

NORTHTOWN HOMEOWNERS' ASSOCIATION BY-LAWS
(Revised September 18, 2018)

ARTICLE I

SECTION 1: NAME AND LOCATION

The name of the corporation is Northtown Homeowners' Association, Inc., hereafter referred to as the "Association". The principal office of the corporation shall be located in Phoenix, Arizona.

SECTION 2: DEFINITIONS

- A. "Association" shall mean and refer to NORTHTOWN HOMEOWNERS' ASSOCIATION, INC., its successors and assigns.
- B. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.
- C. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.
- D. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area, and shall be any portion of a numbered, recorded Lot which is split into more than one Lot for more than one ownership of a multi-unit structure.
- E. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.
- F. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Maricopa County Recorder.
- G. "Member" shall mean and refer to those persons entitled to membership as provided in the Articles of Incorporation.
- H. Capital Improvement shall mean a permanent addition or change to existing association assets which increases its value in excess of the required maintenance, preservation and/or replacement of same.

ARTICLE II
MEETINGS

Meetings of Directors and Members may be held at such places within the State of Arizona, County of Maricopa as may be designated by the Board of Directors.

SECTION 1: MEETINGS OF DIRECTORS

- A. Regular Meetings: Regular meetings of the Board of Directors shall be held monthly, without notice, at such place and hour as may be fixed from time to time by resolutions of the Board.
 - 1. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day that is not a holiday.

2. The Board of Directors, at its discretion, shall have the option to suspend business meetings during the months of June, July, and August.
- B. 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 48 hours' notice to each Director.
 - C. 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 of the Directors and including in the minutes filed with the Corporation's records. Any action so approved shall have the same effect as though taken at a meeting of the Directors.
 - D. 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.

SECTION 2: MEETINGS OF MEMBERS

- A. Annual and Regular Meetings: Each Annual meeting of the membership shall be held on the third Tuesday in December at the hour of 7:00 pm. In addition to the Annual Meeting, two Regular Members' Meetings shall be held; one on the third Tuesday of April and one on the third Tuesday of September each year. These Regular Meetings shall include, but not be limited to, the following agenda items:
 1. Reports of year-to-date Board actions and the financial condition of the Association from all officers of the Board and the chairpersons of each standing committee.
 2. Election of replacement Directors, if required, provided all notice and ballot distribution requirements can be met.
 3. Any individual Association Member may place an item for discussion on the agenda of any Annual or Regular Members' meeting with a fifteen (15) day prior written notice to the Board Secretary.
- B. Special Meetings: Special meetings of the membership may be called at any time by the President, by the Board of Directors, or upon written request of twenty-five (25%) percent of the Association's membership who are entitled to vote.
- C. Notice of Meetings: Written notice of each meeting of the membership 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 at least thirty (30) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of 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.
- D. Quorum: The presence at the meeting of the Members entitled to cast in person, or by absentee ballot, twenty (20%) percent of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum as aforesaid shall be present or be represented.
- E. Proxies: Pursuant to Arizona Revised Statutes, proxy voting is prohibited, but absentee ballots are allowed.

- F. Any Lot Owner who is eligible to vote may have a proposal placed on the agenda to be voted upon by The membership at the Annual Meeting by submitting a written copy of the proposal to the Board Secretary not later than the date of the October Board Meeting. All such proposals will receive the same publicity and exposure to the membership of Lot Owners as any proposals placed on the agenda by the Board of Directors. All publicity and exposure costs paid for by the Association shall be equal among all proposals.

SECTION 3: PARLIAMENTARY AUTHORITY

The rules contained in the current edition of *Robert's Rules of Order Newly Revised* may be used by the Board. However, the Board may choose whatever parliamentary procedure they desire, provided meetings are conducted in a democratic and transparent manner allowing input from Members, in accordance with state law, prior to decisions by the Board.

ARTICLE III BOARD OF DIRECTORS: SELECTION, TERMS OF OFFICE

SECTION 1: NUMBER OF DIRECTORS

The affairs of this Association shall be managed by a Board of seven (7) Directors who need not be Members of the Association. No more than one (1) representative from a single Lot shall be permitted to serve on the Board at the same time. The Board shall only permit one (1) tenant/leaseholder, one (1) non-Norhttown owner, and one (1) representative from a lot owned by a corporate entity or trust to serve as a Director at any one time.

- A. If a Lot is owned by a corporate entity or trust, any representative of such corporate entity or trust shall only be eligible to serve on the Board after providing documentation, to the Board's satisfaction, that the individual is authorized to act on behalf of the corporate entity or trust.
- B. If multiple representatives from a single Lot run for the Board and receive enough votes to have otherwise been elected, only the representative receiving the highest number of votes shall be considered elected to the Board. In the event of a tie vote between multiple representatives from the same Lot, the sitting Board of Directors, by majority vote, shall break the tie.
- C. If multiple tenant/leaseholders, non-Norhttown owners or representatives from lots owned by a corporate entity or trust run for the Board and receive enough votes to have otherwise been elected, only the tenant/leaseholder, non-Norhttown owner or representative from lots owned by a corporate entity or trust receiving the highest number of votes shall be considered elected to the Board. In the event of a tie vote between multiple candidates from the same category, the sitting Board of Directors, by majority vote, shall break the tie.

SECTION 2: TERM OF OFFICE

- A. At the first Annual Meeting, the Members shall elect three Directors for the term of one year, three Directors for a term of two years, and three Directors for a term of three years. At each Annual meeting thereafter, the Members shall elect three Directors for a term of three years.
- B. In any election involving partial terms of office (resignation, death or recall), the candidate receiving the highest number of votes shall fill the longest partial term. In an election involving three-year terms as well as partial terms, the three-year terms shall be filled by the candidates with the highest vote counts and the partial term(s) by the remaining candidates in order of their vote counts as specified above.

SECTION 3: REMOVAL

- A. Upon receipt of a petition that calls for removal of a Member of the Board of Directors, with or without cause, signed by at least twenty-five (25%) percent of the Members entitled to vote, the Board shall call a Special Meeting of the membership by providing written notice, hand delivered or mailed, to all Members entitled to vote. The notice must be sent no fewer than ten (10) days nor more than fifty (50) days in advance of the meeting. The notice must state the purpose of the meeting. The Special Meeting shall be called, noticed and held within thirty days after receipt of the petition. For purposes of a Special Meeting called pursuant to Arizona Revised Statute 33-1813, (Line item 4) a quorum is achieved if the number of Members entitled to cast at least twenty (20%) percent of the allocated votes of the Association are present or have voted by absentee ballot.
- B. The Board of Directors shall retain all documents and other records related to the proposed removal of the Board Member for at least one year after the date of the Special Meeting and shall permit Members to inspect those documents and records pursuant to Arizona Revised Statutes.
- C. A petition that calls for the removal of the same Board Member shall not be submitted more than once during each term of office for that Board Member.
- D. A Director elected by the Board to fill the vacancy of a Director elected by the Members may be removed, with or without cause, by the Members pursuant to Section 3A, but not by the Board of Directors.
- E. Any Director who vacates his or her position on the Board, through resignation or recall, may not serve again until the expiration of the term of office held at that time, or for a period of twenty-four (24) months, whichever may be greater.

SECTION 4: VACANCY

Upon the death, resignation, or removal of a Director, the Board shall hold a replacement election at the next occurring Annual or Regular Members' meeting. Signed Candidate Declarations must be submitted to the Secretary no later than the end of the Board meeting in the month immediately preceding that of any election. The replacement Director elected by the Lot Owners shall serve the remaining unexpired term of his or her predecessor.

SECTION 5: COMPENSATION

No Director shall receive compensation for any service he/she may render to the Association. However, any Director may be reimbursed for his/her actual expense incurred in the performance of his/her duties.

ARTICLE IV NOMINATION AND ELECTION OF DIRECTORS

SECTION 1: NOMINATIONS

Nominations for election to the Board of Directors shall be made in the following manner:

- A. By written nomination from any Lot Owner who is eligible to vote submitted to the Board Secretary no later than the date of the November Board meeting.
- B. All publicity and exposure costs paid for by the Association with respect to persons nominated pursuant to Subparagraph A shall be equal among all candidates.

SECTION 2: ELECTION

- A. In any election of the Members of the Board of Directors, every Owner entitled to vote at such an election shall have a number of votes equal to the number of Lots owned by that Owner, multiplied by the number of Directors to be elected.
- B. Cumulative voting will not be permitted.
- C. The candidate receiving the highest number of votes, up to the number of Board Members to be elected, shall be deemed elected.

ARTICLE V POWERS AND DUTIES OF THE BOARD OF DIRECTORS

SECTION 1: POWERS

The Board of Directors shall have the power to:

- A. Adopt and publish rules and regulations governing:
 - 1. The use of the Common Area and facilities.
 - 2. The personal conduct of the Members and their guests thereon.
 - 3. The establishment of penalties for the infraction thereof.
- B. Suspend the voting rights and right of use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association.
- C. Suspend the voting rights and right to use of the recreational facilities of a Member, after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations.
- D. 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 these By-Laws, the Articles of Incorporation, or the Declaration.
- E. Declare the position 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.
- F. Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.
- G. Notwithstanding any other provisions, the Board of Directors shall only have the power to expend funds on capital improvements if the expenditure has been approved by the majority of the Lot Owners who are eligible to vote.

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 membership, or at any Special meeting when such statement is requested in writing by twenty-five (25%) percent of the membership who are entitled to vote.
- B. Supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed.

- C. With regard to assessments:
 1. Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period.
 2. Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period.
 3. Pursuant to ARS 33-1807, The board may foreclose and/or bring an action at law against the Owner personally obligated to pay the same.
- D. Issue, or 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 and hazard insurance on property owned by the Association.
- F. Indemnify any person who incurs expenses by reason of the fact that he or she is or was an officer, director, employee, or agent of the Corporation. This indemnification is permitted by law.
- G. Cause its officers or employees having fiscal responsibilities to be bonded, as deemed appropriate.
- H. Cause an annual review of the Association books to be made by a public accountant at the completion of each calendar year. The review or compilation shall be completed no later than six (6) months, (180) days, after the end of each calendar year.
- I. Cause the Common Area to be maintained.

ARTICLE VI OFFICERS AND THEIR DUTIES

SECTION 1: ENUMERATION OF OFFICERS

- A. 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, a Treasurer, and such other officers as the Board may, by resolution, create.
- B. Non-Members of the Association who may be elected to the Board may not hold any position of officer of the Corporation or chair any standing committee established pursuant to Article VII, Section 1 of these By-Laws.

SECTION 2: ELECTION OF OFFICERS

The election of officers shall take place at the first meeting of the Board of Directors following each Annual Meeting of the membership.

SECTION 3: TERM

The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he/she 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 determine.

SECTION 5: RESIGNATION AND REMOVAL

An officer may resign at any time 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 time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any officer may be removed from office without cause by the Board only at a meeting called specifically for that purpose and with all Board Members present.

SECTION 6: VACANCIES

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

SECTION 7: MULTIPLE OFFICES

The offices of Secretary and Treasurer can be held by the same person. No person can simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this article.

SECTION 8: DUTIES

The duties of the Officers are as follows:

A. The President shall:

1. Preside at all meetings of the Association.
2. See that orders and resolutions of the Board are carried out.
3. Sign all leases, mortgages, deeds, and other written instruments.
4. Co-sign checks and promissory notes.

B. The Vice-President shall:

1. Act in the place and stead of the President in the event of his/her absence, inability, or refusal to act.
2. Exercise and discharge such other duties as may be required of him/her by the Board.

C. The Secretary shall:

1. Record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members.
2. Keep the corporate seal of the Association and affix it on all papers requiring said seal.
3. Serve notice of meetings of the Board and of the membership.
4. Keep appropriate current records showing the Members of the Association together with their addresses.
5. Perform such other duties as required by the Board.

D. The Treasurer and/or Appointee shall:

1. Receive and deposit in appropriate bank accounts all monies of the Association.
2. Disburse such funds as directed by resolution of the Board of Directors.
3. Sign all checks and promissory notes of the Association.
4. Keep proper books of account.
5. Prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular Annual Meeting, a copy of each to be provided to the membership.

ARTICLE VII COMMITTEES

The Board of Directors shall appoint and maintain the following standing committees, the chairs of which shall be Members of the Board:

SECTION 1: STANDING COMMITTEES

- A. An Architectural Control Committee, as provided in the Declaration.
- B. A Roads and Grounds Committee.

SECTION 2: OTHER COMMITTEES

Other such committees as deemed appropriate in carrying out its purpose.

ARTICLE VIII INSPECTION OF BOOKS AND RECORDS

- A. The books and records of the Association shall, during reasonable business hours, be subject to inspection by any Member, in accordance with the guidelines established by ARS 33-1805.
- B. The Declaration, the Articles of Incorporation, and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at a reasonable cost.

ARTICLE IX ASSESSMENT PENALTIES, WAIVER

As more fully provided in the Declaration, each Member is obligated to pay the Association annual and special assessments which are secured by a continuing lien upon the Property against which the assessment is made.

SECTION 1: PENALTIES

Assessments are due on the first day of each month.

- A. If not paid within thirty (30) days after the due date, a late charge of fifteen (\$15.00) dollars per month will be assessed.
- B. If the payment has not been received by the tenth (10th) day of the following month, the Association may bring an action at law against the Owner personally obligated to pay the same. Reasonable costs and attorney's fees of any such action shall be added to the amount of such assessment.
- C. An Owner may request a waiver of penalty for reasons of hardship or other provisions.

SECTION 2: NO WAIVER FOR NON-USE OF COMMON AREA OR ABANDONMENT

No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his/her Lot.

ARTICLE X CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words:
NORTHTOWN HOMEOWNERS' ASSOCIATION, INC.

ARTICLE XI AMENDMENTS

SECTION 1: AMENDMENTS

These By-Laws may be amended at a Regular or Special Meeting of the membership by a vote of a majority of a quorum of Members present or by absentee ballot.

SECTION 2: CONFLICTS

In the case of any conflict between the Articles of Incorporation and the Declaration, the Declaration shall control; in the case of any conflict between these By-Laws and the Declaration, the Declaration shall control.

ARTICLE XII TRANSFER FEES

“Transfer Fees” for Reserve Contributions shall be established in the Association’s CC&R’s. Pursuant to ARS 33-1806.C, the Association may charge “Disclosure Fees” for costs incurred in the preparation and delivery of the disclosure statement and other documents. The Disclosure Fee was less than \$400.00 on January 1, 2010; the Disclosure Fees may increase at a rate of no more than 20% per year based on the immediately preceding fiscal year’s amount, not to exceed an aggregate \$400 maximum Disclosure Fee.

ARTICLE XIII ESTABLISHMENT AND MAINTENANCE OF RESERVE FUND

SECTION 1: INITIAL FUNDING

The Reserve Accounts are established in accordance with ARTICLE V, SECTION 2-1 of these By-Laws and under the provisions of the attached Board Policy regarding funding and use of reserve funds to maintain, preserve and/or to equivalently replace listed existing Association Assets. This Policy resolution shall be an addendum to this ARTICLE and shall constitute the initial funding plan, initial Reserve Study, and the initial definition of terms and conditions for the Reserve Accounts until updated and/or replaced by a professional reserve study.

SECTION 2: SPENDING APPROVAL

All Reserve Account spending must be approved by a majority vote of the Board after consideration of no fewer than three bids from licensed and bonded contractors. Expenses paid from the Reserve Accounts must be for either ‘line items’ or ‘street segments’ identified in the body of the Reserve Study documents and projections. Road Reserve Account annual expenditures in excess of \$50,000 must also be approved by a vote of a majority of a quorum of the Members. The presence at the meeting of Members, in person, or by absentee ballot, comprising twenty (20%) percent of the membership shall constitute such quorum.

SECTION 3: RESERVE STUDY UPDATE

- A. In addition to the semi-annual review of the Reserve Study required in the Policy Resolution, the Board shall contract with an independent professional consultant for either a complete update of the existing Reserve Study or a new Reserve Study no less often than every five years.
- B. The first professional reserve study shall be contracted to begin no later than March 1, 2018.

SECTION 4: CONTINUED FUNDING

- A. Each year in conjunction with the Reserve Study review and the annual budget process, the Board may adjust the Reserve Fund contribution from the annual assessment. However, the initial funding amount shall be considered the minimum amount funded from the budget.
- B. The Board shall adjust the amount contributed to the Reserve Fund to assure adequate funding for future expenses as reflected in each semi-annual revision of the Reserve Study.
- C. The Board may authorize other funding sources including, but not limited to: any portion of lot transfer fees, special assessments, lease, rental or sale of Association assets.
- D. Specific instructions for proceeds from the sale of Common Areas or other Association Assets:
 - 1. Proceeds from Common Assets shall first be applied to reduce any loan debts.
 - 2. In the absence of any loan debts, proceeds from Common Assets shall be deposited into the Reserve account for Roads until the Road Reserve account is Fully Funded.
 - 3. After the Road Reserves are fully funded, proceeds from Common Assets shall be deposited into the least funded Reserve account until all of the Reserves are Fully Funded.
 - 4. Only after all loan debts are paid and all Reserves are fully funded may proceeds from Common Assets be deposited into the General Fund

BY-LAW REVISION 12/20/2011

ADDENDUM

The following does not constitute a legal opinion and is intended only to provide general information to Northtown Lot Owners. The Northtown Homeowners' Association is a non-profit corporation chartered under Arizona state laws. The Association is governed by our community documents and Arizona Revised Statutes including, but not limited to, ARS Title 10 Corporations and Associations (the Articles dealing with non-profit corporations) and ARS Title 33 Property (Chapter 16 Planned Communities). The following notes concern changes to Arizona law that are not currently reflected in our By-Laws; these provisions of the Arizona Revised Statutes may be included in future updates to the By-Laws but Lot Owners should be aware that these provisions of the law apply to the Association, the Board of Directors, and it's Committees.

Amendments to ARS 33-1804 Open Meetings

1. Both Regular and Special Board meetings must be noticed at least 48 hours in advance.
2. Committee meetings must be open to Members.
3. After discussion by the Board, but before any formal action, Members will be allowed to speak about a specific agenda item.
4. Open Board meetings or Member meetings may be recorded subject to reasonable rules adopted by the Board.
5. A portion of a Board meeting may be closed for discussion of a Member's violation of rules or penalty imposed, unless the affected Member requests an open session.
6. Informal meetings of the Board at which no votes are held and no action taken, but which are attended by a quorum of the Board, shall comply with the open meeting and notice provisions.
7. The agenda shall be available to all Owners attending any meeting.
8. An emergency meeting may be called without notice; but the reason for the meeting must be included in the minutes and the minutes must be read and approved at the next regular Board meeting.