

Adopted on: _____

**BYLAWS
OF
BELCORTE HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I
DEFINITIONS**

Unless context otherwise specifies, the words and phrases used in these By-Laws shall have the same meaning as those set forth in the Declaration of Covenants, Conditions and Restrictions of Belcorde recorded in the Office of the County Recorder for Pima County, Arizona in Docket 6754 at Page 446 et seq ("Declaration"), as amended from time to time.

**ARTICLE II
MEMBERSHIP AND VOTING**

Section 2.1. Qualifications. Each Owner of a Dwelling Unit is a member of the Association for so long as title to such Dwelling Unit is vested in that Owner.

Section 2.2. Member Voting. All elections for directors and all other business shall be decided by a majority vote of the members present at the meeting, except as otherwise provided for in the Articles of Incorporation or the Declaration. Only those members who are in good standing are entitled to vote. Good standing is defined as being current in the payment of assessments and not being in breach of any provision of the Declaration and Rules and Regulations of the Association.

2.2.1. Voting. At all meetings of Members, each Member may vote in person, by proxy or by written ballot returned to the Secretary by mail.

2.2.2. Proxies. Any Member may authorize another person to vote for him/her by proxy.

a. All proxies must be on the form provided by the Association to the Members, and must be received by the Secretary of the Association no later than 5:00 p.m. the day before the date and time set for any meeting of the Association. Every proxy must be signed by the owner or his/her attorney-in-fact. Proxies shall only be valid for the meeting specified in the proxy.

b. Every proxy shall be revocable by the Member executing it. Each proxy shall automatically be revoked upon the sale of the Owner's Dwelling Unit in Belcorte.

2.3. Ballots for the Election of Directors. The vote for the election of directors shall be by ballot, unless, by motion, seconded and carried, the members elect to vote by another method.

ARTICLE III ADMINISTRATION

Section 3.1. Association's Responsibilities. The Association has the responsibility of administering the Common Areas and performing those duties and obligations set forth herein.

Section 3.2. Meetings of Members. Meetings of the members may be held at a time and place determined by the Board of Directors and stated in the notice of the meetings.

Section 3.3. Annual Meeting. The annual meeting of the Members shall be held during the month of January of each year, on a date and at a time established by the Board of Directors. At each annual meeting, the members entitled to vote shall elect members to the Board of Directors (hereafter referred to as the "Board") and they may transact any other business which is brought before the members. As used in these Bylaws, "Member entitled to vote" means that individual who is entitled to exercise such right in accordance with the provisions of the Declaration.

Section 3.4. Changes in Meeting Dates or Times. No change in the time or place of a meeting of members shall be made within ten (10) days prior to the date on which the meeting was originally scheduled to be held. Notice of any change in the time or place of any meeting of the members shall be given to the members in writing.

Section 3.5. Special Meetings. Special meetings of the members may be called at any time by the Board, or upon the written request of one-fourth (1/4th) of the members who are entitled to vote. No business other than that stated in the notice shall be transacted at any special meeting without the unanimous consent of all of the members entitled to vote.

Section 3.6. Quorum. Except as otherwise required in the Declaration, for there to be a quorum present at any meeting, ten percent (10%) of the members entitled to vote, in person or by proxy, must be present. In the event a quorum is not present, another meeting may be called without notice other than an announcement at the

meeting. The required quorum at any adjourned meeting shall be one-half of the required quorum at the first meeting. No such subsequent meeting shall be held more than sixty (60) days following the original meeting. Any business may be transacted at any adjourned meeting which might have been transacted at the originally noticed meeting.

Section 3.7. Notice of Meetings. Notice of the Annual or Special meetings of the Association shall be mailed by the Secretary. The notice shall state the place, time and purpose of the meeting, shall be given to each member at least thirty (30) days before the meeting in the case of an annual meeting and at least ten (10) days before the meeting in the case of a special meeting. The notice shall include an Agenda and Ballots for the election of Directors and any other action requiring a vote of the membership. Notices shall be addressed to the member at his/her address as it appears on the records of the Association. Notice shall be deemed given if deposited in the U.S. Mail, first class, postage prepaid.

ARTICLE IV BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 4.1. Number and Qualifications. The affairs of the Association shall be conducted by a Board of Directors comprised of five (5) directors, all of whom shall be members of the Association.

Section 4.2. Term of Office. The Board of Directors shall be elected at the annual meeting of the Association by a vote of a majority of the Owners who are present in person or by proxy. Directors shall serve until their successors are elected and qualified. The members of the Board of Directors may succeed themselves indefinitely, but there may only be one Board Member elected from each Dwelling Unit. The Directors shall serve staggered two year terms with two (2) directors being elected in even numbered years and three (3) directors being elected in odd-numbered years.

Section 4.3. Vacancies. Vacancies in the board of Directors caused by any reason other than the removal of a Director by a vote of the Owners shall be filled by a vote of the majority of the remaining Directors, even though there is less than a quorum of remaining directors. Each person appointed by the remaining members of the Board shall serve as a Director until is successor is elected at the next regular annual meeting of the Association.

Section 4.4. Removal of Directors. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association, at any regular or special meeting of the members. Any Director whose removal has been proposed shall be given an opportunity to be heard at such meeting.

Section 4.5 Absence from Meetings. In the event any member of the Board of Directors of the Association is absent from three meetings without a reason which is satisfactory to the Board, the Board may declare the office of the absent Director to be vacant. Any vacancy shall be filled by a vote by the Board of Directors. Any director who is appointed by the Board shall serve for the unexpired term of his/her predecessor.

Section 5. Compensation of Directors. No director shall receive compensation for any service he/she may render to the Association as a Director. However, any director may be reimbursed for his/her actual expenses incurred in the performance of his/her duties. In addition, if any Director is hired to perform any service to the Association, other than in his/her capacity as a Director, he/she may be compensated for that service.

ARTICLE V MEETINGS OF DIRECTORS

Section 5.1. Organization Meeting. The first meeting of the newly elected Board of Directors shall be held within ten days after the election at a date, time and place set by the Directors at the meeting at which they were elected. No notice of the Organization Meeting shall be necessary, provided that a majority of the members of the Board are present at such meeting. The first order of business at this meeting shall be to determine, from among the elected directors, a president, vice-presidents, secretary and treasurer.

Section 5.2. Regular Meetings of the Board. Regular meetings of the Board shall be held at least quarterly at a time and place determined by a majority of the Directors. Additional meetings may be called by the President if desired or necessary to conduct the business of the Association. Notice of meetings of the Board shall be given to each Director, personally, by mail or by telephone at least three (3) days prior to the date set for the meeting.

Section 5.3. Special Meetings of the Directors. Special meetings of the Board of Directors shall be held when called by the President, Vice-President, or by two (2) Directors, after three (3) days notice to each Director. A majority of the directors may waive the three day notice requirement and convene a special meeting at the date, time and place agreed upon by such directors.

Section 5.4. 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.

Section 5.5. Waiver of Notice. The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held, provided that, either before or after the meeting, each of the Directors who is not present signs a written Waiver of Notice, or a consent to the holding of such meeting, or an approval of the minutes. All such waivers, consents or approvals shall be filed with the Association's records and made a part of the minutes of the meeting.

Section 5.6. Action without a Meeting. The Directors 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 a majority of the Directors. Any action so approved shall have same effect as though taken at a meeting of the Directors.

ARTICLE VI POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 6.1. Powers of the Board of Directors. The Board of Directors has all of the powers of a Board of Directors of an Arizona non-profit corporation, subject only to those limitations set forth in the Association's Articles of Incorporation, these By-Laws, and the Declaration. The Board has the power to do any and all lawful acts which may be authorized by the Articles, these By-Laws and the Declaration, and any acts which may be necessary or incidental to the exercise of any of the express powers of the Association.

6.1.1. The Board has the power to:

- a. adopt and publish rules and regulations governing the use of the Common Elements and recreational facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infractions thereof;
- b. suspend the voting rights and the right to use the recreational facilities of a member or that member's guests and tenants, during any period in which that member is in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period during which that member, his/her guests or tenants, are in violation of the Declaration or the published rules and regulations;
- c. declare the office of a member of the Board vacant in the event that member is absent from three regular meetings of the Board; and

d. appoint all officers and employ any agents, independent contractors and employees of the Association, prescribe their duties, fix their compensation, and require them to obtain such securities or fidelity bonds as it may deem expedient.

e. make payments out of the Association's funds to meet the operating expenses of the Association.

6.1.2. No Member of the Board of Directors shall be personally liable to any Member or his/her assigns for any damage, loss or prejudice suffered or claimed on account of any act or omission of the Association, its representatives or employees provided that such Board member has, upon the basis of such information as may be possessed by him/her, acted in good faith.

Section 6.2. Duties of the Board of Directors. The Board of Directors has the following duties:

a. to provide for the care, upkeep, repair and supervision of the Common Areas and facilities. The Board shall, whenever practicable or possible, obtain several bids for all maintenance and repairs. These bids shall be submitted by reputable [and licensed, where required by law] contractors or persons in the business of performing such maintenance and repairs. The Board shall select the best person to perform the job, but need not select the lowest bid. The Board's decision shall be final and binding.

b. prepare the annual operating Budget for the Association and determine the amount of the annual assessment for the next fiscal year, in accordance with the provisions of the Declaration.

c. maintain a record of all actions taken by the Board and present a report of such actions at the annual meeting of the Association.

d. hire and supervise all officers, agents, independent contractors and employees of the Association, including legal and accounting services.

e. collect assessments which are due from the Owners.

f. promulgate Rules and Regulations pertaining to the use of the Common Areas and the conduct of residents within the Properties, as may be deemed proper and which are consistent with these By-Laws and the Declaration.

g. enforce the obligations of the Owners and to do everything necessary and proper for the sound management of the Association, including but not limited to bringing or defending lawsuits to enforce the provisions of the Declaration, these By-laws, the Articles of Incorporation and the Rules and Regulations of the Association.

h. Collection of Dues and Assessments. The Association shall:

1. Prepare a roster of the Owners of the lots and the assessments applicable thereto, and keep such roster in the office of the Association;

2. At least once every year, send written notice to each Owner of fines, penalties or assessments which are due to the Association;

3. Issue, upon demand by any Member, a receipt setting forth whether any dues or assessments from that Owner have been paid.

i. maintain insurance coverage as provided for in the Declaration and use any insurance proceeds to repair and replace any damage or destruction of property, real or personal, covered by such insurance and pay any balance remaining to the Owners and their mortgagees as their interests may appear.

j. grant and convey easements and rights-of-way in accordance with the terms of the Declaration.

k. maintain and repair drainage and other easements, private pedestrian walkways, sewers, sidewalks, streets, roadways, roadway rights-of-way, parking lots, median stripe, entry details, walls or other areas not maintained by governmental entities or Owners.

l. enter at any reasonable time upon any exterior portion of any Dwelling Unit for the purpose of carrying out the duties and obligations for exterior maintenance and landscaping pursuant to the Declaration.

m. regulate the use and provide for appropriate safety measures for all Common Areas including, but not limited to, private streets and parking areas.

n. construct new improvements or additions to the Common Areas or demolish or replace existing improvements; provided that if a special

assessment is necessary to accomplish this construction or demolition, two-thirds (2/3rds) of the Owners, voting in person or by proxy at any annual or special meeting of the Association, approve the plans and the imposition of such special assessment. After the approval of the Owners, the Board shall levy a special assessment on all Owners. This section does not apply to the maintenance or repairs of existing improvements.

o. assign parking spaces.

p. select and employ a professional property manager to collect and disburse the Association's funds under the terms and conditions established by the Board. Any agreement for professional management of Belcorte shall not exceed one year, but may be renewed for successive one (1) year terms upon agreement of the parties. Any management agreement shall provide that it may be terminated by either party without cause and without payment of a termination fee upon ninety days (or any lesser period upon the agreement of the parties) written notice and that such management agreement may be terminated with cause and without the payment of a termination fee upon thirty (30) days written notice.

Section 6.3. Management. The Board has the exclusive right to control maintain, manage and improve the Common Areas as provided for in these By-laws, the Articles of Incorporation and the Declaration. In managing the Common Areas, the Association accepts all responsibility for the control, maintenance, safety and liability of these Areas, including, but not limited to collecting and paying taxes on the Common Areas as assessed by the County Assessor.

Section 6.4. Taxes. Each Owner shall pay the real estate and personal property taxes assessed against that Owner's Dwelling Unit. The Association shall pay all taxes levied upon any property which it owns to the extent no assessed to the Owners.

Section 6.5. Fidelity Bonds. The Association shall purchase and maintain in force, if available, fidelity coverage against dishonest acts on the part of directors, officers, managers, employees, or volunteers who are responsible for handling the funds belonging to or administered by the Association. Such fidelity bonds or insurance shall name the Association as the named insured and shall be written in an amount sufficient to provide protection, in an amount not less than 1 1/2 times the Association's annual operating expenses and reserves. The Association shall add an appropriate endorsement to the policy covering any person who serves without compensation, if the policy would not otherwise cover volunteers.

Section 6.6. Books and Records of the Association.

6.1. The Board shall keep detailed records concerning the administration of the Association, including the maintenance of the Common Areas. The books and records shall be available for inspection by any Owner, by appointment, at any reasonable time during working hours.

6.2. The Board shall provide each Owner present at the annual meeting with a complete financial report pertaining to the Association's financial condition.

6.3. Audit. Upon the vote or written request of twenty-five (25%) of the Owners, the Board shall appoint a committee of at least three (3) members to audit the Association's books and records. At least every three years, the Association shall contract with a private accounting firm to audit the Association's books and records.

Section 6.7. Insufficient Insurance Proceeds. In the event insurance proceeds paid for the damage or destruction by fire or other casualty to any part of the Dwelling Units or Common Areas covered by the Association's insurance are insufficient to pay all of the costs of repairing and/or rebuilding the damaged areas, the Board shall levy a special assessment against the Dwelling Unit Owner if that Owner was responsible for the damage or destruction. If no Owner is liable for such damage, then the Board shall levy a special assessment equally against all Owners and their Dwelling Units.

Section 6.8. Authorized Payments by the Association. The board of Directors has the exclusive authority to make payments out of the Association's funds for the benefit of each Owner; this authority includes, but is not limited to:

- a. water service for the Common Areas and any rights-of-way in which landscaping has been planted.
- b. utility services for the Common Areas.
- c. All goods, materials, supplies, labor, services, maintenance, repair, alterations, reconstruction and insurance which the Board of Directors is authorized to obtain and pay for pursuant to these By-laws and the Declaration or which is authorized by the Owners.
- d. worker's compensation insurance to the extent necessary to comply with any applicable laws.

e. professional management services, legal, accounting and other services contracted for by the Board of Directors if it is deemed necessary for the operation and maintenance of the Common Areas, protection of the Common Areas or in the best interests of the Owners.

f. all costs of enforcing the provisions of these By-laws and the Declaration, including attorney's fees and court costs, provided that all costs incurred for the enforcement of the provisions of these By-laws and the Declaration against any Owner is assessed specifically against such Owner. However, in the event any Court of competent jurisdiction awards the Association attorney's fees which are less than those actually incurred by the Association in any enforcement proceeding, then the amount adjudicated as due from the Owner shall be assessed against such Owner.

Section 6.9. Rules and Regulations. The Board of Directors has the power to adopt and publish rules and regulations which govern the use of the Common Areas and the conduct of the Owners which affects the other Owners. Rules and Regulations adopted by the Association shall be binding on all the members of the Association, including the members of their family, their guests, tenants, licensees and invitees.

ARTICLE VII OFFICERS

Section 7.1. President. The President has the general powers of supervision and control usually vested in the office of President of an Association. The President shall preside at all meetings of the members, and at all meetings of the Board.

Section 7.2. Vice President. The Vice President has such powers and shall perform any other duties assigned by the directors.

Section 7.3. Secretary. The Secretary shall give, or cause to be given, notice of all meetings of members or directors, and all other notices required by the Declaration or the Articles of Incorporation. The Secretary shall record all the proceedings of the meetings of the Association, or of the directors, in a book to be kept for that purpose, and shall perform such other duties as may be assigned by the directors.

Section 7.4. Treasurer. The Treasurer has custody of the Association's funds and shall keep full and accurate account of receipts and disbursements in the Association's books. The Treasurer shall deposit all monies in the name and to the credit of the Association in such depositories as, from time to time, are designated by the Board.

The Treasurer shall disburse the funds of the Association as authorized by the Board and shall render to the Board whenever requested, an account of all transactions as Treasurer, and of the financial condition of the Association.

ARTICLE VIII
MISCELLANEOUS

Section 8.1. Fiscal Year. The fiscal year of the Association shall begin on January 1 of each year.

Section 8.2. Signatures on Association Indebtedness. All checks, drafts or other orders for the payment of money, notes or other evidence of indebtedness issued in the name of the Association shall be signed by the Treasurer, or any other person authorized by the Board of Directors.

Section 8.3. Notices.

8.3.1. Any notice required by these Bylaws to be given, shall be in compliance with these Bylaws if in writing and delivered to the person intended by hand or deposited in the U.S. Mail.

8.3.2. When any notice is required to be given under the provisions of the Articles of Incorporation or these Bylaws, a waiver of that notice, in writing, signed by the person or persons entitled to that notice, whether before or after the time stated therein, shall be the equivalent of delivery of timely notice to such person.

ARTICLE IX
AMENDMENTS

Section 9.1. Amendment to By-laws. These By-Laws may be amended by a vote of a majority of the Owners present in person or by proxy at any regular or special meeting of the Association. To be effective, the amendment must be signed by the President and Secretary of the Association. All Amendments must be consistent with the recorded Declaration and Articles of Incorporation of the Association.

Section 9.2. Conflicts in Documents. In the event of any conflict between the Declaration and these By-Laws, the Declaration shall control. In the event of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control.