

BYLAWS OF THE PINNACLE PEAK RANCHOS PROPERTY OWNERS ASSOCIATION

ARTICLE I NAME AND LOCATION

Section 1. The name of the corporation is PINNACLE PEAK RANCHOS PROPERTY OWNERS ASSOCIATION, hereafter referred to as the "Association." The principal office of the corporation shall be located at PO Box 28843, Scottsdale, Arizona, 85255, but meetings of members and directors may be held at such places within the State of Arizona, County of Maricopa, as may be designated by the Board of Directors.

ARTICLE II DEFINITIONS

Section 1. "Association" shall mean and refer to PINNACLE PEAK RANCHOS PROPERTY OWNERS ASSOCIATION, its successors and assigns.

Section 2. "Association Documents" shall mean the Declaration, the Articles of Incorporation, the Bylaws and the Association Rules.

Section 3. "Board" and "Board of Directors" shall mean the Board of Directors of the Association.

Section 4. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Property recorded in the Office of the Maricopa County Recorder as amended from time to time.

Section 5. "Member" shall mean and refer to those persons entitled to membership in the Association as provided in the Declaration.

Section 6. Unless the context requires otherwise, all capitalized words not defined herein shall have meanings assigned to such words by the Declaration.

ARTICLE III MEETINGS OF MEMBERS

Section 1. Annual Meetings. The annual meeting of Members shall be held at least once every twelve (12) months at a place, date and time designated by the Board of Directors. Members shall, at the annual meeting, elect members of the Board of Directors.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon the written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, by electronic mail, or postage prepaid, not less than ten (10) nor more than sixty (60) days before such meeting to each Member entitled to vote thereat, addressed to the Member's electronic mail address or mailing address

last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of the notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members entitled to cast one-tenth (1/10) of the votes shall constitute a quorum for any action except as otherwise provided in the Articles, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

Section 5. Suspension of Voting Rights. In the event any Member is in arrears in the payment of any Assessment, monetary penalties or other fees and charges due under the terms of Association Documents for a period of thirty (30) days, the Members right to vote as a Member of the Association shall be automatically suspended and shall remain suspended until all payments, including accrued interest and attorneys' fees, are brought to current. In the event any Member violates any provision of the Association Documents (other than provisions requiring the payment of money to the Association) and if the violation is not corrected to the satisfaction of the Association within fifteen (15) days after notice of the violation is given to the Member by the Association, the Member's right to vote as a Member of the Association shall be automatically suspended and shall remain suspended until the violation is corrected to the satisfaction of the Association.

Section 6. Record Date. For any meeting of the Members, the Board of Directors shall fix a date as the record date for determining the Members entitled to notice of the meeting. If the Board of Directors fails to fix a record date for any meeting of the Members, the record date for determining the Members entitled to notice of the meeting shall be the business day before the day on which the notice of the meeting is given. The Board of Directors shall also fix a date as the record date for determining the Members entitled to vote at a meeting of the Members. If the Board of Directors fails to fix such a record date, the Members on the date of the meeting who are otherwise eligible to vote are entitled to vote at the meeting. A determination of Members entitled to notice of or to vote at membership meeting is effective for any adjournment of the meeting, unless the Board of Directors fix a new date for determining the right to notice or the right to vote. The Board of Directors shall fix a new date for determining the right to notice or the right to vote if the meeting is adjourned to a date that is more than sixty (60) days after the record date for determining Members entitled to notice of the original meeting.

Section 7. Action by Written Ballot. Any action that the Association may take at any annual, regular or special meeting of the Members may be taken without a meeting if the Association delivers a written ballot to every Member entitled to vote on the matter. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for votes by written ballot shall: (a) indicate the number of responses needed to make quorum requirements; (b) state the percentage of approval necessary to approve each matter other than election of directors, and (c) specify the time which a ballot must be delivered to the Association in order to be counted, which time shall not be less than three (3) days after the date the Association delivers the ballot. Once a written ballot has been received by the Association, the ballot may not be revoked. Approval by written ballot pursuant to this section is valid only if both the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action and the number of approvals equals or exceeds the number of votes which would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

Section 8. Action by Written Consent. The Members may approve any action required or permitted by law that requires the Members' approval without a meeting of the Members if the action is approved by Members holding at least the percentage of votes required in these Bylaws for such an action, unless the Declaration, Articles, or applicable law require a different percentage of votes. The action shall evidence by one or more

written consents describing the action taken, signed by those Members representing at least the percentage of votes required in these Bylaws for such an action and delivered to the Association for inclusion in the minutes or filing with the corporate records of the Association.

Section 9. Voting Requirements. Unless otherwise provided in the Association Documents, if a quorum is present at a meeting of the Members, the affirmative vote of a majority of the votes represented and voting is the act of the Members.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION & TERMS OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by its Board of Directors consisting of not less than five (5) directors, who must be Members of the Association. The number of directors may be changed from time to time by the Members within the minimum and maximum numbers set forth in the Declaration but the number of directors must always be an odd number.

Section 2. Terms of Office. There shall be staggered terms of office for directors so that one-third of the directorships shall be up for election each year (or if the number does not evenly divide by thirds, the Board shall be divided as close to thirds as possible). The system for staggered terms of office shall be implemented as follows: At the meeting of the Board of Directors at which these Bylaws are adopted there shall be a drawing in order to determine the initial terms of the directors. After the drawing, one director shall have an initial term of one year, two directors shall have terms of two years, and two directors shall have terms of three years. The minutes of this Board meeting shall show the results of the drawing. Each director shall hold office until the annual meeting when his term expires and until his successor shall have been duly elected and qualified, or until his earlier resignation or removal.

Section 3. Resignation of Directors. A director may resign at any time by delivering written notice to the Board of Directors. A resignation is effective when the notice is delivered unless the notice specifies a later effective date or event. If a resignation is made effective at a later date, the Board of Directors may fill the pending vacancy before the effective date of the Board of Directors provided that a successor does not take office until the effective date.

Section 4. Vacancies. All vacancies in the Board of Directors shall be filled by a vote of a majority of the remaining directors though less than a quorum or by a sole remaining Director. Any person so elected shall serve the unexpired portion of the prior director's term.

Section 5. Removal. Any director may be removed from the Board, with or without cause, by a majority of the Members of the Association or by a majority of the members of the Board of Directors. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired portion of the prior director's term.

Section 6. Compensation. No director shall receive compensation for any service he may render the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 7. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election, the Members may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. Sealed ballots returned by mail and verified by the Secretary shall be opened and counted during the annual meeting. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly, at such date, place and hour as may be fixed from time to time by resolution of the Board. Written notice of each meeting shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, by electronic mail, or postage prepaid, at least ten days before such meeting to each director. Such notice shall specify the place, day and hour of the meeting.

A director's attendance or participation in a meeting waives any required notice to the director of the meeting unless the director at the beginning of the meeting or promptly on the director's arrival at the meeting objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

A director may participate in a regular or special meeting of the Board of Directors through the use of any means of communication by which all the directors participating may simultaneously hear each other during the meeting, and a director participating in the meeting, by such means is deemed to be present at the meeting.

Notice of meetings by Board of Directors shall be given to the Members of the Association within such time and in such a manner as is required by law.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than seven (7) days' notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the power to:

- (a) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of the Bylaws, the Articles, or the Declaration;
- (b) open bank accounts on behalf of the Association and designate signatories thereon;
- (c) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- (d) employ and compensate managers, independent contractors, consultants, professionals or such employees as they deem necessary, and to prescribe their duties; and
- (e) in the exercise of its discretion, enforce by legal means the provisions of the Association Documents including the suspension of voting rights.

Section 2. Duties. It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, when such statement is requested by any Member;
- (b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) as more fully provided in the Declaration, to:
 - (i) fix the amount of the annual assessment against each Lot;
 - (ii) send written notice of each assessment to every Owner subject thereto in advance of each annual assessment period; and
 - (iii) bring an action at law against the person(s) personally obligated to pay assessments that are not timely paid.
- (d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (e) procure and maintain adequate liability insurance and other insurance required by the Declaration; and
- (f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

Section 3. Violations. In the event any director is in arrears in the payment of any Assessment, monetary penalties or other fees and charges due under the terms of Association Documents for a period of thirty (30) days, all of such director's rights as a member of the Board of Directors shall be automatically suspended, and shall remain suspended until all payments, including accrued interest and attorneys' fees, are brought to current. In the event any director violates any provision of the Association Documents (other than provisions requiring the payment of money to the Association) and if the violation is not corrected to the satisfaction of the Association within fifteen (15) days after notice of the violation is given to the director by the Association, the director's right to serve on the Board of Directors of the Association shall be automatically suspended and shall remain suspended until the violation is corrected to the satisfaction of the Association.

Section 4. Managing Agent. The Board of Directors may employ a "Managing Agent" for the Association at a compensation established by the Board of Directors. The Managing Agent shall perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the Managing Agent all of the powers granted by the Board of Directors or the officers of the Association by the Association Documents; however, under no circumstances shall the Managing Agent have the power or authority to:

- (a) adopt the annual budget, and amendments thereto or to assess any Assessments;
- (b) adopt, repeal or amend the Association Documents including, but not limited to, the Association Rules;
- (c) designate signatories on Association bank accounts;

- (d) borrow money on behalf of the Association; or
- (e) acquire and mortgage lots.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Officers. The officers of this Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time create by resolution. The officers must reside in Maricopa County, Arizona, and be Members of the Association or officers, members, directors, managers, agents, partners or trustees of a Member.

Section 2. Election of Officers. The election of officers shall take place at the meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect 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 the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein; the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment of the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

(a) President: The President shall be the chief executive officer of the Association and shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried into effect; together with the Treasurer shall co-sign all checks of the Association; and generally manage the affairs of the Association.

(b) Vice-President: The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall, along with the President, sign all checks of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget (at the beginning of the fiscal year) and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the Members.

ARTICLE IX COMMITTEES

The Board shall appoint an Architectural Review Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable hours, be subject to inspection by any Member. The Association Documents of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI ASSESSMENTS

Section 1. Covenants for Assessments. Each Member is obligated to pay to the Association annual and special assessments.

(a) Creation of the Assessments. Each Member shall pay to the Association: Regular Annual Assessments and such other Assessments as may be fixed, established and collected from time to time as herein provided. The Assessments, together with interest, costs, reasonable late fees, and reasonable attorneys' fees incurred by the Association in collecting or attempting to collect such Assessments, whether or not a suit is filed, shall be the personal obligation of each Member at the time the Assessment became due. Without the approval of the Board, no Lot shall be sold, transferred or conveyed by a Member without all Assessments having been paid in full.

(b) Regular Annual Assessments. Except as otherwise provided herein, the amount and time of payment of Regular Annual Assessments shall be determined by the Board after giving due consideration to the needs of the Association.

(c) Supplementary Assessments. In addition to the Regular Annual Assessments, the Association may impose in any fiscal year a Supplementary Assessment applicable to that year only, for the purpose of defraying Common Expenses which are expected to exceed, or which in fact exceed, Common Expenses previously budgeted under a Regular Annual Assessment during any given fiscal year. To the extent such Common Expenses exceed the Common Expenses previously budgeted under a Regular Annual Assessment by One Hundred Dollars (\$100.00) times the total number of Lots, such Assessment must have the assent of a majority of the votes at a Members meeting duly called.

(d) Uniform Rate of Assessment. Both Regular Annual Assessments and Supplementary Assessments must be fixed at a uniform rate for all Lots. Supplemental Assessments may be collected on a monthly, quarterly or annual basis, as determined by the Board.

(e) Date of Commencement of Assessments. The right to collect the Regular Annual Assessments and other Assessments had commenced for each individual Lot on January 1, 1990.

(f) Assessment Estoppel Certificates. The Association shall, upon demand, and for a reasonable fee not to

exceed Twenty-Five Dollars (\$25.00), furnish a certificate signed by an officer of the Association setting forth whether the Assessments on a specified Lot have been paid and the current amount owing, if any.

(g) Interest on Delinquent Assessments. Any Assessments not paid when due shall bear interest at the lesser of the rate of eighteen percent (18%) per annum, or the highest rate permitted by applicable law, and the total delinquent Assessment due shall also include a late fee equal to five percent (5%) of the total principal amount of the delinquent Assessment.

(h) Effect of Nonpayment of Assessments. In the event of a default in payment of any Assessment, the Association may enforce each such obligation in any manner provided by law or in equity.

ARTICLE XII AMENDMENTS

Section 1. Amendment of Bylaws or Articles. These Bylaws and the Articles may be amended by the Board of Directors without the consent of the Members as permitted by law. In all other instances, these Bylaws and the Articles may be amended at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by mail.

Section 2. Amendment of Declaration. The Declaration may be amended from time to time in accordance with the Declaration. Any amendments to the Declaration may be executed by the President of the Association.

Section 3. Conflict. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIII MISCELLANEOUS

Section 1. Notices. All notices, demands, statements or other communications required to be given or served under these Bylaws shall be in writing and shall be deemed to have been duly given and served if delivered personally or sent by United States mail, postage prepaid, (a) if to a Member, at the address which the Member shall designate in writing and file with the Secretary or, if no such address is designated, at the Lot address of the Member, or (b) if to the Association or the Board of Directors, at the principal office of the Association or at such other address as shall be designated by notice in writing to the Members pursuant to this section. A notice given by mail shall be deemed to have been received by the person to whom the notice was addressed on the earlier of the date the notice is actually received or three (3) days after the notice is mailed. If a Lot is owned by more than one person or entity, notice to one of the Owners shall constitute notice to all Owners of the same Lot.

Section 2. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December every year.

Section 3. Distribution of Income. No part of the income or profit of the Association shall inure to the benefit of, or be distributable to its Members, directors or officers.

Section 4. Dissolution. Upon dissolution or final liquidation of the Association, the Board of Directors shall, after paying or making provision for payments of all debts and obligations of the Association of whatsoever kind and nature, dispose of all Association assets exclusively by dedicating such assets to a public body or conveying such assets to a non-profit organization, upon such terms and conditions and in such amounts and proportions as the Board of Directors may impose and determine in accordance with applicable law. Any such assets not disposed of shall be disposed of by the Superior Court of Maricopa County.

I hereby certify that I am the duly elected Secretary of the Pinnacle Peak Ranchos Property Owners' Association. The foregoing ByLaws are the revised ByLaws of said Association and were duly adopted by the Board of Directors of the Association on the 23rd day August, 2014.

A handwritten signature in blue ink, appearing to be 'Jm R', is written over a horizontal line.

Secretary