the court or other body before which the action, suit or proceeding was brought or any court of competent jurisdiction upon the approval of or application by any person seeking indemnification, in which case indemnification may include the expenses, including attorney fees, actually and reasonably paid in connection with such application;

(d) By act of the Members.

5.4 Advancing Expenses. Expenses, including attorney fees, incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of the action, suit or proceeding as authorized in the manner provided in Section 5.3 of these Bylaws upon receipt of an undertaking by or on behalf of the Member, director, officer, employee or agent to repay the amount unless it is ultimately determined that he is entitled to be indemnified by the Association as authorized in this Article.

5.5 Scope of Article. The indemnification provided by this Article is not exclusive of any other rights to which those indemnified may be entitled under any agreement, vote of Members or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office and shall continue as to a person who has ceased to be a Member, director, officer, employee or agent of the Association and shall inure to the benefit of the heirs, executors and administrators of such a person.

CERTIFICATION

I hereby certify that the foregoing Bylaws, as amended, were duly adopted by the Members of The Enclave Owners' Association at the Annual Meeting, held on the 21st day of April, 1990.

A handwritten signature in black ink, appearing to read "Howard Harris". The signature is written in a cursive style with a horizontal line underneath it.

Howard Harris
Secretary

APPROVAL BY MASTER ASSOCIATION

The Gainey Ranch Community Association hereby approves the terms and provisions of the Bylaws of The Enclave Owners Association and confirms that the aforesaid Bylaws comply with all required terms of the Master Declaration, as amended by member action at the 1990 Annual Meeting of The Enclave Owners Association, April 21, 1990.

DATE: November 12, 1990.

THE GAINNEY RANCH COMMUNITY
ASSOCIATION, an Arizona
nonprofit corporation.

By 

Its President