

FOURTEENTH AMENDED BYLAWS

OF

SUN CITY VISTOSO COMMUNITY

ASSOCIATION, INC.

Adopted by the Voting Membership of the Association on March 22, 2011

Fourteenth Amended Bylaws
Sun City Vistoso Community Association, Inc.
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**FOURTEENTH AMENDED BYLAWS
OF
SUN CITY VISTOSO COMMUNITY ASSOCIATION, INC.,
an Arizona non-profit corporation**

ARTICLE I

PURPOSE AND OFFICE

1.1

PURPOSE

SUN CITY VISTOSO COMMUNITY ASSOCIATION, INC., an Arizona non-profit corporation (hereinafter referred to as the "Association"), has been formed under the laws of the State of Arizona for the purpose of owning, operating, maintaining and preserving facilities which enhance the recreational, social and leisure interests of its Members, as well as for the purpose of exercising all of the rights, privileges and responsibilities as set forth in the most current Sun City Vistoso Restated Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements (Master Declaration).

1.2

GENERAL OFFICE AND PRINCIPAL PLACE OF BUSINESS

The general office for the transaction of business of the Association shall be located in the community of Sun City Vistoso, Oro Valley, Arizona 85737. The principal place of business of the Association shall be in the community of Sun City Vistoso, Pima County, Arizona.

ARTICLE II

MEMBERS

2.1

MEMBERSHIP QUALIFICATIONS

- (a) "Member" shall mean and refer to those persons entitled to Membership as provided in the Master Declaration. Every Owner of a Lot within Sun City Vistoso which is subject to assessments and fees shall be a Voting Member of the Association. Membership shall be subject to the following restrictions and qualifications:
- (1) Except as specifically provided in the Master Declaration, one Resident in each Dwelling Unit must be fifty-five (55) years of age or older in order to qualify anyone living in that Residence for Membership in the Association;
 - (2) No one under nineteen (19) years of age may reside in any unit for longer than ninety (90) days in any calendar year;
 - (3) No person eighteen (18) years of age or under shall be entitled to be a Member of the Association;
 - (4) Any person nineteen (19) years of age and older who resides in the same unit with any person who is qualified under Section 2.1(a)(1) above is eligible for Membership in the Association;
 - (5) Except as specifically provided in the Master Declaration, any person under fifty-five (55) years of age who acquires real property in Sun City Vistoso by purchase, inheritance or other lawful means shall not be eligible for Membership. Such restriction shall not

relieve the Owner from the obligation to pay Assessments and to fulfill all obligations imposed based on ownership of a Dwelling Unit within Sun City Vistoso.

- (b) The transfer of title to any lot shall automatically transfer the Voting Membership appurtenant to such lot to the transferee.
- (c) An Owner must be current in the payment of the Annual Homeowner Fee and any duly adopted Special Assessment to validate the Membership and to entitle the Member to all rights and privileges of Membership.
- (d) Each Member shall be entitled to a Membership Card certifying to his Membership. Each Membership Card shall be valid only when held by and registered in the name of a Member of the Association. A Member, his family in residence (subject to the qualifications as set forth in Section 2.1(a)) and guests in residence (subject to the duly adopted guest policies of the Association) shall be entitled to the use of the facilities of the Association. No Membership Card may, independently of a sale of the lot to which it relates, be sold, assigned or transferred.

2.2

MEMBERSHIP VOTING

There shall be one (1) vote for each Lot. When more than one (1) person holds an interest in any one (1) Lot, the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot or residential unit. In the event such Members are unable to agree among themselves as to how their vote shall be cast, they shall lose their right to vote on the matter in question. When any Owner casts a vote, it will thereafter be conclusively presumed for all purposes that said Member was acting with the authority and consent of all other Owners of the same Lot unless objection thereto is made at the time the vote is cast. In the event more than one (1) vote is cast for a particular Lot, none of the said votes shall be counted and all said votes shall be deemed void.

2.3

PRIVILEGES AND RIGHTS

- (a) Subject to the provisions of subsection (c) hereof, the privileges and rights of Members shall be to vote (in accordance with Section 2.2 hereof), to hold office, to use all available facilities subject to the Sun City Vistoso Rules of the Association as well as rules and regulations approved by the Association for the chartered clubs, to become members of clubs of the Association as provided in IX and to participate in all activities of said clubs. Members shall have certain privileges for their guests as provided in the Sun City Vistoso Rules.
- (b) Subject to the provisions of subsection (c) hereof, Members who would otherwise qualify for membership in a particular club shall not be denied the use of any facilities furnished to a club by the Association, even though they do not hold a membership in the club, and no chartered club shall have any rule or regulation prohibiting the use of any facility by such Members, except those for the health, welfare and safety of persons and/or protection of property, and for such limitations of use as are reasonably required for the fair allocation of the use of such facilities.
- (c) The Association may suspend the rights and privileges of members set forth in subsection (a) and (b) hereof in accordance with the provisions of the Master Declaration and the procedures set forth in Section 2.5 of these Bylaws.

2.4

ANNUAL HOMEOWNER FEE AND SPECIAL ASSESSMENTS

- (a) Annual Homeowner Fee. In accordance with the Master Declaration, each Owner is obligated to pay to the Association on or before July 1 of each year an annual per lot Homeowner Fee which will be used to finance the operation and maintenance of the Association. Upon payment of the appropriate annual Homeowner Fee, each Owner shall be issued Membership and/or activities cards for the Owner and Residents in that unit provided that any fees established by the Board for the issuance of activity cards are paid, which shall be used to gain entrance into the Association's facilities and to participate in the activities related thereto.
- (b) Special Assessments. In addition to the Annual Homeowner Fee authorized above, the Association may levy, in any assessment year, a Special Assessment, applicable to that year in accordance with the Master Declaration.
- (c) Any Annual Homeowner Fee or Special Assessment or portion thereof which is not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of fifteen percent (15%) per annum and the Association will assess a late charge thereon as may, from time to time, be determined by the Board.
- (d) Each Owner is a Voting Member and is entitled to a Membership Card. Two Membership cards will be issued for each household. Owners may obtain Activity Cards for other residents of households for an additional fee in accordance with Sun City Vistoso Rules.

2.5

SUSPENSION OR REVOCATION OF MEMBERSHIP

- (a) For any period during which any Assessment or Fee against a Member's Lot, Parcel, or Lease remains delinquent, the rights and privileges of such Member set forth in Section 2.3(a) of these Bylaws shall be automatically suspended.
- (b) The Association may suspend the rights and privileges of a Member set forth in Section 2.3(a) of these Bylaws for any infraction of this Declaration, a Tract Declaration, Development Standards or the Sun City Vistoso Rules after providing such Member with written notice of the infraction (by any method reasonably calculated to provide actual notice) and the date and time of a hearing before the Board that is no less than fifteen (15) days nor more than thirty (30) days from the date of the notice. A suspension imposed pursuant to this subsection (b) may not exceed sixty (60) days; provided, however, that successive sixty (60) day periods of suspension may be imposed if the infraction is not corrected during any prior sixty (60) day suspension period.
- (c) The Association may suspend the rights and privileges of a Member set forth in Section 2.3(a) of these Bylaws for a period not to exceed one (1) year for any conduct by the Member or the Member's tenants or guests on the Properties which, in the sole discretion of the Board poses a risk to the health, safety, welfare of other Owners, Residents, Occupants or employees or constitutes a violation of any municipal, state or federal law. The Board may, without notice to the Member, impose a suspension pursuant to this subsection (c) that is effective immediately; provided, however, that any Member subject to such a suspension shall be provided with written notice of the offending conduct (by any method reasonably calculated to provide actual notice) within five (5) days of the date the suspension became effective and an opportunity to be heard before the Board at a date and time which shall be no less than fifteen (15) days nor more than thirty (30) days from the date of the notice. If the Board does not impose an immediate suspension against the Member, the notice and hearing requirement of subsection (b) hereof shall apply.

(d) Application for reinstatement of a Member's rights and privileges may be filed with the Board after such suspension or revocation has been effective for thirty (30) days. The Board must act upon an application within thirty (30) days after its receipt by the Board, by either approving or rejecting the application by a majority decision. The Board may make reinstatement conditional upon the Member's performance of such obligations, responsibilities or duties as may be prescribed by the Board. If an application for reinstatement is rejected, the decision of the Board shall be final

ARTICLE III

MEMBERSHIP MEETINGS

3.1

INFORMATIONAL MEETINGS

The Board may hold such informational meetings of the Membership as the Board, in its discretion, deems necessary. Such meetings are to be of a purely informal and informational nature and not for the purposes of electing Directors or conducting other official business of the Association. Notice of such informational meetings shall be given as specified in Section 3.4 below.

3.2

PLACE

Unless otherwise designated in the written notice required under Section 3.4 hereunder, all meetings of the Membership of the Association shall be held at such location within Sun City Vistoso as the Board shall determine.

3.3

SPECIAL MEETINGS

Members totaling at least ten percent (10%) of the eligible Voting Membership of record (one signature per Lot owned) as of the preceding July 1, may petition the Board in writing to call a special meeting which petition shall set forth the reason for the meeting. Within ten (10) days after receiving such request, the Board shall give written notice of a special meeting to be held within the time periods set forth in Section 3.4 below. Special meetings of the Membership may also be called by a majority of the Board.

3.4

NOTICE OF MEETINGS

Written notice of each meeting of the Members stating the place, date and time of the meeting and, in the case of a special meeting, the purpose for which the meeting is called, shall be published, mailed or delivered as determined by the Board, not less than ten (10) nor more than thirty (30) days before the date of the meeting to each Member of the Association. Such notice, if mailed, shall be addressed to the Member's address last appearing on the records of the Association, or supplied by such Member to the Association for the purpose of notice, or, if published, shall be published in at least one publication primarily circulated in the Sun City Vistoso area, and conspicuously posted on Association bulletin boards.

3.5

CONDUCT OF MEETINGS

At all meetings of the Association, Robert's Rules of Order shall govern the conduct of the meeting.

ARTICLE IV

ELECTIONS AND VOTING

4.1

VOTING RIGHTS

At any election or vote on an issue or issues requiring a vote of the Membership according to the Governing Documents ("Issue" or "Issues" hereafter), Voting Members in good standing shall be entitled to vote the number of votes authorized in Article II, Section 2.2, on each matter to be voted upon, and the vote of a majority of the votes cast at such elections or votes on Issues, provided there is a quorum, shall be the act of the full Membership, except as may be otherwise specifically provided in the Articles of Incorporation, the Master Declaration, these Bylaws or by statute.

4.2

ELECTION OF DIRECTORS

Voting for the Board shall take place on the fourth Tuesday in March in accordance with the Master Declaration and these Bylaws.

4.3

SPECIAL ELECTIONS AND VOTES ON ISSUES

Special elections or votes on Issues may be called by either:

- (a) The Board of Directors.
- (b) By petition with signatures representing a minimum of ten percent (10%) of Lots in the community (one signature per Lot). The petition must set forth the reason for the election or vote on an Issue and must be delivered to the corporate office in a form approved by the Association.

Such a special election or vote on an Issue shall be held at the next annual election providing proper notice is given as outlined in these Bylaws subject to the following:

The Board of Directors shall have the authority to schedule a special election or vote at any time subject to proper notice.

If the special election or vote is for the purpose of removing a Director from office, said election will be conducted within forty-five (45) days of receipt of a valid petition.

4.4

NOTICE OF ELECTIONS AND VOTES ON ISSUES

Written notice of each election or vote on an Issue or Issues, stating the place, date and time of the election or vote and the purpose for which the election or vote is called, shall be published, mailed or delivered as determined by the Board, not less than twenty (20) nor more than thirty (30) days before the date of the election or vote to each Member entitled to vote thereat. Such notice, if mailed, shall be addressed to the Member's address last appearing on the records of the Association, or supplied by such Member to the Association for the purpose of notice, or, if published, shall be published in at least one publication primarily circulated in the Sun City Vistoso area, and conspicuously posted on Association bulletin boards.

4.5

QUORUM

Unless otherwise specifically provided, at any election or vote on an Issue, a total of at least six hundred (600) votes cast shall be necessary to constitute a quorum. Failure of a quorum shall void an election or vote on an Issue. No quorum shall be required for the election of Directors.

4.6

ELECTION COMMITTEE

- (a) At every election and vote on an Issue or Issues, voting shall proceed under the supervision of an Election Committee composed of nine (9) Members or more of the Association who are appointed annually, at the first regular Board meeting in each fiscal year by the President subject to the approval of a majority of the Board. The Election Committee shall elect a Chairperson from among its members. There shall be no members of the Board on this Committee. Duties of the Election Committee shall include presentation of candidates and/or Issues to the Membership and preparation of ballots.
- (b) Any Voting Member may be present as an observer during the tabulation of votes.
- (c) In the event that a member of the Election Committee is nominated for Director, the member will immediately be disqualified from further service on the committee.
- (d) The Election Committee will determine eligibility of all voters, validity of all ballots and tabulate all votes.

4.7

MAIL VOTE

- (a) Voting will be conducted by ballots mailed to the voting membership.
- (b) Ballots shall be prepared and mailed to the Voting Membership no less than twenty (20) days nor more than thirty (30) days prior to the Return Date. The Return Date shall be stated on the ballot. Ballots received after the Return Date shall not be counted.
- (c) The determination of eligibility and tabulation of votes shall proceed under the supervision of the Election Committee as set forth in Section 4.6.

4.8

POSTING OF RESULTS AND RETENTION OF BALLOTS

- (a) Following tabulation, the Election Committee shall certify the presence or absence of a quorum and the results of the election, or vote on an Issue. The vote tally and results shall be posted promptly on Association bulletin boards.
- (b) Following tabulation, all ballots will be sealed and stored for a period of thirty (30) days in the custody of the Election Committee.

ARTICLE V

BOARD OF DIRECTORS

5.1

NUMBER

- (a) The Board of the Association shall consist of seven (7) resident Voting Members, none of whom shall receive compensation for service to the Association as a Director. All Directors shall have all of the rights, remedies, privileges and authority accorded to Directors of the Association by the Master Declaration, the Articles of Incorporation and these Bylaws.
- (b) The number of Directors may be increased or decreased by amendment to these Bylaws, but no increase or decrease in the number shall have the effect of shortening the term of any incumbent Director.

5.2**ELECTION AND REMOVAL OF DIRECTORS**

Election to the Board shall be decided by Members voting who may cast only one vote for each vacancy. Cumulative voting shall not be permitted. Candidates receiving the highest number of votes shall be elected to fill the vacancies on the Board. Any Director may be removed from office at any time by a simply majority (50%+1) of the Owners who vote in an election or at a meeting duly called in accordance with the Declaration or these Bylaws as follows. Such vote may be called by the Board of Directors or by petition with signatures representing a minimum of twenty percent (20%) of Lots in the community (one signature per Lot).

5.3**TERM OF OFFICE**

The full term of office for an elected Director shall be three (3) years, commencing May 1, following the Director's election. Terms of office for Directors shall be staggered so that three (3) Directors will be elected every third year and two (2) Directors will be elected in each intervening year. Whenever a vacancy on the Board is to be filled at an annual election for less than a full three (3) year term, then after all of the three (3) year terms have been filled, the candidate having the next highest number of votes shall fill such vacancy. No Member shall be eligible for reelection or appointment to the Board if such Member has already served as a Director for two years or more unless such Member has had a two (2) year absence from the Board.

5.4**PLACE OF MEETINGS**

The Board may hold its meetings at the general office of the Association or at such other place or places, within Sun City Vistoso, Pima County, Arizona, as the Board may from time to time determine or as shall be designated in any notices or waivers of notice thereof.

5.5**REGULAR MEETINGS**

Regular meetings of the Board shall be held on the fourth Tuesday of each month at 9:00 o'clock A.M., or at such other times as the Board shall from time to time by resolution determine. Notice of the agenda, time and place of a regular meeting of the Board shall be posted at a prominent place or places within the Association's facilities at least seven (7) days prior to the meeting. Regular and special meetings of the Board shall be open to all Members of the Association and Association Members shall be provided the opportunity to speak on any Association matter. The Board shall establish reasonable rules for such public participation including limitations on the amount of time allocated for that purpose. The Board may, with the approval of a majority of its members present, adjourn a meeting and reconvene in executive session to consider matters allowed by applicable law.

The nature of any and all business to be considered in executive session shall be first announced in open session.

5.6**SPECIAL MEETINGS**

Special meetings of the Board shall be held whenever called by written notice, signed by the President of the Association or by any two (2) members of the Board other than the President. Notice shall be given, in the manner hereinafter provided, of such special meeting, which notice shall state the time, place and purpose of such meeting. A special meeting may be called that may be conducted as an executive session to consider and act upon issues as allowed by the

Arizona Revised Statutes. Except as otherwise provided in Section 5.7, notice of each such meeting shall be sent to each Director either by mail, telegraph, cable, wireless or other form of recorded communication, or delivered personally not later than three (3) days prior to the scheduled time of the meeting. Notice shall be posted in a manner prescribed for notice of regular meetings except that only three (3) days notice shall be required. A written waiver of notice, whether given before or after the meeting to which it relates, shall be equivalent of the receiving of notice of such meeting by the Director or Directors signing such waiver. Attendance of a Director at a special meeting of the Board shall constitute a waiver of notice of such meeting, except when a Director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

5.7 QUORUM AND MANNER OF ACTING

A majority of the whole Board shall be present in person at any meeting of the Board in order to constitute a quorum for the transaction of business at such meeting, and except as otherwise specified in these Bylaws, and except also as otherwise expressly provided by the Arizona Revised Statutes, the vote of a majority of the Directors present at any such meeting at which a quorum is present shall be the act of the Board. In the absence of a quorum at any such meeting, a majority of the Directors present may adjourn such meeting to a later date, until a quorum shall be present. At least three (3) days notice shall be posted on Association bulletin boards of the time and place of any adjourned meeting of the Board. The Directors shall act only as a Board and the individual Directors shall have no power as such.

5.8 ORGANIZATION

At each meeting of the Board, the President, or if he or she is absent, the Vice President, or if he or she is absent, a Director chosen by a majority of the Directors present, shall act as Chairman and preside over such meeting. The Secretary, or if he or she is absent, the person who the Chairman of such meeting shall appoint, shall act as Secretary of such meeting and keep the minutes thereof.

5.9 ACTION BY DIRECTORS WITHOUT A MEETING

Any action required or permitted to be taken by the Board may be taken without a meeting in an emergency where time is of the essence if all members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board and shall be posted within three (3) days upon Association bulletin boards. Any action by written consent shall have the same force and effect as a unanimous vote of the Directors.

5.10 RESIGNATIONS

Any Director may resign at any time by giving written notice of his or her resignation to the Board. Any such resignation shall take effect at the time specified therein, or, if the time when it shall become effective is not specified therein, it shall take effect immediately upon its receipt by the President or the Secretary; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. A Director shall be deemed to have resigned when the Director no longer owns a Lot in Sun City Vistoso.

5.11**VACANCIES ON BOARD**

- (a) Any vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum or by a sole remaining Director, and any Director so chosen shall hold office until the next election of Directors when his successor is elected and qualified. When one (1) or more Directors resigns from the Board, effective at a future time, a majority of the Directors then in office, excluding those who have so resigned, may fill such vacancy, the vote on the vacancy to take effect when such resignation becomes effective. Each Director so chosen shall hold office as provided for the filling of other vacancies. If by reason of death, resignation or otherwise, the Association has no Directors in office, any Voting Member may call a special meeting of the Voting Membership for the purpose of electing the Board.
- (b) Should an elected Director fail to assume office by reason of death, disability or declination prior to the commencement of the term to which elected, then the unsuccessful candidate in such election receiving the next highest number of votes shall be deemed elected.

5.12**INDEMNIFICATION OF DIRECTORS AND OFFICERS**

The Association shall indemnify any and all of its Officers, Directors and former Officers and Directors against all expenses incurred by them and each of them, including but not limited to legal fees, judgments and penalties which may be incurred, rendered or levied in any legal action brought against any of them for or on account of any action or omission alleged to have been committed while acting within the scope of authority as an Officer or Director of the Association. Whenever any Officer or Director or former Officer or Director shall report to the President of the Association that such person has incurred or may incur expenses, including but not limited to legal fees, judgments and penalties in a legal action brought or about to be brought against such person for or on account of any action or omission alleged to have been committed by him/her while acting within the scope of such person's authority as an Officer or Director of the Association, the Board shall, at its next regular or at a special meeting held within a reasonable time thereafter, determine whether, in regard to the matter involved in the action or contemplated action, such person acted, failed to act, or refused to act willfully, with gross negligence or with fraudulent or criminal intent. If the Board determines that such person did not act, failed to act, or refused to act willfully or with gross negligence or with fraudulent or criminal intent in regard to the matter involved in the action or contemplated action, indemnification shall be mandatory and shall be automatically extended as specified herein, provided, however, that the Association shall have the right to refuse indemnification in any instance in which the person to whom indemnification would otherwise have been applicable shall have unreasonably refused to permit the Association, at its own expense and through counsel of its own choosing, to defend such person in the action.

ARTICLE VI POWERS AND DUTIES OF THE BOARD OF DIRECTORS

6.1

POWERS

The Board shall have power to:

- (a) Hold and administer the assets of the Association; direct, control, and manage all policies, business, and affairs of the Association;
- (b) Enforce all applicable provisions of the Governing Documents, as well as any other instruments for the ownership, management and control of the Association.
- (c) Make and publish Sun City Vistoso Development Standards, and Sun City Vistoso Rules as deemed expedient and within the authority as outlined in the Articles of Incorporation, these Bylaws, and the Master Declaration, and to establish penalties (including, but not necessarily limited to, fines, probation and/or suspension or revocation of Membership privileges) for the infraction thereof. There shall be copies of the complete Sun City Vistoso Development Standards, and Sun City Vistoso Rules available for purchase or inspection by all Members of the Association in the principal office at all hours when such office is open for business;
- (d) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Membership by other provisions of these Bylaws and the Articles of Incorporation, as amended, and the Master Declaration;
- (e) Declare the office of a member of the Board to be vacant in the event such member shall be absent without good cause from three (3) consecutive regular meetings of the Board;
- (f) Employ or terminate the services of a General Manager, an independent contractor, a managing agent or such other personnel and employees as they deem necessary, and to prescribe their duties;
- (g) As more fully provided in these Bylaws and the Master Declaration, to:
 - (1) Establish and collect the amount of Annual Homeowner Fees from each Member.
 - (2) Perfect and foreclose a lien against any property for which Homeowner Fees, fines and/or Special Assessments are not paid, or to bring an action at law against the Member personally obligated to pay the same.
- (h) Pay any valid taxes and assessments on the facilities of the Association or any portion thereof;
- (i) Contract for goods and/or services for the grounds, facilities and interests of the Association;
- (j) Represent the Association before any and all governmental or quasi-governmental agencies, offices, groups or bodies in conjunction with any matters bearing upon or affecting the quality of life and property values of the Association's Members, including but not necessarily limited to all planning and zoning, fire protection, street lighting, public utility and similar regulatory agencies; and
- (k) Delegate its powers to committees, officers or employees of the Association.

It shall be the duty of the Board to:

- (a) Cause to be kept a complete record of all its acts and affairs and to present a summary statement thereof to the Members at least once annually, or at any special meeting when such summary statement is requested in writing by five percent (5%) of the Voting Membership;
- (b) Supervise all officers, agents and employees of this Association in the proper performance of their duties;
- (c) Procure and maintain adequate liability and casualty insurance on property owned by the Association, and, in its discretion, errors and omissions insurance on behalf of its Officers and Directors;
- (d) Cause the facilities to be maintained and improved as deemed appropriate;
- (e) Direct that the annual budget prepared by the Association shall include, at a minimum, the following:
 - (1) An estimate of revenue and expenses on an accrual basis;
 - (2) The amount of the total cash reserves of the Association currently available for expenditure from the Asset Reserve Fund, the Capital Fund and the Contingency Fund;
 - (3) An Asset Reserve Schedule of proposed expenditures for repair or replacement of the Associations' equipment and facilities;
 - (4) A general statement setting forth the procedures used by the Board in the calculation of all fund contributions and requirements; and that
 - (5) A summary of the budget is prepared and distributed to the Membership not less than thirty (30) days before the beginning of the fiscal year.
- (f) Direct that an annual audit report be prepared within one hundred twenty (120) days after the close of the fiscal year and that copies of the annual audit be made available for Membership review and copying in both the Association's Office and Library. Audit reports shall include, at a minimum, the following:
 - (1) A balance sheet as of the end of the fiscal year;
 - (2) A statement of operating income and expenditures for the fiscal year;
 - (3) A statement of changes in the financial position for the fiscal year.
- (g) Perform such other duties as may be established by the Membership or as set out in these Bylaws, the Master Declaration or the Articles of Incorporation.

The Board shall seek the approval of the Owners before taking action on the following:

- (a) Entering into contracts for terms longer than five (5) years for equipment and three (3) years for employment, service and other contracts. Contracts for longer terms shall require the approval of a simple majority of the Owners voting in an election duly called in accordance with the Declaration or these Bylaws.
- (b) Purchase of any additional (not replacement) capital item in excess of five percent (5%) of the gross revenues (excluding Special Assessments) of the Association for the prior fiscal year.

To exceed the limitation outlined above, such action must first be approved by a simple majority of the Owners voting in an election duly called in accordance with the Declaration or these Bylaws.

Specifically excluded from this limitation are:

- (1) Replacement, repair or renovation of existing capital assets.
 - (2) Purchase of new capital items using funds received by the Association in the form of donations, grants or gifts in kind.
- (c) Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the gross revenues (excluding Special Assessments) of the Association for the prior fiscal year. Such action must first be approved by sixty percent (60%) of the Owners who vote in an election or at a meeting duly called in accordance with the Declaration or these Bylaws.
- (d) Paying compensation to members of the Board or to officers of the Association for services performed in the conduct of the Association's business provided, however, that the Board may cause a member or officer to be reimbursed for out-of-pocket expenses incurred on behalf of the Association. Such action must first be approved by a simple majority (50%+1) of the Owners who vote in an election or at a meeting duly called in accordance with the Declaration or these Bylaws.

ARTICLE VII

OFFICERS

7.1

SELECTION

Prior to the first regular Board meeting held in May of each year, the incoming Board shall elect a President, Vice President, Secretary and Treasurer. Officers chosen shall be members of the Board and shall serve for one (1) year beginning May 1 and until their successors are chosen and installed. Officers are not prohibited from succeeding themselves in office.

7.2

PRESIDENT

The President shall preside at and conduct all meetings by a formal order of business. The President may call special meetings of the Board. After approval by the Board, the President shall execute bonds, mortgages and other instruments and cause the corporate seal of the Association to be affixed to any instrument which requires it, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board to some other officer or agent of the Association.

7.3

VICE PRESIDENT

The Vice President shall have such powers and perform such duties as the President or the Board may from time to time prescribe and shall perform such other duties as may be prescribed by these Bylaws. At the request of the President, or in case of the President's absence or inability to act, the Vice President shall perform the duties of the President and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President.

7.4

SECRETARY

The Secretary shall be responsible for seeing that a record is kept of all the proceedings of the meetings of the Membership, and the Board, in one (1) or more books kept for that purpose and shall see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law. The Secretary shall be the custodian of all contracts, deeds, documents, all

other indicia of title to properties owned by the Association and of its other corporate records (except accounting records). Upon request, the Secretary shall exhibit or cause to be exhibited at all reasonable times to any Director the records of the Association in the custody of the Secretary and shall see that the books, reports, statements, and all other documents and records required by law are properly kept and filed. In general, the Secretary shall perform all duties incident to the office of secretary of a corporation and such other duties as from time to time may be assigned to the Secretary by the President or the Board.

7.5

TREASURER

- (a) The Treasurer shall have responsibility for the supervision of all funds and securities of the Association, official records, documents, ledgers and accounts involving the financial business of the Association. All financial records and documents shall be kept and maintained at the Association's office. The financial records of the Association shall be subject to an annual audit by a certified public accountant to be appointed by the Board and paid by the Association.
- (b) The Treasurer shall issue financial statements when required, and perform such other duties as ordinarily pertain to that office.
- (c) The Treasurer shall assure that the Association's funds are deposited to the account of the Association. The Treasurer shall also supervise and approve the opening, maintaining and closing of any Association brokerage accounts with investment firms which are members of the New York Stock Exchange.
- (d) The Treasurer may authorize the use of operating funds (funds required to meet yearly operating obligations) for:
 - (1) Deposit in checking, money market deposit or savings accounts;
 - (2) Purchase of short term (one year or less) certificates of deposit of banks and/or savings and loan institutions;
 - (3) Purchase of short term (one year or less) obligations of the U. S. Government or its agencies;
- (e) The Treasurer may authorize the investment of reserve funds (funds not required to meet yearly operating obligations) in longer term investment vehicles like (d1), (d2), and/or (d3) where (d2) and (d3) may have maturities up to, but not exceeding ten (10) years.

All investments addressed above in paragraphs (d) and (e) shall be in Federal (FDIC) Insured or Treasury Securities accounts that do not exceed applicable time or insurance limits for such accounts, except that short term deposits in excess of insured limits may be made to an operating deposit account for a period not exceeding ten (10) regular working days.
- (f) The Treasurer shall be an ex-officio member of the Finance-Budget Committee.

7.6

BONDING

All officers, Members and employees who are involved in the handling of Association funds shall be bonded or insured.

7.7

RESIGNATIONS

Any Officer may resign at any time by giving written notice of his or her resignation to the Board. Any such resignation shall take effect at the time specified therein, or, if the time when it shall be effective is not specified therein, it shall take effect immediately upon its receipt by the President or the Secretary; and, unless otherwise specified therein, the acceptance of such

resignation shall not be necessary to make it effective. An Officer shall be deemed to have resigned when the Officer no longer owns a Lot in Sun City Vistoso.

7.8**REMOVAL**

Any officer may be removed from office by the majority vote of the Directors at any regular or special meeting called for that purpose, whenever in the Directors' judgement, the best interests of the Association will be served by the removal. Any officer proposed to be removed shall be entitled to at least three (3) days' notice in writing by mail of the meeting of the Board at which such removal is to be voted upon and shall be entitled to appear before and be heard by the Board at such meeting. The removal of an officer shall not affect a Director's right to continue as a member of the Board, unless also removed from the Board in accordance with Article V herein.

7.9**VACANCIES**

In case any office of the Association becomes vacant by death, resignation, retirement, disqualification, or any other cause, the majority of the Directors, although less than a quorum, may elect a member of the Board to fill such vacancy, and the officer so elected shall hold office until the election of his or her successor.

7.10**MULTIPLE OFFICES**

Any two (2) offices may be held by the same person, except the offices of President and Secretary.

7.11**GENERAL MANAGER**

The General Manager is in charge of the day-to-day operation of the Association. He shall be hired by and serve at the pleasure of the Board. The General Manager is the implementer of the policies of the Association as established by the Board. The duties of the General Manager include, but are not necessarily limited to the following:

- (a) Establish an organization and a chain of employee responsibility to ensure that the Association's facilities function effectively and efficiently and best serve the interests of the majority of the Members;
- (b) Direct the preparation of the annual operating budget in a timely manner for review by the Finance-Budget Committee and for review and approval by the Board. The budget shall contain an itemized estimate of the income and expenses for the following fiscal year and upon approval by the Board, shall become the authorized budget for that year and no obligation beyond the amount thus authorized shall be incurred by any committee or agent of the Association unless specifically authorized by these Bylaws or the Board. Subject to approval by the Board, and with the advice of the Finance-Budget Committee, revisions in any budget may be made at any time and such revised budget shall become the authorized budget;
- (c) Recommend to the Board an Annual Homeowner Fee and/or Special Assessment schedule in keeping with the proposed annual operating budget;
- (d) With the prior approval of the Board, establish and keep current a wage and salary schedule for employees which will enable the Association to attract and to retain competent personnel;
- (e) Present annually or, at the request of the Board, written statement regarding the Association's operation which will include but not necessarily be limited to the following topics: (1) financial posture, (2) facility status, (3) employee relations, (4) special projects, if any;
- (f) Supervise the heads of the various operating departments and be responsible for the hiring

- and terminating of key employees of the Association's staff;
- (g) Ensure that the proposed annual operating budget contains funds necessary for maintenance and repair of the facilities and the replacement of equipment which will enable the Association's facilities to be maintained in acceptable condition. The General Manager shall have the authority to expend, without Board approval, up to Five Thousand and No/100 (\$5,000.00) Dollars per incident for repair of Association facilities or equipment. In the case of an emergency, the limit on the General Manager's authority is expressly waived. The Board, in its sole discretion, shall establish such other spending limits for the General Manager for funds that may be spent without prior Board approval as the Board, in consultation with the General Manager, deems appropriate.

ARTICLE VIII

COMMITTEES

8.1

ORGANIZATION OF COMMITTEES

At the first regular Board Meeting held in May of each year, the President shall, by consultation with and approval of a majority of the Board, select qualified residents to serve as Chairpersons of the various committees of the Board including the following Standing Committees: Architectural Review Committee, Finance-Budget Committee, Properties Committee, Golf Advisory Committee, and Government Affairs Committee. Unless otherwise provided, the Chairperson of each committee shall select the other members of each committee subject to approval by the Board. The Chairperson and all committee members shall be Voting Members of the Association in good standing and shall serve at the pleasure of the Board. Unless otherwise provided, members of Standing Committees shall serve no more than three (3) consecutive years, and Chairpersons of Standing Committees shall serve as such no more than two (2) consecutive years, on the same committee.

- (a) The President, subject to the approval of a majority of the Board, shall designate one of its members as liaison to each Standing Committee, and may, in its discretion designate a member as liaison to special or advisory committees.
- (b) The President shall be empowered to appoint, with the advice and consent of a majority of the Board, such other committees as the President may deem necessary to properly and effectively carry on the affairs of the Association. All committees shall have at least three (3) members, with the exception of those committees appointed by the President from time-to-time to serve a single and limited purpose. Each committee is free to call on staff in order to provide necessary information as required from time to time.
- (c) Each committee will develop written guidelines approved by the Board that will govern its activities and each committee will keep written minutes of its meetings and report on its activities either directly or through a Board member at each regularly scheduled meeting of the Board.
- (d) That portion of Section 5.5 dealing with executive sessions and participation of Association Members in Board meetings shall apply to all Standing Committees, Advisory Committees and to any and all of their subcommittees.

8.2

STANDING COMMITTEES

- (a) ARCHITECTURAL REVIEW COMMITTEE: This committee will function as set forth in Article XI of the Master Declaration.
- (b) FINANCE-BUDGET COMMITTEE: This Committee will make recommendations concerning the Association's financial policy, including ways and means for obtaining funds necessary to meet the authorized budget for carrying out the work of the Association. The Committee will review the proposed annual budget prepared by the General Manager and will present in writing no later than the May Board meeting each year its recommendations concerning the adoption of such budget. This Committee may be subject to call for special assignments. Whenever possible, this Committee shall be composed of Members with appropriate backgrounds in finance or related disciplines.
- (c) GOLF ADVISORY COMMITTEE: This Committee will review any aspect of golf which may arise and make recommendations thereon to the Board and General Manager. Members of the Committee will be selected and serve terms as set forth in the Golf Advisory Committee's Mission Statement as approved by the Board.
- (d) GOVERNMENT AFFAIRS COMMITTEE: This Committee will be concerned with government activities, including legislation, taxes, meetings with candidates, voter registration, health and safety, utilities, etc. This Committee shall be composed of Members possessing a variety of skills, experience and abilities in the above-mentioned areas.
- (e) PROPERTIES COMMITTEE: This Committee shall conduct a complete inspection of all Association physical properties, including buildings, equipment and grounds every six (6) months or less. A written report shall be made to the Board and General Manager indicating the status of safety, maintenance and general condition of all properties and shall include recommendations regarding preservation, maintenance or replacement and improvements. Additional spot inspections and reports shall be made periodically to ascertain the status of compliance with recommendations or noted deficiencies. The Committee shall also advise the Board on distribution and/or redistribution of space allocations in Association facilities and will pursue the acquisition of additional space or property when so directed by the Board. To the extent possible, this Committee shall be composed of Members with appropriate technical skills and experience

8.3

OTHER COMMITTEES

- (a) ELECTION COMMITTEE: This Committee will function in accordance with Article IV of these Bylaws.
- (b) NOMINATING COMMITTEE: This Committee will function in accordance with Article X of these Bylaws.

ARTICLE IX

CHARTERED CLUBS

9.1

ORGANIZATION, RULES AND REGULATIONS

- (a) Any group of Members interested in pursuing a particular hobby, avocation or field of interest may join together for the purpose of pursuing said interest and may request the Board to license it as a Chartered Club. Requirements for chartering, as duties, responsibilities and authorities of such clubs shall be determined by the Board. There shall be no conflict of

Chartered Club rules and regulations with the Governing Documents, and Club Organization Rules, and any amendments thereto. Such Club rules and regulations as may be established will be available in the office of the Association to all clubs and organizations and individuals using Association facilities.

- (b) Any Chartered Club or organization which cannot reasonably comply with the above requirements may request, in writing, an exemption from the Board. The Board must act upon the request for exemption within sixty (60) days after its receipt by the Board, by either approving or rejecting the request for exemption by a majority decision which shall be final and binding.
- (c) Any Chartered Club of the Association may have its charter revoked by a majority vote of the Board.

ARTICLE X

NOMINATION PROCEDURE

10.1

NUMBER ON NOMINATING COMMITTEE

A Nominating Committee of five (5) members shall make nominations of candidates for vacancies on the Board to be elected and filled at the annual election of Directors.

10.2

SELECTION OF NOMINATING COMMITTEE

The Nominating Committee shall consist only of Voting Members in good standing, to be chosen as follows:

- (a) The President with the advice and consent of a majority of the Board shall appoint the members of this committee. No Director or any member of a Director's Single Family shall serve on this committee. The Board shall solicit candidates for the Nominating Committee through the official community publication.
- (b) The President shall call the first meeting of the Nominating Committee to be held no later than October 21 of each year, by giving written notice to each member of the Committee seven (7) or more days prior to the date of such first meeting. A copy of such notice shall be posted on the Association bulletin boards and at the general office of the Association seven (7) or more days prior to the date of such first meeting. The Chairman of the Nominating Committee shall be elected from among its members at the first meeting.

10.3

SELECTION OF CANDIDATES FOR BOARD POSITIONS

- (a) Prior to October 22 of each year, any Voting Member of the Association may submit to the Nominating Committee, at the general office of the Association, the names of prospective candidates for election to the Board accompanied by a résumé completed by the candidate on a form provided by the Association. The Board shall publish a reminder to Members of the dates for submitting names of candidates for election to the Board in the official community publication in September and October of each year.
- (b) The Nominating Committee shall, by personal interview or such other inquiries as they deem necessary, carefully review the qualifications of the prospective candidates the committee has selected or whose names have been sent to them. The Nominating Committee shall use its best efforts to identify prospective Board members willing to stand for election, with the intention of presenting a slate of not less than two (2) Members for each Board position to be

filled. A slate containing at least one (1) nominee for each vacancy shall be presented and announced prior to December 22. Such slate shall be posted on the Association bulletin boards and at the general office of the Association. The Nominating Committee shall obtain certification as to the eligibility of each nominee from the General Manager.

- (c) Independently of the Nominating Committee's slate of nominees, any Voting Member in good standing may become a nominee by filing with the Chairman of the Nominating Committee prior to January 11:
- (1) A petition on a form provided by the Association signed by at least fifty (50) Voting Members in good standing (one signature per lot owned);
 - (2) A written certification of eligibility from the General Manager of the Association; and
 - (3) A resumé on a form provided by the Board.

Upon the Member filing the foregoing petition, certification and resumé, the Chairman of the Nominating Committee shall add and post the Member's name to the slate of nominees prior to January 16.

10.4 **QUALIFICATION OF CANDIDATES**

A candidate and/or nominee to be elected by Members must be a Voting Member in good standing. No member of the Nominating Committee, nor a spouse, Single Family Member or relative, may be nominated by the Nominating Committee to run for Director.

ARTICLE XI **AMENDMENTS**

11.1 **PROCEDURE FOR AMENDMENT**

- (a) These Bylaws may be amended with the approval of two-thirds (2/3) of the Owners who vote in an election or at a meeting duly called in accordance with the Declaration or these Bylaws.
- (b) Voting procedures outlined in Article IV shall apply when voting on any amendment to these Bylaws made pursuant to Section 11.1(a) above.
- (c) Anything in the Bylaws to the contrary notwithstanding, the Board reserves the right to amend all or any part of the Bylaws to such an extent and with such language as may be requested by the Federal Housing Administration ("FHA") or the Veterans Administration ("VA") and to further amend the Bylaws to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of the Bylaws or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Lot(s) or Parcel(s) or any portions thereof.

ARTICLE XII **MISCELLANEOUS**

12.1 **CONFLICT**

In the event of a conflict among Governing Documents, the Master Declaration shall prevail over the Articles and these Bylaws;

12.2

CORPORATE SEAL

A corporate seal shall not be requisite to the validity of any instrument executed by or on behalf of the Corporation. Nevertheless, if in any instance a corporate seal is used, the same shall be in the form of a circle and shall bear the full name of the Corporation and the words and figures "Incorporated 1987 Arizona," or words and figures of similar import.

12.3

FISCAL YEAR

The fiscal year for the Association shall begin on the first day of July and end on the 30th day of June of each year provided, however, that the Board is expressly authorized to change such fiscal year if required by the provisions and regulations from time to time prescribed by the Internal Revenue Code of the United States of America, at such time as the Board deems it advisable.

12.4

INSPECTION OF ASSOCIATION'S BOOKS AND RECORDS

- (a) The Membership register, books of account and minutes of meetings of the Members, of the Board and of committees of the Board of the Association shall be made available for inspection and copying in the office of the Association by any Member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association.
- (b) The Board shall establish reasonable rules with respect to:
 - (1) Notice to be given to the Custodian of the records by the Member desiring to make the inspection.
 - (2) Hours and days of the week when such an inspection may be made.
 - (3) Payment of the cost of reproducing copies of documents requested by a Member.
- (c) Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents.

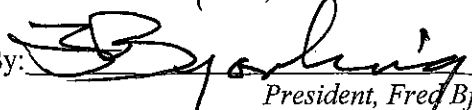
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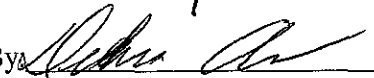
DEFINED TERMS

Unless specifically defined in these Bylaws, all words with initial capital letters herein shall be defined as set forth in the Master Declaration.

ADOPTED by the Voting Membership of the Association as of the 22nd day of March, 2011.

SUN CITY VISTOSO COMMUNITY ASSOCIATION, INC.

By: 
President, Fred Bjorling

Attest:
By: 
Secretary, Debra Arrett