

**BY-LAWS
OF
PUEBLO DEL SOL PROPERTY OWNERS ASSOCIATION**

ARTICLE I Principal Office

The principal office for the PUEBLO DEL SOL PROPERTY OWNERS ASSOCIATION, herein called the "Association", shall be located at 3240 East Yaqui Street, Sierra Vista, Arizona 85650. Mail should be addressed to Box 1551, Sierra Vista, AZ 85636-1551. The Board of Directors shall have full power and authority to change said principal office from this location to another within Cochise County, Arizona.

ARTICLE II Purposes

The primary and specific purposes of the Association are set forth in a declaration of Covenants, Conditions and Restrictions recorded on 15 December 2004, in the Office of the County Recorder of said Cochise County in Fee #0411240540 of Official Records, Title & Signature Sheet and pages 1-14.

ARTICLE III Recitals and Definitions

Unless the context otherwise specifies or requires, the terms hereinafter defined shall, for all purposes, have the following meanings:

Section 1. Association

The term "Association" shall mean the Pueblo Del Sol Property Owners Association, or its successor.

Section 2. Development

The term "Development" shall mean all of the real property consisting of approximately 640 acres in Cochise County, Arizona, known as Pueblo del Sol Village One Unit A and Pueblo del Sol Village One Unit B, and any additional property which is annexed thereto pursuant to the provisions of the said Declaration of Covenants, Conditions and Restrictions.

Section 3. Association Property

The term "Association Property" shall mean and include collectively, all real and personal property conveyed to the Association by Declarant and any facilities located, or to be located, owned and maintained or controlled for the common use, benefit and enjoyment of the owners of real property with *in* the Development.

Section 4. Lot

The term "Lot" shall mean any lot designated on a duly recorded Subdivision map of the development.

Section 5. Owner

The term "Owner" shall mean the person or entity holding the fee ownership of a lot.

Section 6. Residential Lot

The term "Residential Lot" shall mean any lot improved or intended to be improved with a single-family residence.

Section 7. Declaration

The term "Declaration" shall mean all limitations, restrictions, covenants, terms and conditions set forth in the said Declaration of Covenants, Conditions and Restrictions recorded in the Office of the Recorder of the County of Cochise with respect to the Development, as such declaration may from time to time be amended, supplemented or modified by a subsequent Declaration so recorded.

Section 8. Member

The term "Member" as used herein shall mean a member of this Association in good standing whose rights under these By-Laws are not suspended.

Section 9. Board

The term "Board" shall mean the duly elected and acting Board of Directors of the Association.

Section 10. Office of Recorder

The term "Office of Recorder" shall mean the Office of Recorder, Cochise County, Arizona.

Section 11. Person

The term "Person" shall mean and include any individual, corporation, partnership, association or other entity recognized by the laws of the State of Arizona.

ARTICLE IV Membership

Section 1. Number of Members

There shall be one membership in the Association appurtenant to each single family residential lot. No membership may be severed or separated from such lot and any sale, transfer or conveyance thereof shall operate to transfer the appurtenant Membership without the requirement of express reference thereto. In the event that such membership is owned in joint tenancy, tenancy in common, or community property, such ownership shall be considered as one member of the Association.

Section 2. Exercise of Voting Rights

Any member entitled to vote may attend and vote at meetings in person, or by mail.

ARTICLE V Membership Meetings

Section 1. Annual Meeting

There shall be an annual meeting of the members on the third Saturday of May of each year. Meetings of the members shall be at the offices of the Association at the Development, or at such other reasonable place (within the County) and time of the meeting (not more than thirty days before or after such date) as may be designated by notice of the Board. The Board shall give notice to the members of any membership meeting, special or general, not less than fifteen (15) days nor more than sixty (60) days prior to the date fixed for said meeting, except that thirty (30) days notice shall be given for meetings where any of the actions listed in Section 5 below may be voted upon. Said notification shall be by first class mail and posted at the Association offices; and shall include date, time and place of the annual meeting, agenda, proposed annual budget, last year's minutes, form for members' input for discussion items at the annual meeting and any other item(s) that require a vote by the membership.

Section 2. Special meetings

A special meeting of the members may be called at any time to consider any reasonable business of the Association. Said meetings shall be called by the president, by a majority of the board of directors or by members having at least twenty-five percent (25%) of the votes in the association by written notice as provided for in Section 1 above and mailed to the members within such times as set forth in Section 1 above. Said notice shall specify the date, time and place of the meeting and the matters to be considered thereat. The place for such special meetings shall be at the offices of the Association at the Development, or at such other reasonable place within the County, as designated by the persons calling the same.

Section 3. Quorum

At any membership meeting, a quorum shall be the number of members present.

Section 4. Majority

Unless otherwise provided in these By-Laws or in the Declaration or by law, a vote of a majority of the votes present at any meeting, in person or by mail shall prevail with respect to any issue presented to the membership.

Section 5. Two Thirds Actions

The following actions require approval by two thirds (2/3rds) of the total votes outstanding:

- (a) Amendment of By-Laws;
- (b) Annexation of property to the Association;
- (c) Merger and/or consolidation with other non-profit corporations organized for the same purposes as this Association;
- (d) Dissolution pursuant to Article XI of the Articles of Incorporation;
- (e) Dedicate, sell or transfer any or all of the Association real property.

Section 6. Voting

Any vote taken for the election of Directors shall be by secret written ballot. All other issues, except those items involving funds, presented at any meeting for a vote by the membership, shall be voted upon either by oral vote or by raise of hands or by secret written ballot at the election of the Chairman of the meeting, unless ten (10) percent of the voters present at such meeting request that the vote be by secret ballot, in which event the vote shall be by secret ballot.

ARTICLE VI Board of Directors

Section 1. Powers

The powers of the Association are vested in, and shall be exercised by, the Board of Directors consisting of five (5) persons.

Section 2. Election

Following each annual meeting, the members shall elect the Board for the forthcoming year, consisting of five (5) directors. At such election the members may cast as many votes in the aggregate as they are entitled to vote under the provisions of the declaration, multiplied by the number of directors to be elected. Each member may cast the whole number of votes for one candidate or distribute such votes among two or more candidates. The five (5) candidates receiving the highest number of votes shall be deemed elected.

Section 3. Elections Committee

Nominations for election to the Board of Directors shall be made to an Elections Committee. Nominations may also be made from the floor at the annual meeting.

The Elections Committee shall consist of at least five (5) volunteers from the membership at large who are in good standing, do not hold office, and are not running for election. Elections Committee members may not campaign, in any fashion, during the period following the close of nominations. Failure to honor such agreement after appointment shall be grounds for removal from the Committee. The Elections Committee shall select one of its members to act as Chairperson. The Elections Committee shall be appointed by the Board of Directors at their first meeting of the fiscal year and shall serve for one year.

The Elections Committee shall obtain nominations from members for candidates wishing to be on the ballot. All nominations shall be in writing addressed to the Elections Committee at the Association office. The Elections Committee shall ensure that there is at least one candidate for each position. This requirement shall not restrict more than one candidate running for each position. All members in good standing are eligible to run for the Board of Directors, and any member in good standing who wishes to run shall be placed on the ballot.

The Elections Committee shall be responsible for preparing ballots for the association. Ballots for the board of directors shall include space for write-in candidates for each position. Anyone nominated from the floor at the annual meeting shall be included on the ballot. Within five (5) days following the annual meeting, ballots shall be mailed to every member. One ballot shall be mailed for each association lot. Along with the ballot there shall be instructions for completing the ballot, together with return deadlines, and a statement from each candidate.

The outer envelope (size 10 or equivalent) for the ballots shall be mailed first class to every property owner at the most current address supplied by the property owner. Inside the envelope shall be:

- (1) A return envelope addressed to the Elections Committee with the property owners name, address and lot number as the return address. This envelope shall have a place for the owner(s)' signature(s) which is required for the ballot to be valid.
- (2) One unmarked small envelope (to remain unmarked) in which to place the ballot,
- (3) Voting instructions,
- (4) The ballot, and
- (5) Candidates' statements.

Voting shall be done according to Article VI, Section 2 of these Bylaws.

The completed ballot shall be folded and inserted into the unmarked smallest envelope and sealed. The small unmarked envelope shall be placed in the envelope addressed to the Elections Committee. The member must sign this envelope to be valid. Seal the envelope and mail or hand deliver. Voted returned envelopes must be received on or before noon of the fourth (4th) Saturday following the annual meeting. The votes shall be counted at a place announced on the instruction sheet so all members may observe the counting, if so desired.

Votes shall be counted by a majority of the Elections Committee in the following manner:

- (1) Unopened outer envelopes shall be validated. Outer envelopes not signed by owner(s) are invalid. Invalid outer envelopes shall be marked "invalid" and not opened.
- (2) Valid outer envelopes shall be opened and unmarked inner envelopes removed and placed in a separate area.
- (3) Inner envelopes shall be opened and ballots counted.

The Elections Committee shall inform all candidates of the final election results of the voting. This information shall also be included in the next newsletter to the membership at large.

Section 4. Term of Office

Board members shall serve for a term of one (1) year, coincident with the Association's fiscal year, or until their respective successors are elected, or until their death, resignation or removal; and further provided that if any Board member ceases to be a member of the Association, his Board membership shall thereupon terminate. Any Board member may resign at any time by giving written notice to the President or Secretary, and any person may be removed from office by vote of the members; provided, that unless the entire Board is removed, an individual Director shall not be removed if the number of cumulative votes cast against his removal equals the cumulative vote necessary to elect one director.

Section 5. Vacancy

Every member of the Board shall have the right, at any time, to resign. Any vacancy on the Board shall be filled by a majority of the remaining Board members. Each Board member so elected shall hold office until a successor is elected by the members. Upon tender of a resignation by a Board member, the Board shall have the power to elect his successor to take office at such time as the resignation becomes effective.

Section 6. Quorum

Any three (3) members of the Board shall constitute a quorum and, if a quorum is present, the decision of a majority of those present shall be the act of the Board. Meetings of the Board may be called, held and conducted in accordance with such regulations as the Board may adopt. The Board may also act without a meeting by unanimous written consent of the Board members.

Section 7. Compensation

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

ARTICLE VII Duties and Powers of the Board

Section 1. Rights

The Board shall have the exclusive right and responsibility to perform diligently all the obligations and functions of the Association as set forth in these By-Laws, in the Declaration and in the Articles of Incorporation.

Section 2. Financial Statements

Within one hundred eighty (180) days after the beginning of the fiscal year the Board shall present to the members a financial statement for the preceding fiscal year. Said statement shall be provided to each member. The Board shall cause to be maintained records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles.

Section 3. Records

The Board shall cause to be maintained a complete record of all board minutes and acts and of the proceedings of the members. Such records and documents shall be kept and maintained in a manner consistent with reasonably prudent practice which would be applicable to a business for profit.

Section 4. Appointments

The Board shall appoint and remove at pleasure all officers, agents and employees of the Association, prescribing their duties, fixing their compensation and requiring from them security or a fidelity bond for faithful performance of the duties to be prescribed for them to the extent deemed reasonably necessary by the Board or required by the Restrictions.

Section 5. Supervision

The Board shall supervise all officers, agents and employees of the Association and see that their duties are properly performed.

Section 6. Powers

The Board shall:

- (a) Authorize all applicable provisions of the Covenants, Conditions and Restrictions, these By-Laws and all other regulations relating to the control, management, and use of the lots, and community facilities within the Development, to adopt rules and regulations governing the use of the community facilities within the Development, and to take such steps as it deems necessary for the enforcement of such rules and regulations.
- (b) Authorize the officers of the Association (Corporation) to contract and pay premiums for fire, casualty, liability, and other insurance and bonds (including indemnity bonds) which may be required from time to time by the Association.
- (c) Authorize contract for and pay for maintenance, landscaping, utilities, materials, supplies, labor and services that may be required from time to time in relation to Association Property, and any Community Facilities in the Development.
- (d) Authorize to pay all taxes, special assessments and other assessments and charges which are or would become a lien on Association Property, including any possessory interest tax.
- (e) Authorize to contract for and pay for construction or reconstruction of Association Property damaged or destroyed.
- (f) Delegate its duties and powers hereunder to the Officers of the Association as may lawfully be delegated, if and when the Board deems it appropriate.
- (g) Establish and levy assessments on the members of the Association and to collect same all in accordance with the Covenants, Conditions and Restrictions, and to establish and collect reasonable use charges for the use of any or all of the community facilities as the Board may deem necessary or desirable from time to time for the purpose of equitable allocation among the users the cost of operation thereof.
- (h) Appoint such other committees as it deems necessary from time to time in connection with the affairs of the Association.

Section 7. Indebtedness

Authority to approve indebtedness shall be governed by the following:

- (a) Deferred payments related to contracts, written or otherwise, within the limitation of any line of the approved budget: the President.
- (b) Obligating funds for expenditures that require an increase in the total annual assessment that is within the legal limitation imposed by State law or the Association documents: the Board of Directors by a majority vote of the Board.
- (c) Obligating funds for expenditures that require an increase in the total annual assessment that exceeds the legal limitation imposed by State law or the Association documents: prior approval by a vote of 2/3 (two thirds) of the membership.

ARTICLE VIII Officers

Section 1. Officers

The officers of the Association shall be members of the Association and shall consist of a President, a Vice President, a Secretary and a Treasurer. The Association may also have, at the discretion of the Board, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 following.

Section 2. Term of Office

The officers of the Association, except such officers as may be appointed in accordance with the provisions of Sections 3 and 5 following, shall be chosen annually by the Board, and each shall hold office until he shall resign or shall be removed or otherwise disqualified to serve, or a successor shall be elected and qualified.

Section 3. Appointment

The Board may appoint, and may empower the President to appoint, such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the By-Laws or as the Board may from time to time determine.

Section 4. Removal

Any officer may be removed, either with or without cause, by the Board. Any officer may resign at any time by giving written notice to the Board or to the President or to the Secretary. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancy

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the By-Laws for regular appointments to such office.

Section 6. President

The President shall be elected by the Board from among the Directors. He shall be the chief executive officer of the Association and shall, subject to the control of the Board, have general supervision, direction and control of the affairs and officers of the Association. He shall preside at all meetings of the Board, and shall have the general powers and duties of management usually vested in the office of President of a corporation, together with such other powers and duties as may be prescribed by the Board or the By-Laws.

Section 7. Vice President

The Vice President shall be elected by the Board from among the Directors. In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. He shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or the By-Laws.

Section 8. Secretary

The Secretary need not be a Director, but shall be elected by the Board of Directors. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board may order, a book of minutes of all meetings of Directors and members, with the time and place of holding same, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present at Directors' meetings, the number of members present in person or by mail at members' meetings, and the proceedings thereof. The Secretary shall keep, or cause to be kept, appropriate current records showing the members of the Association, together with their addresses. The Secretary shall give, or cause to be given, notice of all meetings of the Board required by the By-Laws or by law to be given, and shall have such other powers and perform such other duties as may be prescribed by the Board or by the By-Laws.

Section 9. Treasurer

The Treasurer need not be a Director, but shall be elected by the Board of Directors. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of properties and business transactions of the Association, including accounts of assets, liabilities, receipts and disbursements. The books of account shall all at reasonable times be open to inspection by any director or member. The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The Treasurer shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and Directors, whenever they request it, an account of all transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or the By-Laws.

ARTICLE IX Miscellaneous

Section 1. Records Inspection

Books, records and papers of the Association may be inspected by appointment during reasonable business hours by any member at the offices of the Association.

Section 2. Committees

The Board of Directors shall appoint committees deemed appropriate in carrying out its purpose.

Section 3. Delivery of Notice

Any notice or other document permitted or required to be delivered as provided herein may be delivered either personally or by mail, unless otherwise provided for in these By Laws. If delivery is made by mail, it shall be deemed to have been delivered twenty-four (24) hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed as follows: if to the Association or to the Board, at P. O. Box 1551, Sierra Vista, Arizona 85636-1551; if to a Director, at the address from time to time given by such Director to the Secretary for the purpose of service of such notice; if to a member, at the address from time to time given by such member to the Secretary for the purpose of service of such notice, or, if no such address has been given, to any lot within the Development owned by such member.

Section 4. Rights of Use

The right of use and enjoyment of the community facilities, shall at all times be subject to all existing published rules and regulations promulgated by the Board, and shall at all times be subject to the limitations and restrictions set forth in the Declaration. The Board shall have the right to suspend the use and enjoyment of any community facility for the failure of a person to comply with such rules and regulations and the Declaration, provided, however, that such suspension shall only be imposed after such person has been notified in writing and has been offered a reasonable opportunity to be heard.

Revised 23 February 2008