

(Amended March 19, 2014)
Amended and Restated Bylaws
Of
Happy Valley Ranch
Homeowners' Association

ARTICLE I
ARTICLES OF INCORPORATION

Section 1. Articles

Any reference herein made to this corporation's Articles will be deemed to refer to its Articles of Incorporation and all amendments thereto as at any given time on file with the Arizona Corporation Commission, together with any and all certificates theretofore filed by the corporation with the Arizona Corporate Commission.

Section 2. Seniority

The Articles will in all respects be considered senior and superior to these Bylaws, with any inconsistency to be resolved in favor of the Articles, and with these Bylaws to be deemed automatically amended from time to time to eliminate any such inconsistency which may then exist.

ARTICLE II
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

That certain Declaration of Covenants, Conditions and Restrictions (the "Declaration"), recorded July 28, 1997, document number 97-0505712, Records of Maricopa County, Arizona, as it may be amended from time to time, is incorporated herein by reference.

ARTICLE III
MEMBERSHIP MEETINGS

Section 1. Annual Meetings

The annual meeting of the members of Happy Valley Ranch Homeowners' Association (the "Association") shall be held in Scottsdale, Arizona, during the last two weeks of April each year, or at such other place as may be fixed by the Association's Board of Directors (the "Board") and set out in the notice of the meeting; provided, however, that whenever such date falls on a legal holiday, the meeting shall be held on the next succeeding business day, and provided further that the Board may by resolution fix the day of the annual meeting at such other date as the Board may deem appropriate. The purposes of this meeting shall be to elect the Board and for the transaction of any other business that may be properly brought before such a meeting as specified in the annual meeting notice.

Section 2. Special Meetings

Special meetings of the members may be held at such place and at such time as may be fixed by the Board whenever called in writing by the President, a majority of the Board or by the members holding ten percent (10%) or more of the total votes entitled to be cast by all members.

Section 3. Notices

Each member of the Association shall be notified by the Secretary by written notice mailed to such member's address within the Subdivision, as that term is defined in the Declaration (unless the Secretary has received a written notice from such member designating a different address) at least ten (10) days

before the date of the annual meeting, stating the time and place of the meeting. Special meetings may be called in like manner after five (5) days notice, but any such notice also shall designate the purpose of the meeting. In all such cases the date of mailing of the notices shall be considered the date such notices were given. Notices need only be given to members appearing as such on the books of the Association at the time of mailing of the notices.

Section 4. Quorum

At any regular or special meeting of the members, the owners or their representatives designated pursuant to Section 6 of this Article III holding ten percent (10%) or more of the total votes entitled to be cast by all members shall constitute a quorum for the transaction of business. A majority of the quorum shall be necessary to elect directors and transact any other business. In the absence of a quorum, the chairman of the meeting may adjourn the meeting from time to time, until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present any business may be transacted which might have been transacted at the meeting as originally notified.

Section 5. Membership

No certificates of membership shall be issued. If any lot is owned by two (2) or more people or entities, the membership as to such lot shall be deemed a single membership. Only one (1) membership shall be issued in the names of all owners of record, and such persons or entities who comprise the owners shall designate in writing to the Association the name of the person or entity (from among themselves) who shall cast the vote for and on behalf of the owners. If the owner of a lot is a corporation or other entity, an officer or other duly authorized representative of the corporation or entity may cast for or on behalf of the owner.

Section 6. Manner of Voting

Membership held in the Association will be entitled to one (1) vote. In elections where there are more than one director position and/or measure on the ballot, a member shall be entitled to one vote for each open position and measure on such ballot. Votes may not be aggregated such that any member casts more than one vote for the same position or measure. Members who do not reside at the Subdivision and/or cannot be present at the annual meeting may vote by absentee ballot, which will be mailed out to each member at least two weeks prior to the annual meeting. Absentee ballots must be mailed or delivered to the Association by the deadline set forth thereon.

Section 7. Disqualification

In the event any owner shall be in arrears in the payment of any amounts due under any of the provisions of the Declaration, the Articles or these Bylaws for a period of fifteen (15) days, or shall be in default in the performance of any of the terms thereof for a period of fifteen (15) days, such owner's right to vote as a member of this Association shall be suspended and shall remain suspended until all payments are brought current and all defaults remedied.

ARTICLE IV DIRECTORS

Section 1. Management

The control and management of the property, affairs and business of the Association shall be vested in a Board of seven (7) or nine (9) members. All directors must be lot owners. Where there is joint ownership of any particular lot, only one representative from such lot may serve on the Board at any given time. The Board shall be elected at the annual meeting of the members. No director may sign any contract on behalf of the Association without approval of a majority of the Board. No director may serve for more than two (2) consecutive terms except as noted below, but may be nominated to return to the Board following a one (1) year non-board period. The staggering of director terms shall begin at the 2008 annual meeting,

where three (3) directors shall be elected. At the 2009 annual meeting, four (4) directors shall be elected. All elected directors shall serve a term of two (2) years as set forth above to preserve the staggering of terms, except that the Board shall have the right to cause a director to be elected for less than a two (2) year term if it becomes necessary to re-establish the staggering terms. If the size of the Board is increased to nine (9), the additional directors shall be elected to terms that best preserve the staggered terms established herein.

A Director filling a vacancy is eligible for two (2) consecutive terms if the vacancy filled is less than one calendar year.

Section 2. Quorum

A quorum for the transaction of business at any meeting of the directors shall consist of a majority of the directors then in office.

Section 3. Annual and Regular Meetings

An annual meeting of the Board shall be held within a seven-day period following the adjournment of the annual meeting of the members each April. The purpose of this meeting shall be to appoint officers from within the newly elected Board. The President and Secretary of the Association must be appointed from within the newly elected body of directors. Additional regular meetings of the Board may be held at regular intervals at such places and at such times as the Board may from time to time by resolution provide.

Section 4. Special Meetings

Special meetings of the Board shall be held at such times and places as may be designated by the Board whenever such meetings are called orally or in writing by the President or a majority of the Board. Notice of special meetings shall be given by the Secretary to each director, orally or in writing, at least three (3) days before the time fixed for the meeting and notice shall be provided to owners as required by law. Such notices shall advise each director and owner of the time, place and general purpose of the meeting.

Section 5. Nomination of Directors

Nomination forms for candidates for the Board shall be made available (by mail, personal pickup, Association website, or other means, as designated by the Board) from the date of the Board's February meeting. All members of the Association willing to serve as directors and in good financial standing with the Association (no outstanding dues, fees, fines, or other assessments) may submit a completed nomination form, by mail or in person, to the address so designated on the nomination form. All qualified candidates listed individually on all nomination forms received at the designated address no later than 28 days prior to the date of the annual meeting shall be included on the ballots mailed to all Association members at their addresses of record 2 weeks prior to the annual meeting. It shall be the responsibility of each member that mails such nomination form to verify that such form was received by the designated addressee. It shall be the responsibility of the Secretary to verify that each candidate listed on the ballot is both qualified and has submitted the completed nomination form prior to mailing of ballots to all members. There will be no nominations accepted from the floor at the April annual meeting.

Section 6. Resignation or Removal of Directors

A director of the Association may resign at any time by tendering his resignation in writing to the Association to become effective upon receipt. Resignation or removal of a director shall also constitute resignation or removal as a member of any committee of the Board.

Section 7. Vacancies

In the event of the death, resignation, or discharge of a director for any reason, such vacancy shall be filled by vote of the majority of the Board present at a properly called meeting of the Board, and the director elected to fill such a vacancy shall complete the term of office of the director so replaced.

Section 8. Expenses

No director shall receive compensation for any service he may render to the Association as a director. However, any director may be reimbursed for his actual and reasonable expenses incurred in the performance of his duties, if approved by the majority of the Board.

ARTICLE V OFFICERS

Section 1. Designation of Officers

The directors shall elect among themselves the officers of the Association at the annual meeting of the Board, provided, however, that elections of additional officers may be held at any other meeting of the Board specifically called for such purpose. The officers of the Association shall consist of a President, Vice-President, Secretary, and Treasurer, and no two (2) offices may be held by one person.

Section 2. Duties of Certain Officers

(a) President. The President shall be the chief executive of the Association. He shall preside at all meetings of the Board; shall be ex officio a member of all standing or special committees; shall have general charge of the activities of the Association; shall sign on behalf of the Association, all contracts and other written instruments to be executed by the Association; and shall see that all resolutions of the Board are carried into effect. He shall do and perform such other acts and duties as may be required of him by the Board, but his authority shall be subject to the control and direction of the Board at all times.

(b) Vice President. The Vice President, in the absence or disability of the President, shall perform the duties and exercise the powers of the President, and shall perform such other duties as the Board shall prescribe.

(c) Secretary. The Secretary shall keep a permanent and complete record of all proceedings of each meeting of the members and each meeting of the Board, shall give or cause to be given, when required, notice of all meetings of the members and/or the Board, shall keep an accurate list of all members of the Association, and their addresses, and shall perform such other duties as may be prescribed by the Board or the President. Operationally, such duties may be performed by an assistant or an employee of the Association, but the Secretary shall maintain oversight of such activities and hold responsibility for them.

(d) Treasurer. The Treasurer shall have custody of the Association's funds and shall keep full and accurate accounts of receipts and disbursements, and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board. He shall disburse the funds of the Association as may be ordered by the Board, demanding proper vouchers for such disbursements. He shall prepare and submit a written financial report at each annual meeting of the members and shall render to the President an account of all his transactions as Treasurer and such additional reports of the financial condition of the Association as the Board may require. The Treasurer may be required to furnish a surety bond in an amount determined by the Board, the premium of which shall be paid by the Association. Operationally, such duties may be performed by an assistant or an employee of the Association, but the Treasurer shall maintain oversight of such activities and hold responsibility for them.

Section 3. Other Employees

The Board may engage the services of such other employees, including but not limited to, an executive secretary and/or manager, as may from time to time be deemed necessary if advisable for the objects and purposes of the Association. Any person who provides services to the Association shall do so on a contract basis.

Section 4. Removal of Officer; Vacancies

All agents, employees, officers or directors shall be subject to removal at any time by the affirmative vote of the majority of the Board then in office. Any vacancy caused by removal, resignation, death or for any other reason whatsoever may be filled by the Board as the Board may deem appropriate.

Section 5. Committees

The President shall, with the approval of the Board, appoint such standing or special committees, councils, or boards of such size as the President or Board may deem necessary to properly carry on the activities and effect the objects and purposes of the Association. Such committee shall perform such duties as the President or Board may direct.

**ARTICLE VI
ARCHITECTURAL COMMITTEE**

Section 1. Membership

The Architectural Committee shall consist of five members. Each of said persons shall hold their office until such time as he has resigned or been removed or their successor has been appointed as set forth herein. The Chairman of the Architectural Committee shall be an elected member of the Board.

Section 2. Appointment of Members

The right from time to time to appoint and remove members of the Architectural Committee shall be reserved to and vested in the Board.

Section 3. Resignation of Members

Any member of the Architectural Committee may at any time resign from the Architectural Committee upon written notice delivered to the Board.

Section 4. Duties

It shall be the duty of the Architectural Committee to consider and act upon such proposals or plans from time to time submitted to it pursuant to the Building Guidelines, to perform such other duties from time to time delegated to it by the Declaration or the Board. Should the Architectural Committee determine that certain provisions in the Building Guidelines are unworkable for any reason, the Architectural Committee membership may propose amendments the Building Guidelines to the Board, but the Board shall always maintain and be responsible for the content of the Building Guidelines. No changes to the Building Guidelines shall be made official or operative without a recorded affirmative vote of the Board.

Section 5. Meetings

The Architectural Committee shall meet from time to time as necessary to properly perform its duties thereunder. The vote or written consent of a majority of the members shall constitute an act by the Architectural Committee unless the unanimous decision of its members is otherwise required by the Declaration or Building Guidelines. The Architectural Committee shall keep and maintain a record of all actions from time to time taken by the Architectural Committee at such meetings or otherwise.

Section 6. Compensation

Unless authorized by the Board, the members of the Architectural Committee shall not receive any compensation for services rendered. All members shall be entitled to reimbursement for reasonable expenses incurred by them in connection with the performance of any Architectural Committee function or

duty. Professional consultants retained by the Architectural Committee shall be paid such compensation as the Architectural Committee determines.

Section 7. Amendment of Building Guidelines

The Board may, from time to time and in its sole discretion, adopt, amend, and repeal by unanimous vote, rules, and regulations to be incorporated into, or amendments of the Building Guidelines, which, among other things, interpret, supplement, or implement the provisions of the Building Guidelines. All such rules and regulations or amendments, as they may from time to time be adopted, amended, or repealed, shall be appended to and made a part of the Building Guidelines and shall thereupon have the same force and effect as if they were set forth in and were a part of the Declaration. Each owner is responsible for obtaining from the Architectural Committee a copy of the most recently revised Building Guidelines.

Section 8. Non-Liability

Neither the Architectural Committee nor any member thereof shall be liable to the Association or to any owner or other person for any damage, loss, or prejudice suffered or claimed on account of (a) the approval or disapproval of any, plans, drawings, and specifications, whether or not defective, (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings, and specifications, (c) the development, or manner of development of any property within Happy Valley Ranch, or (d) the execution and filing of an estoppel certificate whether or not the facts therein are correct; provided, however, that such member has, with the actual knowledge they possess, acted in good faith. Without in any way limiting the generality of the foregoing, the Architectural Committee, or any member thereof, may, but is not required to, consult with or hear the Association or any Owner or other person with respect to any plans, drawings, or specifications, or any other proposal submitted to the Architectural Committee. Neither the Architectural Committee nor any member thereof, or their respective successors or assigns shall be liable in damages to anyone submitting plans to them for approval, or to any owner or other person by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve any plans and specifications. Every owner or other person who submits plans to the Architectural Committee for approval agrees, by submission of such plans and specifications, that he will not bring any action or suit against the Architectural Committee, any member thereof, to recover damages. Approval by the Architectural Committee, any member thereof, shall not be deemed to be a representation or warranty that the owner's plans or specifications or the actual construction of a residence or other improvement comply with applicable governmental ordinances or regulations, including but not limited to zoning ordinances and local building codes. It shall be the sole responsibility of the owner or other person submitting plans to the Architectural Committee or performing any construction to comply therewith.

Section 9. Enforcement

The Building Guidelines may be enforced by the Architectural Committee or the Board as provided herein or in the Declaration.

ARTICLE VII ASSESSMENTS

Section 1. Annual Budget

The Board shall cause to be prepared an estimated annual budget for each fiscal year for the Association. Such budget shall take into account the estimated expenses and cash requirements for the year and for each month thereof. The annual budget may provide for a reserve for contingencies in such reasonable amounts as may be determined by the Board. To the extent that assessments and other cash collections from the members during the proceeding 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

The estimated annual budget for each fiscal year shall be approved by the Board and copies thereof shall be available at the annual meeting. Upon approval of the estimated annual budget by the Board, the Board shall assess each lot, as the annual assessment for the year covered by the annual budget, the lot's pro rata share of the expenses of the Association for the upcoming year, computed by multiplying the estimated annual budget by the ratio that one (1) bears to the total number of lots within the subdivision (sometimes hereinafter referred to as the "annual assessment"). Each owner of record shall be personally liable for the annual assessment attributed to his lot. If a lot is owned by more than one (1) person or entity, each owner of such lot shall be jointly and severally liable for the entire annual assessment.

Each annual assessment shall be due and payable on or before January 10 of the year covered by the annual assessment. The Board shall have the power to authorize other payment schedules at its discretion.

In addition to the foregoing regular annual assessment, the Board may levy such additional special assessments (sometimes hereinafter referred to as "special assessments") as may be necessary or desirable to meet expenses of the Association during the fiscal year. The annual assessment and the special assessments shall collectively sometimes hereinafter be referred to as the "Assessment". Such special assessments shall be payable when, and upon such notice, as the Board may determine. All amounts, whether regular or special, shall be due and payable to the Association.

Section 3. Partial Months

Upon becoming a member of the Association, an owner of a lot in the subdivision shall thereupon become obligated to pay the assessments and charges provided for herein. If membership commences after January 10 of any calendar year, the member's assessments for that calendar year shall be prorated to the date membership commenced. All members shall remain liable for all assessments and other charges payable hereunder so long as they are members of the Association. In the event that membership terminates, assessments shall be prorated to the date of termination; provided, however, that anything herein to the contrary notwithstanding, any delinquent assessments shall remain in the continuing responsibility and obligation of the delinquent owner even after membership in this Association terminates.

Section 4. Delinquency

Assessments as provided for herein shall be due and payable on or before January 10 or at such other time as may be directed by the Board. Failure to pay assessments when due shall render the assessments delinquent and such delinquent assessments shall bear interest at the rate of ten percent (10%) per annum from the date of delinquency until paid.

Section 5. Liens

Any and all delinquent amounts, with interest, shall be a lien and a charge upon the lot owned by such delinquent owner, such lien to be junior only to the lien of charge of any bona fide first mortgage or first deed of trust upon the same property or any part thereof at any time given or made.

Suit to recover a money judgment for unpaid expenses or assessments shall be maintainable without foreclosure or waiving the lien securing the same. In any legal action against a member to enforce payment of any unpaid assessments or otherwise to secure compliance with the provisions of these Bylaws, the Articles, or Declaration, the Association upon prevailing, shall be entitled to reimbursement from the member for all costs and expenses incurred, including, but not limited to, reasonable attorney's fees.

Section 6. Compliance Bond

Contemporaneously with the required submission of any plans to the Architectural Committee for approval, a cash bond shall be submitted to the Association. The amount of this cash bond shall be in accord with a schedule of bond amounts appropriate to the nature of the proposed change to the

property. This schedule must be formally approved by the Board, dated with its effective date, and mailed in writing to all owners a minimum of 3 months prior to its effective date.

The procedures for deposit, inspections and return of the cash bond pertaining to any new construction of the main residential structure shall be as set forth in A.R.S. §33-1817, as may be amended from time to time.

For cash bonds that are collected in relation to other architectural plans (that do not involve the initial building or the rebuilding of the main residential structure on the lot), the cash bond shall be deposited in an interest bearing account with the interest being paid to the member submitting the bond. For this purpose, the Social Security number or Tax Identification number of the member shall be provided. The cash bond is conditioned upon compliance by the member with the Declarations, Articles, Bylaws and all Rules and Regulations of the Association, including, but not limited to, compliance with Architectural Committee Building Guidelines and all submitted plans and designs including requirements and restrictions. Upon completion of the construction, improvement, alteration, or change for which the compliance bond was submitted, the member shall request in writing an inspection by the Association to establish that the member is in compliance with all requirements as set forth above. The Association shall promptly inspect and determine if the member is in compliance. If so, the cash bond shall be promptly returned to the member. If the member is not in compliance, the member shall be given written notice of what is required to comply and a reasonable time period to accomplish the requested compliance. If the member has not complied within the time allowed, the Association may proceed to assess the bond in the same manner and with same notice and hearing required for imposing a monetary penalty. All or a portion of the cash bond may be assessed for damages to the Association caused by non-compliance and for all costs, expenses and attorney's fees incurred or reasonably expected to be incurred in bringing the member into compliance. At the option of the Association, this may include contracting with an independent contractor to perform the necessary work to obtain compliance and assessing the contract price against the bond, in addition to the other amounts as set forth above. Any portion of the cash bond not assessed shall be refunded to the member promptly after compliance is obtained.

Section 7. Monetary Penalties

The Board may impose a monetary penalty upon a member for violation of any provision of the Declarations, Articles, Bylaws or Rules and Regulations of the Association. A schedule of such penalties must be in writing, approved by the Board, dated with an effective date, and mailed to all owners a minimum of 3 months in advance of the effective date.

From time to time, the Board may also by adoption of Rules and Regulations set forth the monetary penalty for the violation of a specific provision.

Prior to imposition of a monetary penalty upon a member, reasonable notice and an opportunity to be heard by the Board shall be afforded as follows:

- 1) Notice shall be mailed to the member at least ten calendar days prior to the hearing and setting forth a short, plain and concise statement of the violation and amount of the monetary penalty to be imposed.
- 2) At the time and place specified in the notice, the member shall be given reasonable opportunity to respond to the notice of violation and amount of the monetary penalty.

After the hearing, the Board shall by majority vote decide the amount of the monetary penalty to be imposed, if any.

Section 8. Fiscal Year

The fiscal year of the Association shall be the calendar year and shall begin on the first (1st) day of January of every year. The commencement date of the fiscal year established shall be subject to change by the Board, should corporate practice subsequently dictate.

**ARTICLE VIII
AMENDMENTS**

Except as provided by law, the Board shall have the power to make, amend, and repeal the Bylaws of the Association by vote of a majority of all the directors present at any regular or special meeting of the Board, provided that written notice of intention to make, amend or repeal the Bylaws, in whole or in part shall have been given to the members in the notice of the meeting.

The President of the Association hereby certifies that these Amended and Restated Bylaws have been approved Board of Directors as set forth in Article VIII of the Bylaws.

Dated this 19 day of March, 2014.



President, Happy Valley Ranch Homeowners'
Association