

**BYLAWS  
OF  
BALLANTRAE RIDGE  
HOMEOWNERS ASSOCIATION**

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ARTICLE I

Members

Section 1. Eligibility. The Members of BALLANTRAE RIDGE HOMEOWNERS ASSOCIATION, an Arizona non-profit corporation ("Association") shall consist of those persons described as Members in the Articles of Incorporation. The term "Member" and other capitalized terms are being used in these Bylaws as they are defined in the DECLARATION OF ADDITIONAL COVENANTS, CONDITIONS AND RESTRICTIONS FOR BALLANTRAE RIDGE ("Declaration") which is recorded as Recording No. 86 088280 in the Records of Maricopa County, Arizona. As provided therein, all Members will be Class A Members except that the Declarant described in the Declaration shall be a Class B Member until the Turnover Date.

Section 2. Succession. The membership of each Member shall terminate when he ceases to be an Owner of a Lot covered by the Declaration; and upon the sale, transfer or other disposition of his ownership interests in the Lot, his membership in the Association shall automatically be transferred to the new Owner succeeding to such ownership interest as described in the Declaration and the Articles of Incorporation.

Section 3. Meetings. Annual meetings of the Members shall be held at the BALLANTRAE RIDGE clubhouse on the first Monday of February in each year at 7:00 P.M., beginning in February of 1987 or at such other time or place as may be determined by a majority vote of the Members voting at any meeting of the Members or, in the absence of such place determination by the Members, at such other place as may be specified by the Board of Directors in the notice of the meeting. Special meetings of the Members may be called by the President or by a majority of the directors or by Members having at least two-fifths (2/5) of the votes entitled to be cast at such meeting. The notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting, except as stated in the notice.

Section 4. Notices. It shall be the duty of the Secretary to deliver or mail a notice of each annual or special meeting of the Members, stating the purpose thereof as well as the time and place where it is to be held, to each Member at his address as it appears on the records of this corporation, or if no such address appears, at his last known place of address, at least ten (10) days prior to such meeting.

Section 5. Voting. Members shall have voting rights as provided in the Articles of Incorporation and in the Declaration. Voting may be in person or by proxy and proxies may be given for more than one meeting. No proxy may be valid after twenty-five (25) months from the date of its execution. A majority of the votes of Members present at any meeting at which a quorum is present shall decide any question.

Section 6. Quorum. Except as provided in the Declaration, a quorum of Members for any meeting shall be constituted by Members represented in person or by proxy and holding one-tenth (1/10) of the votes entitled to be cast at such meeting.

Section 7. Adjournments. If any meetings of Members cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 8. Irregularities. All information and/or irregularities in calls, notices of meetings and in the manner of voting, form of proxies, credentials, and method of ascertaining those present, shall be deemed waived if no objection is made at the meeting or if waived in writing.

## ARTICLE II

### Board of Directors

Section 1. Number. The Board of Directors of the Association (called the "Board") shall consist of three (3) Directors. Board Members shall serve a term of one (1) year and may be appointed or elected to successive terms. Prior to the Turnover Date, all Members of the Board shall be appointed by Declarant and such appointees need not be Owners. After the Turnover Date, Board Members shall be elected by the Members of the Association at the annual Members' meeting, using cumulative voting, and each Board Member shall be an Owner or an officer, director, shareholder, beneficiary, or trustee of, or partner in, an Owner. Each Director shall serve until his successor shall be elected and qualified. The word "Director" as sometimes used herein shall mean a person elected to and serving on the Board.

Section 2. Removal of Directors. Prior to the Turnover Date, Declarant may remove any one or more of the Directors with or without cause. Following the Turnover Date, any Director may be removed with or without cause by the affirmative vote of the majority of Members. However, if less than the entire Board is to be removed, no one of the Directors may be removed if the

votes cast against his removal would be sufficient to elect him if then cumulatively voted at an election of the entire Board.

Section 3. Vacancies on Board of Directors. If following the Turnover Date, the office of any Director becomes vacant by reason of death, resignation, retirement, disqualification, removal from office, disability or otherwise, a majority of the remaining Directors, though less than a quorum, shall choose a successor, who shall hold office for the balance of the unexpired term. Prior to the Turnover Date, if the office of any Director becomes vacant for any reason, the Declarant shall choose a successor who shall hold office for the balance of the unexpired term.

Section 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 at the office of the Association. Unless otherwise specified therein, such resignation shall take effect upon its receipt by the secretary. No Member shall continue to serve on the Board should he be delinquent in the payment of an Assessment and said delinquency shall automatically constitute a resignation effective when such resignation is accepted by the Board of Directors.

Section 5. Annual Meetings. The first meeting of a newly elected Board shall be held immediately following the annual meeting of Members, if practicable, and in any event within ten (10) days of election, at such place as shall be fixed at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided a majority of the whole Board shall be present.

Section 6. Regular Meetings. Regular meetings of the Board may be held at such place and times as shall be determined from time to time by a majority of the Directors but after the Turnover Date at least one (1) meeting shall be held during each fiscal quarter. Notice of regular meetings of the Board shall be given to each Director personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

Section 7. Special Meetings. Special meetings of the Board may be called by the President on three (3) days' notice to each Director given personally or by mail, telephone 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 any two (2) Directors.

Section 8. Waiver of Notice. Before or at 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 him of the time and place thereof. If all Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 9. Quorum. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 10. Compensation. Directors shall receive no compensation for their services unless expressly provided for in resolutions duly adopted by the Members.

Section 11. Powers and Duties. The Board shall have the following powers and duties:

(a) To elect and remove the officers of the Association as hereinafter provided;

(b) To administer the affairs of the Association as permitted by applicable law;

(c) To engage the services of a manager or managing agent who shall manage and operate the Common Area and other Association affairs and property, and to carry out the duties of the Association upon such terms and for such compensation and with such authority as the Board may approve;

(d) To formulate policies for that administration, management and operation;

(e) To provide for the operation, maintenance, repair and replacement of the Common Area and other areas to be maintained by the Association as required by the Declaration, and payments therefor, and to approve payment vouchers or to delegate such approval to the officers or the manager or managing agent;

(f) To obtain insurance as required or permitted by the Declaration;

(g) To provide for the designation, hiring and removal of employees and other personnel, including accountants and

attorneys and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the Common Area and other property of the Association, and to delegate any such powers to the manager or managing agent (and any such employees or other personnel who may be the employees of a managing agent);

(h) To appoint committees of the Board and to delegate to such committees the Board's authority to carry out certain duties of the Board as permitted by law;

(i) To estimate the amount of the annual budget, and to provide the manner of assessing and collecting from the Members their respective shares of such estimated expenses;

(j) To exercise all of the rights, powers and duties granted to it by the Declaration;

(k) Unless otherwise provided herein or in the Declaration, to comply with the instructions of a majority vote of the Members as expressed in a resolution duly adopted at any annual or special meeting of the Members.

Section 12. Non-Delegation. Nothing in this Article II or elsewhere in these Bylaws shall be construed to grant to the Board or to the Officers of the Association any powers or duties which, by law or the Declaration, have been delegated to the Members.

### ARTICLE III

#### Officers

Section 1. Designation. At each annual meeting, the Board shall elect the following Officers of the Association:

(a) A President who shall preside over the meetings of the Board and of the Members and who shall be the chief executive officer of the Association;

(b) A Vice President who shall in the absence or disability of the President perform the duties and exercise the powers of the President;

(c) A Secretary who shall keep the minutes of all meetings of the Board and of the Members and who shall in general perform all the duties incident to the Office of Secretary and who may be a representative of the managing agent;

(d) A Treasurer who shall be responsible for financial records and books of account and the manner in which such records and books are kept and reported; and

(e) Such additional Officers as the Board shall see fit to elect.

Section 2. Powers. The respective Officers shall have the general powers usually vested in such Officers; provided that the Board may delegate any specific powers to any other Officer or impose such limitations or restrictions upon the powers of any Officer as the Board may see fit. Unless otherwise provided by the Board, all contracts shall be executed on behalf of the Association by either the president or the vice president.

Section 3. Term. Except as provided in Section 4, each Officer shall hold office for the term of one (1) year or until his successor shall have been elected and qualified.

Section 4. Vacancies. Vacancies in any office shall be filled by the Board at regular or special meetings thereof. Any Officer may be removed at any time by the Board at a regular or special meeting thereof.

Section 5. Compensation. The Officers shall receive no compensation for their services, unless expressly provided for in a resolution duly adopted by the Members.

Section 6. Bonding. The Board shall require that all Officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds as required by the Declaration. The premiums on such bonds shall be paid by the Association.

#### ARTICLE IV

##### Assessments

Section 1. Annual 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 Common Expenses and cash requirements for the year, including salaries, wages, payroll taxes, legal and accounting fees, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, fuel, power and all other Common Expenses. The annual budget shall also take into account the estimated net available cash income, if any, for the year from the operation or use of the Common Area. The annual budget shall provide for a reserve for contingencies for the year and a reserve for replacements in reasonable amounts as determined by the Board. To the extent that the assessments and other cash income collected from the Members 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 also be taken into account.

Section 2. Assessments. Subject to the limitations of the Declaration, the estimated annual budget for each fiscal year shall be approved by the Board, and copies thereof shall be furnished by the Board to each Member not later than ninety (90) days after the beginning of such year. The Board may make Assessments on a monthly, quarterly or semi-annual basis. On or before the first day of the first assessment period and of each succeeding assessment period of the year covered by the annual budget each Member shall pay as his Regular Assessment his proportionate share of the Common Expenses for that assessment period as shown by the annual budget. The Board may cause to be sent to each Member on or before the first day of each assessment period a statement of the Assessment of such Member for that period, but the failure to send or to receive such statement shall not relieve any Member of his obligation to pay his Assessment on or before the first day of each assessment period. In the event that the Board shall not approve an estimated annual budget or shall fail to determine new Regular Assessments for any year or shall be delayed in doing so, each Member shall continue to pay each assessment period the amount of his respective Regular Assessment as last determined. Each Member shall pay his Assessment on or before the first day of each assessment period to the manager or managing agent or as may otherwise be directed by the Board. No Member shall be relieved of his obligation to pay his Assessments for Common Expenses by abandoning or not using his Lot or the Common Area.

Section 3. Annual Report. Within ninety (90) days after the end of each year covered by an annual budget or as soon thereafter as shall be practicable, the Board shall cause to be furnished to each Member a statement for such year so ended showing the receipts and expenditures and such other information as the Board may deem desirable.

Section 4. Supplemental Budget. Subject to the limitations of the Declaration, in the event that during the course of any year it shall appear to the Board that the monthly assessments determined in accordance with the estimated annual budget for such year are insufficient or inadequate to cover the estimated Common Expenses for the remainder of such year, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of such year, copies of which supplemental budget shall be furnished to each Member. A supplemental assessment shall be made to each Member for his proportionate share of such supplemental budget.

Section 5. Special Assessments. Special Assessments may be made as provided in the Declaration.



Section 6. Lien. Every Member shall be personally liable to pay his Assessment in accordance with the Declaration. As provided herein, each Assessment shall be secured by a lien against the Member's Lot and improvements thereon. The Association and the Board shall have the authority to exercise and enforce any and all rights and remedies as provided for in the Declaration or these Bylaws or otherwise available at law or in equity for the collection of all unpaid Assessments.

Section 7. Records and Statement of Account. The Board shall cause to be kept detailed and accurate records in chronological order of all receipts and expenditures. Payment vouchers may be approved in such manner as the Board may determine. All records and vouchers authorizing payments shall be available for examination by the Members at convenient hours of week days. The Board shall, upon receipt of ten (10) days notice to it or the Association and upon payment of a reasonable fee, furnish any Member a statement of his account setting forth the amount of any unpaid Assessments or other charges due and owing from such Member.

Section 8. Discharge of Liens. The Board may cause the Association to discharge any mechanics' lien or other encumbrance which in the opinion of the Board may constitute a lien against the property of the Association. The Members responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses, including, but without limitation, attorneys' fees incurred by reason of such lien.

## ARTICLE V

### Construction

Section 1. Priorities. Any discrepancies or conflicts between applicable law, the Declaration, the Articles and Bylaws, and/or the rules and regulations of the Association shall, unless otherwise provided, be resolved by giving priority first to applicable law, second to the Declaration, third to the Articles, fourth to the Bylaws, and fifth to the Association rules and regulations.

Section 2. Disputes. In the event of any dispute or disagreement between any Owners relating to Ballantrae Ridge, or any questions of interpretation or application of the provisions of the Articles of Incorporation, Declaration, these Bylaws, or the Association rules and regulations, the determination thereof by the Board shall be final and binding on each and all Owners. If a decision cannot be reached by the Board, such matter shall be decided by arbitration pursuant to the rules of the American Arbitration Association.

## ARTICLE VI

### Corporate Seal

The Board may provide a suitable corporate seal containing the name of this corporation, which seal shall be in charge of the Secretary. If so directed by the Board, a duplicate of the seal may be kept and used by the Treasurer or any Assistant Secretary or Assistant Treasurer. The seal shall not be required for any purpose in connection with corporate documents or acts, unless required by law.

## ARTICLE VII

### Fiscal Management

Section 1. Fiscal Year. The fiscal year of this corporation shall be the calendar year and shall begin on the first day of January of every year, except that the first fiscal year of this corporation shall begin at the date of incorporation. The fiscal year herein established shall be subject to change by the Board should corporate practice subsequently dictate.

Section 2. Books of Account. Books of account of this corporation shall be kept under the direction of the Treasurer on a consistent basis in accordance with good accounting practices.

## ARTICLE VIII

### Amendments

These Bylaws may be amended from time to time by the affirmative vote of a majority of the Directors or by the affirmative vote of a majority of a quorum of Members present in person or by proxy at a Members meeting, provided that no amendments may be made which are inconsistent with the Declaration. Amendments may be proposed by the Board or by petition signed by at least one-quarter (1/4) of the Members.

ADOPTED by the Board of Directors \_\_\_\_\_, 1986.

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Larry A. Hall, Secretary