

BYLAWS

CAREFREE SENTINEL ROCK ESTATES HOMEOWNERS ASSOCIATION

Amended 4/14/18

ARTICLE I

NAME AND LOCATION

- 1.1 **Name.** The name of this corporation is the CAREFREE SENTINEL ROCK ESTATES HOMEOWNERS ASSOCIATION (hereinafter CSREHOA) and includes all lots in Units I and II of Carefree Sentinel Rock Estates (the “Property”).
- 1.2 **Location.** The CSREHOA is an Arizona not-for-profit corporation, with offices located in Maricopa County, Arizona. The mailing address is P.O. Box 3791, Carefree, AZ 85377-3791.
- 1.3 **Persons Covered by Bylaws.** All present or future owners, tenants, future tenants or their employees or any other person who might use the facilities of the lots or residences constructed on the Property in any manner, are subject to all of the regulations of these Bylaws as set forth herein.

ARTICLE II

PURPOSE

- 2.1 **Purpose.** The purpose of CSREHOA is as follows: (1) to preserve and enforce the Declaration of Covenants, Conditions and Restrictions (CC & R’s) for Carefree Sentinel Rock Estates, Lots 1 through 133; (2) to sustain the integrity of design and high level of maintenance of the buildings and grounds located within or on the Property; (3) to present a common voice before Carefree town meetings, and (4) to protect the desert environment, consistent with the purposes set forth in the CC & R’s, the Articles of Incorporation, and these ByLaws.

ARTICLE III

MEMBERSHIP

- 3.1 **Qualification.** The recorded owner (s) of each lot within the property shall be members of CSREHOA, with one (1) vote per lot, regardless of the number of owners of the lot. The vote associated with a lot shall be cast as a unit, and no fractional voting shall be allowed. See also Article 9.6 below.
- 3.2 **Transfer of Membership.** Under no circumstance may a membership in the CSREHOA be transferred or assigned to any person or corporation not meeting the specification of Article 3.1.
- 3.3 **Certificates.** Membership certificate shall not be issued.
- 3.4 **Voting Rights.** Owners of developed and undeveloped lots within the property shall have equal voting rights.
- 3.5 **Membership Mailing Address.** In order to facilitate communication with the members by the Board of Directors, members are required to notify the Directors of CSREHOA of their current mailing address and telephone number. In addition, Members shall provide the Directors or Officers an electronic mail address, if available. Mailing includes delivery by electronic mail.
- 3.6 **Use of Membership List.** The CSREHOA shall keep and maintain a Membership List for use by the CSREHOA. The membership list will neither be published nor distributed in any manner to any Member or third-party . The membership list shall not be used or inspected for any commercial purpose whatsoever. The membership list will remain a confidential document, the use of which is entirely restricted to communication with members of the CSREHOA by the Directors or Officers of the CSREHOA in connection with their official duties.

ARTICLE IV

MEETINGS OF CSREHOA

- 4.1 **Annual Membership Meeting.** An annual membership meeting of CSREHOA shall be called by the Board of Directors (BOD) in February (or as otherwise decided), at which meeting Directors will be nominated and elected for a two (2) year term. Terms will be staggered to assure continuity within the Board. It shall be the duty of the Board of Directors to provide notice of each annual membership meeting of the CSREHOA to all Members as given on the membership list. The notice shall be provided at least twenty-one (21) days prior to the meeting. An agenda will be sent out approximately two (2) days before the meeting.
- 4.2 **Regular Meetings.** At least six (6) regular Board meetings will be held each year, in addition to the annual meeting. All meetings shall be open to any owner of any lot eligible to cast a vote with the CSREHOA. At the sole discretion and approval of the

Board of Directors, persons other than those who are owners may attend a meeting. An agenda will be sent out within two (2) days prior to the meeting.

4.3 Special Meetings. Special meetings may be called by the Board of Directors. Special meetings are called for one of the following reasons:

- a) to authorize amendment of the governing documents of the CSREHOA
- b) to remove members of the Board of Directors
- c) financial concerns of the CSREHOA

Special meetings may be called by any of the following:

- a) the Board President
- b) a majority of the Board of Directors
- c) unit owners having at least twenty-five percent (25%) of the votes in the CSREHOA

It shall be the duty of the Board of Directors to provide notice of each special membership meeting of the CSREHOA to all members to the address (including an electronic mail address) as given on the membership list. The notice and agenda shall be provided at least twenty-one (21) days prior to the meeting.

4.4 Emergency Meetings. Emergency Board meetings are to be held when an imminent threat to life or property exists and there is no time to provide standard notice of a Board meeting to the members. Minutes of the emergency board meeting will be read and approved at the next regularly-scheduled meeting of the Board. The minutes will state the reason necessitating the emergency. An emergency meeting of the CSREHA can be called by the Board President with four (4) hours notice.

4.5 Executive Sessions. Executive sessions can be called by the Board of Directors and are not open to the public. Such sessions are convened only when the Board is involved in legal consultation. Notice is provided but no agenda or minutes are sent out. No business may be conducted during executive sessions.

4.6 Voting. Votes may be cast by members only at annual or special meetings in person, by mail, by email or by fax. Voting at other types of meetings are restricted to Directors.

4.7 Related Persons. Related persons may not serve on the Board of Directors at the same time or on the Architectural Committee at the same time. However, related persons may serve on the Board of Directors and the Architectural Committee at the same time.

4.8 Order of Business. The order of business at all meetings shall be determined by the Board of Directors.

4.9 Quorum. The presence of at least three (3) Directors represents a quorum and is required to transact business.

ARTICLE V

BOARD OF DIRECTORS

- 5.1 Number and Qualifications.** The Board of Directors of the CSREHOA shall normally consist of five (5) Directors, all of whom must be members of the CSREHOA, subject to the further condition that no person who is associated with a lot for which dues are not paid in full may serve as a Director. Tenants are not eligible to serve as Directors, unless they are also a member. In the event that five (5) qualified members are not available to serve on the Board of Directors, the Board of Directors may function with a minimum of three (3) qualified members.
- 5.2 Disqualification.** If a Director shall cease to meet the qualifications set forth in Article 5.1 as well as those additional qualifications listed below, that Director shall cease to be a Director and that Director's place on the Board of Directors shall be vacant. Examples of reasons for removing a Director include but are not limited to:
- a) unexcused absences from multiple Board meetings
 - b) violation of the use of the membership list defined in Article 3.6
 - c) unresolved violation(s) of the CSREHOA CCR's
- 5.3 Election.** The Board of Directors shall be elected by ballot to serve until the expiration of their terms. Directors shall be elected who have shown the highest total of votes cast by the Members of CSREHOA at the annual meeting. If the number of candidates does not exceed the number of vacancies, the Board of Directors will be limited to three members.
- 5.4 Officer Designations.** The Board of Directors shall designate officer titles and the specific duties associated with the officer positions. The officers shall include a President, Secretary, and Treasurer at a minimum. The third and fourth Directors shall serve as First and Second Vice-Presidents.
- 5.5 Nominations.** Any member eligible under Articles 4.6 and 5.1 may request that his/her name be added to the ballot for voting for the Board of Directors at the annual meeting.
- 5.6 Vacancies.** If a vacancy shall occur on the Board of Directors for any reason other than specified in Article 5.7 below, that position may be filled by a majority vote of the remaining Directors. The successor shall serve as a Director until the next annual meeting.
- 5.7 Removal of Directors.** Any or all Directors may be removed from office at any time by the action described as follows. Upon the presentation to the Board of Directors of a petition in favor of removal, representing not less than twenty-five percent (25%) of the lots eligible to vote, a meeting of the CSREHOA shall be held promptly to determine whether such Director or Directors named in the petition should be removed from office. Upon the affirmative vote of two-thirds (2/3) or more (of those eligible to vote) to remove such Director or Directors from office, such Director or Directors shall be deemed removed from office. The Director or Directors being considered for removal will be given written notice specifying the reason for the proposed removal at least ten (10) days prior to the vote and will be given the opportunity to cast his/her ballot. Any vacancy on the Board of

Directors created by the removal shall be filled by a prompt election, with voting as provided in Article 3.1.

ARTICLE VI

BOOKS AND RECORDS

- 6.1 **Records and Accounts.** The Board of Directors shall cause to be kept an accurate record of all income and expenses associated with any activity of the CSREHOA.
- 6.2 **Inspection of Books.** All financial records are subject to inspection by any CSREHOA member at all regular meetings of the Board of Directors upon a request for inspection given seven (7) days or more in advance of a meeting.
- 6.3 **Compensation.** No Director may be compensated for any duties associated with the CSREHOA.
- 6.4 **Record of Maintenance.** At all member meetings and regular meetings of the Board of Directors, accurate notes and records shall be made and kept regarding all topics discussed or reviewed by the Board of Directors.
- 6.5 **Accounting.** An annual accounting review of the books and records shall be made.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

- 7.1 **Powers and Duties.** The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the CSREHOA.
- 7.2 **Regular Meeting Schedule.** The Board of Directors may establish a schedule of regular meetings to be held at such time and place as the Board of Directors may designate.
- 7.3 **Special Assessments.** The Board of Directors shall have no power to levy any special assessment upon the members of the CSREHOA for any purpose.
- 7.4 **Annual Dues.** All lot owners are required to pay annual dues which are vital to the upkeep of the subdivision. The amount of the annual charge shall be as determined by the Board of Directors and approved by at least fifty-one percent (51%) of the members. The Board shall have the power to establish and collect late fees as relates to delinquent dues payments.

- 7.5 **Dues Increase.** An increase in the annual dues may occur only with the consent by ballot of at least fifty-one percent (51%) of all Members of the CSREHOA eligible to vote as provided in Articles 3.1 and 9.6.
- 7.6 **Professional Relationship.** It shall be the duty of the Board of Directors to foster good relations with the homeowners associations within the Carefree, Cave Creek and neighboring areas.
- 7.7 **Public Presentations.** It shall be the duty of the Board of Directors to present issues of interest to the Members of the CSREHOA to the elected and appointed officials of the Towns of Carefree and Cave Creek and any other public bodies as relevant.
- 7.8 **Committees.** The Board of Directors may from time to time, by vote of a majority of the Directors, designate one or more committees. Any such committee shall exercise only such function as designated by the Board of Directors.
- 7.9 **Enforcement of the Covenants, Conditions & Restriction (CC&Rs) and Site Development Guidelines.** Any complaint involving violations of the CC&Rs must be submitted in writing by a Member to the Board of Directors on the form provided to the members by the Home Owner's Association. When submitted in this manner, violations will be reviewed by the Board and acted upon accordingly. Violations, which involve both CC&Rs and Carefree town code, may be referred to the town. Violations of town code, which are not covered in the CC&Rs, may be directly addressed to the town by the member of by the CSREHOA. The Board of Directors are not to police for violations on existing homes. Excluded in this non-policing policy are homes that are under construction or are undergoing additions or renovations. This falls under the jurisdiction of the Site Development Guidelines, which are enforced by the Architectural Committee.

ARTICLE VIII

ARCHITECTURAL COMMITTEE

- 8.1 **Architectural Committee (AC).** The Board of Directors shall nominate members of the AC to serve for two (2) year terms who are eligible pursuant to Article 8.3 to the Architectural Committee. Per state law, one Board member will be selected by the Board to serve on the Architectural Committee.

_____The Architectural Committee shall be guided by CC&R's and the Design Guidelines for

Carefree Sentinel Rock Estates and shall report to the Board of Directors.

- 8.2 **Number and Qualifications.** The Architectural Committee of the CSREHOA shall consist of at least two (2), but no more than three (3), members of the CSREHOA, subject to the further condition that no person who is associated with a lot for which dues are not paid in full may serve as a member of the Architectural Committee. The Board of Directors

may hire a consultant, who need not be a member, to advise the Architectural Committee. Tenants are not eligible to serve as a member of the Architectural Committee unless they are also an eligible member. The Board of Directors shall also appoint a Director to serve as a liaison between the Board and the Committee.

- 8.3 Disqualifications.** If a member of the Architectural Committee shall cease to meet the qualification set forth in Article 8.3 or any of those listed in this Article, that member shall cease to be a member of the Committee and the place on the Committee shall be vacant. Examples of reasons for removal of a member include but are not limited to:
- a) no unexcused lack of response to multiple Board requests to that member of the Architectural Committee
 - b) no unexcused lack of response to a homeowner's application for changes to their property within 30 days, as required by state law
 - c) no violation of the use of the membership list defined in Article 3.6
 - d) no unresolved violation(s) of the CSREHOA CC&R's
- 8.4 Vacancies.** If a vacancy shall occur on the Architectural Committee for any reason other than specified in Article 8.5 below, that position may be filled by appointment by the Board of Directors. The successor shall serve until the next annual meeting.
- 8.5 Removal of a Member of the Architectural Committee.** Any or all members of the Architectural Committee may be removed from office at any time by the action described as follows: Upon the presentation to the Board of Directors of a petition in favor of removal of a member or members representing not less than twenty-five percent (25%) of the lots eligible to vote, a members meeting shall be held promptly to determine whether such member or members should be removed from office. Upon the affirmative vote of at least fifty-one percent (51%) of those members eligible to vote to remove such member or members of the Committee from office, such member or members shall be deemed removed from office. The member or members being considered for removal will be given written notice specifying the reason for the proposed removal at least ten (10) days prior to the vote and will be given the opportunity to cast their ballot. Any vacancy or vacancies on the Architectural Committee created by the removal of a member or members shall be promptly filled by the Board.

ARTICLE IX

FISCAL MANAGEMENT

- 9.1 Bank Deposits.** The funds of the CSREHOA, until disbursed, shall be deposited in a bank as selected by the Board of Directors.

- 9.2 **Obligation.** It shall be the duty of each recorded owner of each lot to pay the annual dues associated with the lot.
- 9.3 **Dues Notice.** A notice of dues owed will be mailed not later than October 1st of each year. Dues will become delinquent for voting purposes after December 1st of each year.
- 9.4 **Dues Payment.** Annual dues, if not paid within ninety (90) days of mailing of the dues notice, may become a charge against and continuing lien against the lot associated with the dues notice. See also Article 9.5 below. Late fees will be assessed as determined by the Board.
- 9.5 **Lien.** Any lien upon a lot shall become effective upon recording notice thereof in the office of the County Recorder, Maricopa County, Arizona. Further, the lot owner shall be responsible for all reasonable expenses associated with establishing and maintaining the lien.
- 9.6 **Voting Rights.** The Board of Directors must suspend for the entire period for which dues are not paid in full the obligated lot owner's right to vote on any matter.
- 9.7 **Legal Action.** If any legal action is initiated against a lot owner to enforce payment of unpaid dues, the CSREHOA, upon prevailing, shall be entitled to reimbursement from the lot owner for all costs and expenses incurred including, but not limited to, reasonable legal fees.
- 9.8 **Capitol Expenditures.** No expenditure by the Board of Directors shall be made which exceeds three thousand dollars (\$3,000.00) for a capital project without the approval of at least fifty-one percent (51%) of the members eligible to vote. A capital project shall be defined as any physical construction, alteration, or change located on or near any portion of a lot or street within the property.
- 9.9 **Indebtedness.** The CSREHOA shall incur no debt.
- 9.10 **Conflict of Interest.** No Director of the CSREHOA shall transact or cause to be transacted any business on behalf of the CSREHOA with any firm or person with which that Director, any member of the Director's immediate family, or any other Director has any financial or equity interest. Violation of this provision shall be sufficient cause for immediate removal of the Director from office.

ARTICLE X

AMENDMENTS TO BYLAWS

- 10.1 **Amendments to ByLaws.** The power to amend these ByLaws or to adopt new ByLaws shall be vested in the Board of Directors, subject to approval by at least fifty-one percent (51%) of the members eligible to vote. Amendments may be proposed by the Board of

Directors or by petition signed by at least five (5) Members eligible to vote, subject to approval by the Board of Directors.

ARTICLE XI

EFFECTIVE DATE OF BYLAWS

- 11.1 **Effective Date.** These ByLaws of the CSREHOA shall become effective upon approval by a majority of the entire Board of Directors and, subsequently, by approval of fifty-one percent (51%) of the members of the CSREHOA eligible to vote.