

TABLE OF CONTENTS

ARTICLE I – Name, Purpose, and Governing

Law

- 1.1 Name
- 1.2 Purpose
- 1.3 Governing Law and Hierarchy
- 1.4 Application of Bylaws

ARTICLE II – Definitions

ARTICLE III – Membership and Voting

- 3.1 Membership
- 3.2 Classes of Membership and Voting Rights
- 3.3 Member Suspension of Privileges
- 3.4 Obligations of Members

ARTICLE IV – Meetings of the Membership

- 4.1 Annual Meetings
- 4.2 Special Meetings
- 4.3 Meeting to Remove Board Member(s)
- 4.4 Proxies and Absentee Voting

ARTICLE V – Board of Directors

- 5.1 Number and Qualifications
- 5.2 Term of Office & Staggered Terms
- 5.3 Nomination and Election of Directors
- 5.4 Disqualification and Resignation of Directors
- 5.5 Powers and Duties
- 5.6 Waiver of Notice
- 5.7 Fidelity Bonds
- 5.8 Board Action in Lieu of Meeting
- 5.9 Compensation

ARTICLE VI – Board Meetings

- 6.1 Regular Meetings
- 6.2 Special Meetings
- 6.3 Quorum and Voting
- 6.4 Executive Sessions
- 6.5 Location

ARTICLE VII – Officers

- 7.1 Officer Positions
- 7.2 Terms and Removal
- 7.3 Duties
- 7.4 Capacity to Act

ARTICLE VIII – Financial Management

- 8.1 Depositories
- 8.2 Fiscal Year
- 8.3 Annual Budget and Review
- 8.4 Assessments
- 8.5 Records and Statements of Payments
- 8.6 Discharge of Liens
- 8.7 Financial Statements and Audits
- 8.8 Reserve Funds
- 8.9 Signing of Checks / Disbursements
- 8.10 Competitive Bidding and Vendor Selection

ARTICLE IX – Contracts, Loans, and Corporate Acts

- 9.1 Contracts
- 9.2 Loans

ARTICLE X – Association Rules & Architectural Control

- 10.1 Rulemaking Authority
- 10.2 Procedure for Adoption
- 10.3 Architectural Guidelines

ARTICLE XI – Officers, Employees, and Conflict of Interest

- 11.1 Management Company and Agents
- 11.2 Conflict of Interest Policy

ARTICLE XII – Transparency, Records, and Inspections

- 12.1 Association Records
- 12.2 Transparency of Records
- 12.3 Inspection Rights

ARTICLE XIII – Enforcement and Dispute Resolution

- 13.1 Enforcement of Declaration and Bylaws
- 13.2 Fines and Due Process
- 13.3 Collection of Delinquent Assessments
- 13.4 Liability Services Termination of Membership

ARTICLE XIV – Amendment of Bylaws

- 14.1 Amendment Procedure
- 14.2 No Conflict with Declaration

ARTICLE XV – Miscellaneous

- 15.1 Indemnification
- 15.2 Community Limitation of Liability
- 15.3 Liability Insurance
- 15.4 Severability
- 15.5 Captions
- 15.6 Effective Date

Certification

(Signature lines for President and Secretary)

RESTATED BYLAWS

OF

SIGNAL BUTTE RANCH COMMUNITY ASSOCIATION

Effective Date: 03.13.2025

ARTICLE I Name, Purpose, and Governing Law

Section 1.1 Name

The name of the corporation is **Signal Butte Ranch Community Association** (the “Association”), an Arizona nonprofit corporation.

Section 1.2 Purpose

The Association’s principal purposes are to (a) manage and maintain certain Common Areas within the Signal Butte Ranch community (the “Project”); (b) administer and enforce the Declaration of Covenants, Conditions, Restrictions, and Easements for Signal Butte Ranch pursuant to that Declaration of Covenants, Conditions, Restrictions and Easements for Kaufman and Broad at Signal Butte Ranch recorded as Document No. 97-0080016, in the Official Records of Maricopa County, Arizona (the “Declaration”); and (c) preserve and enhance the value of all property subject to the Declaration.

Section 1.3 Governing Law and Hierarchy

These Bylaws are above the Architectural guidelines but subject in order of priority to the Arizona Revised Statutes (“ARS”), all provisions of the Declaration, and the Articles of Incorporation (“Articles”). If any provision of these Bylaws conflicts with the Declaration, Articles, or applicable Arizona law, **those higher authorities govern.**

If any dispute or disagreement arises between or among any Owners relating to the interpretation or application of the provisions of the Declaration, the Articles, these Bylaws, or the Architectural guidelines any questions of interpretation thereof or any inconsistencies therein, the determination thereof by the Board shall be final and binding.

Section 1.4 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 shall be deemed an acceptance and ratification of, and agreement to comply with, these Bylaws by the Owner or Occupant.

ARTICLE II Definitions

Terms used in these Bylaws that are defined in the Declaration shall have the same meanings. Below are key definitions repeated or supplemented for convenience:

1. **"Articles"** means the Articles of Incorporation of the Association.
 2. **"Board"** or **"Board of Directors"** means the duly elected body authorized to govern the affairs of the Association.
 3. **"Common Areas"** has the meaning ascribed in the Declaration.
 4. **"Member"** means every Owner (as defined in the Declaration) of a Lot subject to the Declaration. Member means one vote per lot regardless of the number of deed property owners.
 5. **"Owner"** or **"Lot Owner"** has the meaning ascribed in the Declaration. Owner or Lot Owner means one vote per lot regardless of the number of deed property owners.
 6. **"Project"** or **"Community"** refers to the real property subject to the Declaration.
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ARTICLE III Membership and Voting

Section 3.1 Membership

- (a) Every Owner of a Lot within the Project is a Member of the Association, and such membership is appurtenant to ownership of the Lot.
- (b) Membership terminates automatically upon transfer of title, at which point the new Owner succeeds to Membership.

Section 3.2 Classes of Membership and Voting Rights

The Association had two classes of voting membership, as set forth in the Declaration (Class A and Class B). **Class B has terminated**, only Class A Members exist.

- (a) Each Class A Member has **one (1)** vote per Lot.
- (b) The vote for a jointly owned Lot is indivisible; co-owners must decide among themselves how to cast their single vote.

Section 3.3 Member Suspension of Privileges

Members must comply with the Declaration, these Bylaws, and any duly adopted Rules.

The Board, by power granted in the Declaration 3.1(a) has the right, but not obligation to suspend voting rights of members who are delinquent. The Board and Members by the ratification of these Bylaws, jointly agree Not To Suspend any Members petition or voting rights because of any money due to the Association, including but not limited to unpaid assessments, fines, or architectural fines. This is done to prevent a Corrupt Board or management company from weaponizing fines and assessments to prevent Member participation. This section supersedes and controls all Board enumerated powers, herein, regarding the suspension of voting rights. However, the Board may restrict use of Common Areas to a Member for unpaid assessments, delinquencies, or violations. The Board's ability to suspend

Member's voting privileges may be re-activated by operation of Board and Member Bylaw changes as outlined in Section XIV.

The Secretary of the Association shall maintain a record of the names and addresses of Members entitled to vote at the association's place of business, an agent's place of business, or electronically through HOA software.

Section 3.4 Obligations of Members

- (a) Maintenance. Every Owner and Occupant shall promptly perform all maintenance and repair work required by the Declaration, the Association Rules, the Design Guidelines and these Bylaws. Should an Owner or Occupant fail to perform or perform without due care and diligence any maintenance or repair required by the foregoing documents, the Owner or Occupant shall be liable for all damages caused thereby.
- (b) Reimbursement. In accordance with the Declaration, an Owner shall reimburse the Association for any expenditures incurred by the Association in repairing or replacing any Common Areas damaged through the willful or negligent act or omission of such Owner or an Occupant of the Owner's Lot.
- (c) Costs and Attorney's Fees. In any proceeding arising because of an alleged default by an Owner of his obligation under the documents referred to in Section 3.4(a), the prevailing party therein, as determined by the court, shall be entitled to recover costs of the proceeding and such reasonable attorneys' fees as may be determined by the court.
- (d) Use of Common Areas. The Common Areas shall 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 shall 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 IV Meetings of the Membership

Section 4.1 Annual Meetings

- (a) Time - An annual meeting shall be held each year on a date and at a time set by the Board, typically in the first quarter of the calendar year. The purpose is to elect Directors, present the annual budget, and conduct other proper business. Historically, this was the first Tuesday of March, but this date is not binding.
- (b) Purposes - The purpose is to elect Directors, present the annual budget, and conduct other business. At each annual meeting the Members shall elect the Board replacement in accordance with the requirements of the Declaration, the Articles, and these Bylaws, and may also transact such other business as may be authorized to be transacted by the members at annual meeting.
- (c) Location - Annual meetings may be held in person at a Signal Butte Ranch community park, within 5 miles of the community at a place designated by the board, by video conference, or any combination thereof. The Board must seek the most efficient means of maximizing community participation.

Section 4.2 Special Meetings

- (a) Special meetings of the Members may be called by:
 - 1. The President,
 - 2. A majority of the Board, or
 - 3. A written petition signed by **10% (45) of the Members.**
- (b) Notice for meetings called by the President or a majority of the Board– All meetings shall be noticed in two of the following ways by electronic means email, text, hand delivery, mail, or posting in a conspicuous place at least 48 hours prior to the meeting. Notice shall provide the agenda and/or the specific reason for the meeting. Notice shall state the date, time, and place of the meeting.
- (c) Notice for Special meetings called by the members - All meetings shall be noticed in two of the following ways by electronic means email, text, hand delivery, mail, or posting in a conspicuous place at least 48 hours prior to the meeting. The meeting must be held at least 10 days after the notice but not more than 50 days after receiving the signed petition. Notice shall provide the agenda and/or the specific reason for the meeting. Notice shall state the date, time and place of the meeting. If the Board fails to follow this procedure for a calling a Special meeting by the Members, then the Members may validly hold a Special meeting by noticing the Members with the County assessor’s mailing address for each Member or by hand delivery.
- (d) Quorum – For Special meetings called by Members, a quorum must be established by **45 Members in attendance. Any vote or resolution is effective with a majority vote.** A quorum may be established by electronic voting, absentee ballot, and in person attendance.
- (e) Timing of Changes –Member resolutions become effective immediately after approval or as stated in Member resolution being voted upon.
- (f) Location – Special meetings may be held in person at a Signal Butte Ranch community park, within 5 miles of the community at a place designated by the board, by video conference, or any combination thereof. The Board must seek the most efficient means of maximizing community participation.

Section 4.3 Meeting to Remove Board Member(s)

- (a) Petition - The Association follows the standard Pursuant to the ARS 33-1813. The Members must provide a petition of 100 signatures from the Members to the Board, stating the name of the Board Member(s) to be removed to initiate this meeting.
- (b) Timing - The Board must provide notice to all Members of this meeting. The Board must hold the meeting 10 days after notice and within 30 days of receipt of the petition.
- (c) Quorum – A vote for removal is valid if 20% of Members vote (89) either in person or by absentee ballot. A majority of the quorum (45) must vote to remove the Board member(s) for the removal to be effective.
- (d) If one, a minority, a majority, or all of the Board is removed, a special election for new Board members may be held at the same removal meeting and/or on the same ballot.
- (e) If the current Board fails to hold the meeting and vote for removal, they are automatically removed at midnight on the 31st day after the petition is received. If there is a dispute among Board members about holding a meeting, any single Board Member may organize and hold a meeting pursuant to ARS 33-1813 and these Bylaws.

- (f) If (e) happens the Members must hold a special election to fill the board positions within 30 days.
- (g) A Board member may only be subject to recall once per term, if the Board is removed by this method, they are prohibited from holding a Board position for 7 years.
 - a. If a board member is subjected to a valid recall petition and resigns any time prior to the recall vote, they are prohibited from holding a Board position for 7 years.

Section 4.4 Proxies and Absentee Voting

- (a) Pursuant to ARS 33-1812 No proxy voting is allowed.
- (b) Absentee voting is allowed and may follow the method below Pursuant to ARS 33-1812 or any new technologically advanced, secure, efficient, or cost saving method to accomplish the same purpose.
 - 1. The ballot shall set forth each proposed action.
 - 2. The ballot shall provide an opportunity to vote for or against each proposed action.
 - 3. The ballot is valid for only one specified election or meeting of the members and expires automatically after the completion of the election or meeting.
 - 4. The ballot specifies the time and date by which the ballot must be delivered to the board of directors in order to be counted, which shall be at least seven days after the date that the board delivers the unvoted ballot to the member.
 - 5. The ballot does not authorize another person to cast votes on behalf of the member.
 - 6. The completed ballot shall contain the name, address and signature of the person voting, except that if the community documents permit secret ballots, only the envelope shall contain the name, address and signature of the voter.
 - 7. Ballots, envelopes and related materials, including sign-in sheets if used, shall be retained in electronic or paper format and made available for member inspection for at least one year after completion of the election.
 - 8. Votes cast by absentee ballot or other form of delivery, including the use of e-mail and fax delivery, are valid for the purpose of establishing a quorum.

ARTICLE V Board of Directors

Section 5.1 Number and Qualifications

- (a) The Board shall consist of **five (5)** Board Members unless changed by a duly adopted Bylaw resolution. Directors must be Owners and must be in good standing (not delinquent in assessments for more than 30 days)
 - 1. An Owner is excluded from serving if they have ever been convicted of a felony related to financial crimes.
- (b) If there are less than five (5) Members that can be found to participate as volunteers for the Board, then this reduced Board of 4 or less has all power to manage and maintain the

association for all the functions of the association, except they are prohibited from fining any Member for anything pertaining to the Member's individual lot(s). This prohibition does not include the Board's responsibility to collect Assessments as stated in the Declarations, Articles, and Bylaws. This section shall remain in effect until the community either elects 5 board members or changes this Bylaw by operation of Article XIV to allow only 3 board members to serve.

Section 5.2 Term of Office & Staggered Terms

Directors generally serve **three-year** terms, with terms **staggered** so that 2 seats or 1 seat comes up for election each year. No Director may serve more than **two (2)** consecutive full terms without at least a two-year break, unless no other candidates are available. This term limit applies to each Lot, regardless of the number of owners on title. All Board vacancies shall be filled to ensure this staggered term protocol for Board future elections.

Section 5.3 Nomination and Election of Directors

- (c) Nomination – Normal annual nominations for Board of Directors shall be open to all Members. Forty-five (45) days prior to the annual meeting, the Secretary shall provide notice of the upcoming election and begin to collect names of any Member, who is current on their assessments, that wants to be considered for a Board Position.
 - 1. Any nominees who have registered their name with the Secretary shall be submitted on the ballot to the Members for the annual election. Or
 - 2. Nominations, if made from the floor of the annual meeting of the Members are valid. Or
 - 3. Nominations, if made by writing in a desired candidate on the Ballot are valid.
- (d) Nomination after Vacancies – If there is a vacancy due to death, resignation, incapacity, lot sale or any other reason – Board shall invite unelected runner-up nominees who received votes from the last election to serve. Nominees starting with the highest vote count shall be asked to serve first, until a replacement is found. If no previous nominees will accept, then the Board shall call a special meeting and have an election within 60 days after the notice of the vacancy. The replacement shall be elected by the Member votes. Section 5.1(b) does not apply during a 60 day vacancy.
- (e) Nomination after Removal pursuant to ARS 33-1813 - If one or more directors are removed at a Special Meeting to remove board members according to Arizona Statute. Then replacement Directors shall be voted on at the same special meeting of removal by the Quorum of Members present whether in person or by Absentee ballot. Section 5.1(b) does not apply due to removal.
 - 1. If one Board Member is removed from office, a replacement director shall be nominated and appointed by the Members, then and there. The new Director shall serve for the remainder of the term of the director who has been replaced and a regular 3 year term.
 - 2. If two or all of the Board Members are removed from office, replacements shall be nominated and appointed by the Members, then and there. These directors shall complete the term of the directors who were replaced and serve staggered terms so no more than two Board members are replaced in future years.

Board Members are elected annually by written and/or electronic ballots. A plurality of votes cast for each open seat wins. Cumulative voting is not allowed.

5.4 Disqualification and Resignation of Directors

Any director may resign at any time by sending written notice of such resignation to the Secretary of the Association. Unless otherwise specified therein, such resignation shall take effect upon receipt by the Secretary. Except in the case of injury, illness or similar excusable circumstances, a director's fourth consecutive absence from duly called regular meetings of the Board shall automatically constitute a resignation by such absent director, effective as of the commencement of the fourth missed meeting. 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 Member ceases to be a Member), his directorship shall immediately and automatically terminate. No individual shall 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 thirty (30) days delinquent in the payment of an Assessment, and such delinquency shall automatically constitute a resignation by such director on the thirty-first (31st) day of the delinquency.

5.5 Powers and Duties

The Board shall have all powers necessary and shall be 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 shall include, but not be 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 Lots and 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 Lots and 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 engage in the management of the business affairs of the Association;
- (f) To use, disburse and expend the proceeds of 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 Project;
- (i) To establish committees of the Board and delegate to such committees the Board's authority to carry out certain duties of 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 Project; Subject to the restraints in Sections 3.3 and 5.1.
- (k) To pay taxes and assessments which 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 Lots;
- (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 such charges by recording Assessment liens and initiating foreclosure proceedings in regard thereto;
- (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; Subject to Section 9.2.
- (q) To obtain necessary insurance for the Common Areas;
- (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 thereof; and
- (t) to invest any excess funds held or controlled by the association.

5.6 Waiver of Notice

Before, at or after any meeting of the Board, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by the director of the time and place thereof. If all of the directors are present at any meeting of the Board, no notice shall be required, and any business may be transacted at such meeting.

5.7 Fidelity Bonds

The Board may require that all officers and employees of the Association who handle or are responsible for Association funds, and all other Persons designated in the Declaration, shall furnish adequate fidelity bonds or coverage, as determined by the Board. The premiums due on such bonds or coverage shall be paid by the Association.

5.8 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 thereof may be taken without a meeting if all directors or committee members, as appropriate, consent thereto in writing. This writing can be electronic communication. Each such consent shall be filed with the minutes of proceedings of the Board or the committee.

5.9 Compensation

No compensation shall be paid to directors or officers of the Association for their services as directors or officers. Directors and officers of the Association may be reimbursed for any reasonable actual expenses incurred on behalf of the Association in connection with their duties as officers or directors.

ARTICLE VI Board Meetings

Section 6.1 Regular Meetings

The Board shall hold regular meetings (monthly, every other month, or at least quarterly). The Board shall adopt a schedule and provide notice to Members in compliance with **A.R.S. § 33-1804**.

The Board may provide an electronic Community Forum to have - an ongoing open discussions about the Association, an ongoing source for open meetings to effectively run the business of the association, and to be transparent regarding the business of the Association.

Section 6.2 Special Meetings

A special meeting may be called by the President or by any three (3) Directors on at least **two (2)** days' notice, stating the purpose. Only items stated in the notice may be addressed.

Section 6.3 Quorum and Voting

A majority of Directors constitute a quorum. Board action requires a majority of those present. If only a quorum is present, a majority of that quorum is sufficient to pass a resolution.

Section 6.4 Executive Sessions

The Board may meet in executive session to discuss matters permitted by law (e.g., legal advice, confidential personnel issues, enforcement actions, etc.). No binding votes on assessments or budgets may occur in executive session.

Section 6.5 Location

Board and Executive meetings may be held in person at a Signal Butte Ranch community park, at any other place designated within the community, within 5 miles of the community as designated by the board, by video conference, or any combination thereof.

ARTICLE VII Officers

Section 7.1 Officer Positions

Officers shall be a **President**, a **Vice President**, a **Secretary**, and a **Treasurer**, elected by the Board at its first meeting following the annual membership meeting. The Board may create additional officer positions if needed.

Section 7.2 Terms and Removal

Officers serve one-year terms or until their successors are elected. Officers may be removed from office (but not from the Board) by a majority vote of the entire Board, with or without cause. Officers can serve repeating terms in the same positions.

Section 7.3 Duties

1. **President:** Presides over meetings, has executive powers, general supervision of the affairs of the association, executes contracts, and ensures Board directives are carried out. Has power to appoint committees from among the Members to assist in carrying out the business of the Association.
2. **Vice President:** Vice President shall have such powers and perform such duties as the Board or the President may from time to time prescribe and shall perform such other duties as may be prescribed by these Bylaws. At the request of the President, or in case of his absence or inability to act, the Vice President shall perform the duties of the President, and when so acting shall have all powers of, and be subject to all the restrictions upon, the President.
3. **Secretary:** The Secretary shall: (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.
4. **Treasurer:** The Treasurer shall have custody of, and shall keep full and accurate account of, all receipts and disbursements of the Association, in books belonging to the Association, and shall 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 shall be reviewed by the Board on a monthly basis. All books of account shall be kept on a consistent basis in accordance with generally accepted accounting practices. The Treasurer shall also perform such other duties as may be imposed on the Treasurer from time to time by the Board.

Section 7.4 Capacity to Act

When the Directors of the Board share the dual role as Officers of the Association. Board approvals and actions should be addressed and voted on in the Board Meetings with Member participation. Then their roles as Officers require them to act in between board meetings, directly or through agents, in carrying out the business of the association. In performing these duties, each officer may act independently or as teams in carrying out duties of the officer positions and direction from the Board Meetings. These actions or communication between Officers do not constitute Board Meetings as described in Community Documents or ARS 33-1804 regarding open meetings. Therefore, communication among Officers in fulfilling their duties and direction from the Board is encouraged and essential to the operation of a successful Association.

ARTICLE VIII Financial Management

Section 8.1 Depositories

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

Section 8.2 Fiscal Year

The fiscal year of the Association is the **calendar year** unless the Board selects a different period.

Section 8.3 Annual Budget and Review

- (a) **Proposed Budget.** The Board shall cause to be prepared an estimated annual budget for each fiscal year of the Association. Such budget shall take into account the estimated cash requirements, income and required borrowings, if any, of the Association for the year. The annual budget shall 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 shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, shall be taken into account in determining the annual budget.
- (b) **Circulation.** The Board shall adopt a proposed budget each fiscal year and **circulate it to all Members** at least **thirty (30) days** before the start of that year. The budget shall be available to every homeowner. Delivery can be electronic (including posted to account, email, text), mailed, hand delivered, or as directed by the Board.
- (c) **Budget Ratification:** Unless a majority of Members reject it at the board meeting where the proposed budget is presented, the budget is ratified.

Section 8.4 Assessments.

Each Owner shall pay the Owner's share of the Assessments and other charges as required by the Declaration.

- (a) **Statement of Annual Assessments.** The Assessments shall be payable in quarterly or monthly installments as set by the Board. Upon determining the amount of any Assessment, the Board shall cause the Treasurer to send to each Owner a statement showing the amount due from such Owner. The failure to send or to receive such a statement shall not relieve any Owner of his obligation to pay such an Assessment on or before the due date. All Assessments shall be payable to the Association. If the Board does not approve an estimated annual budget or fails to determine the annual Assessments for any year, or shall be delayed in doing so, each Owner shall continue to pay the amount of the Owner's Assessments for the preceding year, on or before the due dates for the current year.
- (b) **Additional Assessments and Increases.** The Declaration limits annual increases to 10% over the previous year. The Board may increase the annual assessment if the Associations reserve account needs, current expenses, or future expenses will exceed the Association revenues . Special Assessment must be approved by 2/3 vote of the Members and shared evenly among the Members.

(c) **No Owner shall be relieved of the obligation to pay Assessments by abandoning or failing to use the Owner's Lot or the Common Areas.** Any Person who becomes an Owner after commencement of a fiscal year shall pay the annual Assessment applicable to his Lot or Parcel as such becomes due, and shall pay any Special Assessment or Maintenance Assessment levied on or after the date the Person becomes an Owner. The previous Owner of such Lot shall remain liable for all unpaid and delinquent Assessments levied against the Owner of the Lot prior to such transfer of ownership.

(d) **Non-Payment of Assessment and Sanctions upon Delinquency.** The Board may invoke any or all of the sanctions provided for herein or in the Declaration, or any other reasonable sanction, to compel payment of any Assessment or installment thereof, not paid when due (a "Delinquent Amount"). Such sanctions include, but are not limited to, the following:

1. Interest and Late Fees. The Board may impose late fees and interest in such amounts as it determines are appropriate from time to time, subject to any limitations stated in the Declaration or imposed by law.

2. Suspension of Rights. The Board may suspend for the entire period during which a Delinquent Amount remains unpaid the obligated Owner's voting rights and rights to use and enjoy the Common Areas;

3. Collection of Delinquent Amount. The Board may institute an action at law for a money judgment or any other proceeding to recover the Delinquent Amount;

4. Recording of Notice. The Board may record a notice of lien covering the Delinquent Amount plus interest and accrued collection costs as provided in the Declaration. The Board may establish a fixed fee to reimburse the Association or its representative for the cost of recording the notice, processing the delinquency and recording a notice of satisfaction of the lien; and

5. Foreclosure of Lien. The Board may foreclose the Recorded lien against the Lot in accordance with then prevailing Arizona law relating to the foreclosure of realty mortgages (including the right to recover any deficiency).

(e) **Assessment Lien.** It shall be the duty of every Owner to pay all Assessments with respect to the Owner's Lot in the manner provided herein and in the Declaration. Such Assessments, together with interest and costs of collection as provided for herein and in the Declaration, shall, until paid, be a charge and continuing servitude and lien upon the Lot against which such Assessments are made, provided, however, that the lien for such Assessments shall be subordinate to only those matters identified in the Declaration. The Association and the Board shall have the authority to exercise and enforce any and all rights and remedies provided for in the Declaration or these Bylaws, or otherwise available at law or in equity for the collection of all unpaid Assessments, interest thereon, costs of collection thereof and reasonable collection agency fees and attorneys' fees.

(f) **Suit.** The Association shall be entitled to maintain suit to recover a money judgment for unpaid Assessments without a foreclosure of the lien for such Assessments, and the same shall not constitute a waiver of the lien for such Assessments.

Section 8.5 Records and Statements of Payments.

The Treasurer shall cause to be kept detailed and accurate records, in chronological order, of the receipts and expenditures affecting the Common Areas and any other property owned or controlled by the Association, specifying and itemizing the expenses incurred and expenditures made. All records authorizing such expenditures shall be available for examination by Owners at convenient hours designated by the Board. Upon receipt of a written request from any Owner, the Board, within a reasonable period of time thereafter, shall issue to the requesting party a written statement stating that, as of the date of the statement: (a) all Assessments (including collection fees, interest, costs and attorneys' fees, if any) have been paid with respect to the Lot of such Owner; or (b) if any such amounts have not been paid, the amount(s) then due and payable. The Association may impose a reasonable charge for the issuance of such a statement.

Section 8.6 Discharge of Liens.

The Board may cause the Association or any Owner or Occupant to discharge any mechanics' or materialmen's liens or other encumbrances which in the opinion of the Board may constitute a lien against the Common Areas. When less than all of the Owners are responsible for any such lien or encumbrance, those Owners that are responsible shall be jointly and severally liable for the amount necessary to discharge the same, and for all costs and expenses, including but not limited to attorneys' fees, incurred in connection with such lien or encumbrance.

Section 8.7 Financial Statements and Audits

- (a) The Treasurer shall prepare or arrange for **year-end financial statements** (balance sheet, income/expense statement) within **120 days** of the fiscal year-end.
- (b) Board may engage a **CPA** for a financial **review** or **audit** annually.
- (c) The Board shall mail or electronically deliver the financial statements to all Members upon completion.

Section 8.8 Reserve Funds

- (a) The Association shall maintain **one or more reserve accounts** for major repairs/replacements of Common Areas.
- (b) A **reserve study** (by a qualified professional) is recommended every **7-10 years** but not required.
- (c) Withdrawals from reserve accounts must be authorized by Board majority vote and used only for capital improvements, or major repairs unless otherwise approved by unanimous Board vote. There is no restriction on investing these funds.

Section 8.9 Signing of Checks / Disbursements

- (a) All disbursements, **other than approved monthly or annual service provider contractual obligations, utilities, taxes, and insurance**, must be signed or electronically approved by **two** of the following: President, Vice President, Secretary, Treasurer, or another officer.
- (b) No Board member or Officer may both sign or electronically approve checks and reconcile bank accounts alone.

- (c) Management companies that reconcile bank accounts and pay checks must make available monthly Bank Statements and financial reports to the Board and Members on a monthly basis (pursuant to Article XII) through a secure Community portal or HOA accounting management software.
- (d) For management companies, section (a) and (b) does not apply, but the Board must contractually place a maximum dollar amount that a management company can pay for Association expenses without Board approval. Approved monthly and annual service contracts and utilities are excluded from this maximum dollar restriction.

Section 8.10 Competitive Bidding and Vendor Selection

- (a) For any contract exceeding **\$15,000** per year, the Board must solicit at least **two (2)** bids and discuss them in an open Board meeting before awarding.
 - (b) Board minutes must reflect the reasoning for vendor selection.
-

ARTICLE IX Contracts, Loans, and Corporate Acts

Section 9.1 Contracts

All major contracts shall follow the procedures stated in Section 8.10 (competitive bids) unless a valid emergency exists. The President (or another officer designated by the Board) may sign contracts on behalf of the Association upon Board approval. All contracts must have a notice to quit or similar escape clause with thirty (30) day's notice.

Section 9.2 Loans

No loans shall be contracted on behalf of the Association nor any indebtedness issued until the following happen -

- (a) A notice of a Special meeting shall be called by the Board to include the time and location of the meeting, the notice shall include the proposed debt amount, terms, interest rate, and reasons the debt is being considered.
 - (b) This notice must be given at least 10 days before the meeting and the meeting must be held not more than 50 days after the notice.
 - (c) Meeting must be attended by a quorum of 45 members (in person, by electronic vote, or by absentee vote).
 - (d) Vote for the debt must be approved by both a majority of Members and a majority of Board Members. .
-

ARTICLE X Association Rules & Architectural Control

Section 10.1 Rulemaking Authority

The Board may adopt reasonable Rules & Regulations (“Rules”) for the management and use of the Common Areas and for clarifying Bylaws, Architectural guidelines, and Declaration restrictions, subject to the Declaration’s provisions, and the Bylaws.

Section 10.2 Procedure for Adoption

- (a) **Notice and Comment:** The Board shall distribute any new or amended Rules to Members at least **fifteen (10) days** before voting to adopt.
- (b) **Effective Date:** Rules become effective **30 days** after adoption unless the Board states a later date.

Section 10.3 Architectural Guidelines

Where the Declaration requires a Design Review Committee (DRC) or Architectural Committee, the Board may publish or update written guidelines consistent with the Declaration’s architectural standards. Appeals of DRC decisions shall follow procedures the Board enacts, consistent with the Declaration.

ARTICLE XI Officers, Employees, and Conflict of Interest

Section 11.1 Management Company and Agents

The Board may engage a professional management company or agents on such terms as the Board deems advisable, subject to the **competitive bidding** and **conflict of interest** provisions in these Bylaws.

Section 11.2 Conflict of Interest Policy

- (a) **Disclosure:** Directors and officers shall disclose in writing any possible conflict of interest regarding proposed Association business (contracts, transactions, etc.).
- (b) **Abstention:** Any Director with a conflict shall abstain from the vote and may be asked to exit deliberations.
- (c) **Prohibition on Self-Dealing:** The Association shall not contract with, or hire, a Director, officer, or their close relative to provide services or goods unless **(a)** fully disclosed, **(b)** other bids are obtained, and **(c)** approved by a unanimous vote of disinterested Directors.
- (d) **Prohibition for Dual Ownership Management and Landscaping Companies.** The Board may not hire a management company that also runs, owns, receives any remuneration, or has an ownership interest in a landscaping company that services this Community. Ownership interest extends to and includes all family, including but not limited to - husband, wife, cousin, uncle, aunt, father, mother, grandparents, children, brother, sister whether through marriage or adoption.

ARTICLE XII Transparency, Records, and Inspections

Section 12.1 Association Records

The official records shall include, at a minimum:

- (a) Minutes of all Board and Member meetings,
- (b) Financial reports, audits/reviews, and budgets,
- (c) Governing documents (Declaration, Articles, Bylaws, Rules, ARC guidelines, Collection policy),
- (d) A list of Owners (names and mailing addresses).
- (e) Retention of Election information for the statutory time frame.

Section 12.2 Transparency of Records

- (a) All the official Records listed in 12.1 except (d), shall be posted to the Community website or member portal.
- (b) All Bank statements for all Association funds shall be posted each month, or in the time increments the financial institutions provide, to electronic accounts, the Members portal, or whatever means is efficient and cost effective for the Association.
- (c) All Budgets, balance sheets, income statements, or other financial statements of the Association shall be made available to Members, via electronic accounts, Members portal, or by request to the Secretary.

Section 12.3 Inspection Rights

Any Member may inspect Association records in accordance with **A.R.S. § 33-1805** at a reasonable time and place, for a proper purpose. Certain records (executive session minutes, confidential legal advice, personal data) may be withheld as permitted by law.

ARTICLE XIII Enforcement and Dispute Resolution

Section 13.1 Enforcement of Declaration and Bylaws

The Association, through the Board, may enforce the Declaration, these Bylaws, and the Rules by all remedies available under Arizona law, including fines, suspension of privileges, and legal action.

Section 13.2 Fines and Due Process

Before imposing a monetary penalty for violations, the Board shall:

- (a) Provide written notice of the alleged violation and possible fine,
- (b) Allow the Owner an opportunity to request a hearing, and
- (c) Follow any state-law notice requirements.
- (d) A clear and detailed statement of fines, late fees, and collection procedures shall be posted and available to all Members through the Community website or Member Portal.

Fines shall be reasonable and in compliance with ARS (e.g., capping daily fines and requiring a “cure” period if mandated by law).

Section 13.3 Collection of Delinquent Assessments

Assessments, late fees, interest, and costs of collection (including attorneys’ fees) may be collected in accordance with the Declaration’s lien and foreclosure provisions and A.R.S. §§ 33-1807, 1808, and 1809. The Board may adopt written collection policies consistent with these Bylaws and state law.

Section 13.4 Liability Services Termination of Membership. The termination of Membership in the Association shall 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 XIV Amendment of Bylaws

Section 14.1 Amendment Procedure

These Bylaws may be amended, modified, or repealed by:

- (a) Notice of the meeting shall contain a statement of the proposed amendment.
- (b) A majority vote of the Board recommending the amendment, **and**
- (c) An affirmative vote of **a majority of a Quorum of 45 Members** present (in person, by electronic vote, or by absentee vote) at a duly called meeting.

Section 14.2 No Conflict with Declaration

No amendment to these Bylaws shall conflict with or attempt to supersede the Declaration. Any amendment in violation of this Section is **void** to the extent of the conflict.

ARTICLE XV Miscellaneous

Section 15.1 Indemnification

The Association shall fully indemnify its Directors and officers permitted by Arizona law, provided they were acting in good faith and not in gross negligence or willful misconduct.

Section 15.2 Community Limitation of Liability. Notwithstanding any duty the Association may have to maintain and repair the Common Areas, the Association shall not be liable for injury or damage caused by a latent condition therein or by any Owner or Occupant or other Person.

Section 15.3 Liability Insurance

The Board shall purchase and maintain Directors & Officers (“D&O”) liability insurance and general liability coverage for the Common Areas.

Section 15.4 Severability

If any provision of these Bylaws is held invalid, the remainder of the Bylaws shall not be affected.

Section 15.5 Captions

Captions are for reference only and shall not limit or define the scope of any provision.

Section 15.6 Effective Date

These amended and restated Bylaws become effective immediately upon the date approved by the Board and Membership and supersede all prior Bylaws in their entirety.

CERTIFICATION

These **Amended and Restated Bylaws** of the Signal Butte Ranch Community Association were duly adopted by an affirmative vote of the requisite Members on March 13, 2025 at a duly called meeting, and by the Board of Directors on March 13, 2025.

Will Workman, President, Signal Butte Ranch Community Association

Allison Taylor, Secretary, Signal Butte Ranch Community Association

Summary of Changes, Deletions, and Additions

1. Hierarchy Clause

- *(Sections 1.1, 1.3, 1.4, 2.13)*
- **(New)** Clarifies that AZ law and the Declaration prevail.

2. Term Limits & Staggered Terms for Directors *(Article V, Section 5.2)*

- **(New)** Not in the 1997 Bylaws.

3. Open Meetings, Minimum Frequency *(Article VI)*

- Clarifies monthly/quarterly Board meetings and references ARS open-meeting rules.
- The 1997 Bylaws mentioned “Regular Meetings” but not a specific frequency or open-meeting references.

4. Financial Transparency *(Article VIII)*

- **(Significant Additions):** Annual audit/review threshold, reserve studies, dual-signature on checks, competitive bidding.
- Not present in detail in 1997 Bylaws.

5. **Rule Adoption Procedure** (*Article X, Section 10.2*)
 - **(New):** Requires notice/comment period before new rules, absent in prior Bylaws.
6. **Conflict of Interest & Self-Dealing** (*Article XI, Section 11.2*)
 - **(New):** Adds formal COI policy, not in 1997 Bylaws.
7. **Consolidated Enforcement & Due Process** (*Article XIII*)
 - Moves scattered references (e.g., Original Articles IV, V, and VI) into one section.
 - Adds hearing requirements per ARS.
8. **Ratification Mechanism** (*Article VIII, Section 8.2*)
 - **(New):** Allows member “veto” of the proposed budget. 1997 Bylaws let Board approve budgets unilaterally.
9. **References to ARS**
 - Throughout, referencing A.R.S. §§ 33-1804, 1805, 1807, etc. for clarity.
 - Not present in the 1997 text except by implication.
10. **Effective Date & Superseding Clause** (*Article XV, Section 15.5*)
 - **(New):** States these Bylaws replace all previous versions immediately upon adoption/recording.