

ARROYO SECO  
COMMUNITY ASSOCIATION, INC.

**AMENDED & RESTATED BYLAWS**

Revised September 20 2017

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**Arroyo Seco Bylaws**

**ARROYO SECO COMMUNITY ASSOCIATION  
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**AMENDED & RESTATED BYLAWS  
OF  
ARROYO SECO COMMUNITY ASSOCIATION**

WHEREAS, Arroyo Seco Community Association, Inc. (the "Association") was incorporated as a nonprofit corporation in the State of Arizona on or about September 13, 1991;

WHEREAS, initial Bylaws for the Association were adopted by the Association's Board of Directors on September 28, 1991;

WHEREAS, the initial Bylaws were amended by the First Amendment to the Bylaws dated August 23, 2001;

WHEREAS, the Bylaws were amended and restated on September 26, 2015;

WHEREAS, the Association's Board of Directors wishes to amend and restate the Bylaws in their entirety;

WHEREAS, Section 1.6 of the Bylaws provides that the Bylaws may be amended, at a regular or special meeting of the members, by a vote of more than fifty percent (50%) of the votes entitled to be cast by the Members present in person or by absentee ballot;

WHEREAS, these amended and restated Bylaws have been approved at a regular or special meeting of the members, by a vote of more than fifty percent (50%) of the votes entitled to be cast by the Members present in person or by absentee ballot;

NOW THEREFORE, the Bylaws of the Association are hereby amended and restated in their entirety as follows:

## ARTICLE I

### GENERAL PROVISIONS

#### 1.0 Name

The name of this association is ARROYO SECO COMMUNITY ASSOCIATION.

#### 1.1 Defined Terms

Capitalized terms used in these Bylaws without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions, Restrictions and Homeowner Benefits and Assurances for Arroyo Seco which was recorded on September 6, 1991, with the County Recorder of Yavapai County, Arizona, in Docket 2395, page 261, et seq. (the "Declaration") and amended on September 20, 2017, and recorded with the County Recorder of Yavapai County, Arizona, in Document #2017-0049627.

#### 1.2 Principal Office

The principal office of the Association shall be located in Sedona, Arizona, at a place designated by the Board of Directors of the Association.

#### 1.3 Conflicting Provisions

In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

#### 1.4 Designation of Fiscal Year

The fiscal year of the Association shall begin on the first (1<sup>st</sup>) day of January and end on the thirty-first (31<sup>st</sup>) day of December of every year.

#### 1.5 Books and Records

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

#### 1.6 Amendment

These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of more than fifty percent (50%) of the votes entitled to be cast by the Members present in person or by Absentee Ballot; provided, however, that the Board, without a vote of Members, shall have the right to amend these Bylaws in order to conform these Bylaws to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, or the Veterans Administration.

## ARTICLE II

### MEETINGS OF MEMBERS

#### 2.0 Annual Meetings

An annual meeting of the Members of the Association shall be held at least once every twelve (12) months at a date and time determined by the Board of Directors for the purpose of electing or announcing the results of the election of Directors and transacting such other business as may properly come before the meeting.

#### 2.1 Special Meetings

Special meetings of the members may be called at any time by the President or by the Board or upon written request signed by members having at least one-fourth ( $\frac{1}{4}$ ) of the total authorized votes in the Association.

#### 2.2 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 each notice, postage prepaid, at least ten (10) days and not more than fifty (50) 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 in writing 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.

#### 2.3 Quorum

The presence in person or by Absentee Ballot of Members entitled to cast twenty-five percent (25%) of the total authorized votes in the Association shall constitute a quorum at all meetings of the Members. If a quorum shall not be present 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 announcement at the meeting, until a quorum shall be present.

#### 2.4 Voting

At all meetings of the Members, a vote may be cast in person or by Absentee Ballot received by mail, facsimile or other electronic delivery as allowed by Arizona law. No proxies shall be permitted for any voting at any meetings of the Members [ARS §33-1812.

## ARTICLE III

### BOARD OF DIRECTORS

#### 3.0 Number

The affairs of this Association shall be managed by a board of not less than three (3) directors nor more than seven (7). The Members may, by majority vote, change the number of Directors, but the number of Directors must always be an uneven number.

All directors must be Members of the Association; provided, no more than one representative from a particular Unit may serve on the Board at the same time. Any Member who is delinquent in the payment of any assessment or other charge due the Association, or who is otherwise deemed by the Board to be in violation of the governing documents, shall not be eligible to serve on the Board. Directors shall be at least 18 years of age. In the case of a Member which is not a natural person, any officer, director, partner, or trustee of such Member shall be presumed to be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Member. No Member may have more than one such representative on the Board at a time.

#### 3.1 Term of Office

The members of the Board shall hold office until their successors are elected and qualified. Board terms shall be 3 year staggered terms. In order to initiate the staggering of terms, at the first annual meeting to elect directors on or after the date the size of the Board has been increased or decreased pursuant to Section 3.0 above, terms of directors shall be staggered as follows:

3 member Board – the candidate receiving the most votes shall have a term of 3 years, the candidate receiving the next highest number of votes shall have a term of 2 years and the candidate with the least number of votes shall have a term of 1 year.

5 member Board - the 2 candidates receiving the most votes shall have a term of 3 years, the 2 candidates receiving the next highest number of votes shall have a term of 2 years and the candidate with the least number of votes shall have a term of 1 year.

7 member Board - the 3 candidates receiving the most votes shall have a term of 3 years, the 2 candidates receiving the next highest number of votes shall have a term of 2 years and the candidate with the least number of votes shall have a term of 1 year.

All elections and appointments of directors under these Bylaws shall be made in a manner to preserve the staggering of terms contemplated hereby.

### **3.2 Removal**

At any annual or special meeting of the Members, any one or more of the members of the Board may be removed from the Board, with or without cause, by Members having more than fifty percent (50%) of the votes entitled to be cast by the Members present in person or by Absentee Ballot at the meeting, and a successor may then and there be elected to fill the vacancy thereby created.

### **3.3 Compensation**

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

### **3.4 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 *unanimous* written consent of all the directors *pursuant to ARS §10-3821*. Any such written consent shall be filed with the minutes of the Board.

### **3.5 Vacancies**

Vacancies on the Board caused by any reason other than the removal of a director in accordance with the provisions of Section 3.2 of these Bylaws, shall be filled by a majority vote of the remaining directors at a meeting of the Board held after the occurrence of such vacancy, even though the directors present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Board until a successor shall be elected at the next annual meeting of the Members.

### **3.6 Regular Meetings**

Regular meetings of the Board may be held at such time and place as shall be determined from time to time by the Board. A meeting shall be held immediately after the annual meeting of the members.

### **3.7 Special Meetings**

Special meetings of the Board may be called by the President on three (3) business days' notice to each director, given in writing, by hand delivery, mail or electronic delivery, which notice shall state the time, place and purpose of the meeting. Special meetings of the board shall be called by the President or Secretary in like manner and on like notice on the written request of a majority of the directors.

### **3.8 Quorum**

A majority of the 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.



### 3.9 Powers and Duties

The Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are required by the Declaration. In addition to the duties imposed by these Bylaws or by any resolution of the Members that may hereafter be adopted, the Board shall have the following powers and duties:

- (a) Open bank accounts on behalf of the Association and designate the signatories thereon;
- (b) Make, or contract for the making, of repairs, additions to, improvements to or alteration of the Garden Homes and repairs to the Common Areas, in accordance with the Declaration, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;
- (c) In the exercise of its discretion, enforce by legal means the provisions of the Declaration;
- (d) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the Common Area and provide services for the same and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties;
- (e) Provide for the operation, care, upkeep and maintenance of all of the Common Area and services of the Association and borrow money on behalf of the Association when required in connection with any one instance relating to the operation, upkeep and maintenance thereof; provided, however, the consent of Members having at least two-thirds (2/3<sup>rd</sup>s) of the total votes in the Association shall be obtained either in writing or at a meeting called and held for such purpose in accordance with the provisions of these Bylaws in order for the Association to borrow in excess of Ten Thousand Dollars (\$10,000);
- (f) Prepare and adopt an annual budget for the Association prior to the commencement of each fiscal year;
- (g) Adopt and publish rules and regulations governing the use of the Common Area and facilities and the personal conduct of the Members and their guests, lessees, invitees and family members thereon and establish penalties for the infraction thereof, i.e. the Arroyo Seco Rules;
- (h) In accordance with the Declaration, suspend the voting rights and the right to use of the Common Area of a Member;
- (i) 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 Declaration;
- (j) Declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the

Board;

- (k) Employ, hire and dismiss such employees as they deem necessary and to prescribe their duties and their compensation;
- (l) Hire or employ and dismiss a manager, whether as an independent contractor or as an employee, to perform such services and duties as the Board may direct, including but without limitation, any of the duties granted to the officers of the Association in these Bylaws or any duties of the Board set forth in this Section 3.9;
- (m) 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, or at any special meeting when such statement is requested in writing by more than fifty percent (50%) of the Members entitled to vote and written notice of such request has been delivered to the Board at least ten (10) days prior to the date of such special meeting;
- (n) Supervise all officers, agents and employees of the Association and see that their duties are properly performed;
- (o) Levy assessments in accordance with the Declaration and take all necessary action to collect such assessments;
- (p) Issue, or cause an appropriate officer to issue, upon demand by any person having the right to request the same (such as a Director, Officer, Member, or an escrow agent engaged to assist in the sale of a Unit, or a mortgagee) a certificate setting forth whether or not any assessment had been paid. A reasonable charge may be made by the Board for the issuance of such certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (q) Procure and maintain adequate casualty and property liability and other insurance as required by the Declaration;
- (r) Cause all officers or employees having fiscal responsibilities to be bonded, as the Board may deem appropriate;
- (s) Cause the Common Area to be maintained, as more fully set forth in the Declaration; and
- (t) From time to time, cause the formation of one or more committees composed solely of Members to attend to various functions of the Board with their duties spelled out and monitored by the Board.

### **3.10 Waiver of Notice**

Attendance of a Director at a meeting shall constitute waiver of notice of such meeting, except when the person attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any Director may waive notice of any meeting of the Board by executing a written waiver either before or after the time of the meeting.

## ARTICLE IV

### OFFICERS AND THEIR DUTIES

#### **4.0 Officers**

The principal officers of the Association shall be the President, Vice-President, Secretary and Treasurer, all of whom shall be elected by the Board. All officers shall be members of the Board.

#### **4.1 Election of Officers**

The election of officers shall take place at the meeting of the Board following each annual meeting of the Members.

#### **4.2 Term**

The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

#### **4.3 Special Appointments**

The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office at the pleasure of the Board, have such authority, and perform such duties as the Board may, from time to time, determine.

#### **4.4 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, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

#### **4.5 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 replaces.

#### **4.6 Multiple Offices**

The offices of Treasurer and Secretary may be held simultaneously by the same person. One person may not simultaneously hold more than one of any of the other offices, including special offices created pursuant to Section 4.3 of these Bylaws.

#### **4.7 Powers and Duties**

To the extent such powers and duties are not assigned or delegated to a manager pursuant to Section 3.9(l) of these Bylaws, the powers and duties of the officers shall be as follows:

- a. President. The President shall be the chief executive officer of the Association; shall preside at all meetings of the Board or the Members; shall see that orders and resolutions of the Board are carried into effect; and shall generally manage the business 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; 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; shall keep proper books of account; shall prepare an annual budget 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; and, in general, perform all the duties incident to the office of Treasurer.

## ARTICLE V

### INDEMNIFICATION

#### 5.1 Directors and Officers; Third Party Actions

Commencing on the date of adoption of these Bylaws, the Association shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Association, by reason of the fact that he is or was a director, officer, employee or agent of the Association or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorney fees, and against judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted, or failed to act, in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the person acted or failed to act other than in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was lawful.

#### 5.2 Directors and Officers; Derivative Actions

Commencing on the date of adoption of these Bylaws, the Association shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or contemplated action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Association against expenses, including attorney's fees, but excluding judgments and fines, and, except as hereinafter set forth, amounts paid in settlement, actually and reasonable incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and except that no matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

### **5.3 Employees and Agents**

To the extent that a director, officer, employee or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 5.1 and 5.2 of these Bylaws, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses, including attorney's fees, actually and reasonable incurred by him in connection therewith.

### **5.4 Procedure for Effecting Indemnification**

Any indemnification under Sections 5.1 or 5.2 of these Bylaws, unless ordered by a court, shall be made by the Association only as authorized in the specific case upon a determination that indemnification of a director, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 5.1 or 5.2 of these Bylaws. Such determination shall be made by any of the following:

- (a) By the Board by a majority vote of a quorum consisting of directors who were not parties to the action, suit or proceeding;
- (b) If such a quorum is not obtainable, in a written opinion of independent legal counsel appointed by a majority of the disinterested directors for that purpose;
- (c) If there are no disinterested directors, by the court or other body before which the action, suit or proceeding was brought or any court of competent jurisdiction upon the approval of or application by any person seeking indemnification, in which case indemnification may include the expenses, including attorney's fees, actually and reasonably paid in connection with such application; or
- (d) By act of a majority vote of the Members entitled to vote.

### **5.5 Scope of Article V**

The indemnification provided by this Article V is not exclusive of any other rights to which those indemnified may be entitled under any agreement, vote of Members or disinterested directors or otherwise, as to action in his official capacity while holding such office and shall continue as to a person who has ceased to be a director, officer, employee or agent of the Association and shall inure to the benefit of the heirs, executors and administrators of such a person.

CERTIFICATION

The undersigned, being directors of the Arroyo Seco Community Association, hereby certify that the foregoing Amended & Restated Bylaws were adopted at a meeting of the Members held on September 20, 2017, at Sedona, Arizona.

*James Pease, President*  
James Pease, President

*Donna Ruhe, Secretary*  
Donna Ruhe, Secretary

STATE OF ARIZONA

§:

County of Yavapai

The foregoing instrument was acknowledged before me, the undersigned Notary Public, this 20<sup>th</sup> day of September 2017, by James Pease and Donna Ruhe as directors of Arroyo Seco Community Association, on behalf of the Association.

My Commission Expires:

06/15/2019

*Adrienne C. Hanley*  
Notary Public

