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CASAS ARROYO ASSOCIATION, INC.
BY-LAWS

ARTICLE I
NAME AND LOCATION

The name of the corporation is CASAS ARROYO ASSOCIATION, INC., hereafter referred to as the "Association." The principal office of the corporation shall be located at Schouten, Klein & Sullivan, P.O. Box 248, Sonoita, Arizona, 85637, but meetings of members and directors may be held at such places within Santa Cruz County, State of Arizona, as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to CASAS ARROYO ASSOCIATION, INC., its successors and assigns.

Section 2. "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.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any plot of land shown on any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "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.

Section 6. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of Santa Cruz County Recorder, Nogales, Arizona.

Section 7. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 8. "Proxy Voting" as defined with regards to our governing Bylaws and CC&R's "proxy" vote is the vote of a lot owner, (and only that lot owner), which is mailed or emailed as instructed per the voting document (ballot). Proxy is not to be understood as a homeowner's

conveyance of their proxy vote to another HOA member to cast, and such conveyance is strictly prohibited under the Arizona Revised Statutes, (A.R.S. 33-1812. Proxies; absentee ballots; definition).

ARTICLE III
MEETING OF MEMBERS

Section 1. ANNUAL MEETINGS. Annual meetings shall be held within thirty (30) days prior to the beginning of a calendar year.

Section 2. SPECIAL MEETINGS. Special meetings of the members may be called at any time by the President or another Director, or upon written request of one fifth (1/5) of the members.

Section 3. NOTICE OF MEETINGS. Written ***or electronic*** notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) 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.

Section 4. QUORUM. The presence at the meeting of members or of proxies entitled to vote, together equaling one fifth (1/5) of the voting 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 shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

Section 5. PROXIES. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

ARTICLE IV
BOARD OF DIRECTORS

Section 1. NUMBER. The affairs of this Association shall be managed by a Board of six (6) directors, who must be members of the Association.

Section 2. TERM OF OFFICE. Each director shall serve for a term of three (3) years, and each year at the annual meeting two (2) directors shall be elected to the Board. The terms of the six (6) directors overlap in pairs.

Section 3. REMOVAL. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, a successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of the predecessor.

Section 4. COMPENSATION. No director shall receive compensation for any service ***they may render*** to the Association. However, any director may be reimbursed for ***their actual expenses*** incurred in the performance of ***their duties***.

Section 5. 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 ***or electronic*** approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the Board.

ARTICLE V
NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may be made from the floor at the annual meeting. The Nominating Committee shall consist of ***a Chair***, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to the annual meeting of members, to serve from the close of such annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than number of vacancies that are to be filled. Such nominations shall be made from members of the Association, with a majority of the Board to be homeowners living in Casas Arroyo, or close enough to be able to attend the quarterly meetings of the Board.

Section 2. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI
MEETINGS OF DIRECTORS

Section 1. Regular meetings of the Board of Directors shall be held quarterly with notice, at such place and hour as may be fixed from time to time by resolution of the Board.

Section 2. 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 three (3) days notice to each director.

Section 3. QUORUM. A majority of the number of directors, four (4), shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present shall be regarded as an act of the Board.

ARTICLE VII
POWERS and DUTIES of the BOARD OF DIRECTORS

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

a. 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 thereon, and to establish penalties for the infraction thereof;

b. suspend the voting rights and right to use of the recreational facilities of a member during any period of time in which such a member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

c. 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 By-Laws, the Articles of Incorporation or the Declaration;

d. declare the office of a member of the Board of Directors to be vacant in the event such a member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

e. employ a manager, an independent contractor or such other employees as they deem necessary, and to prescribe their duties.

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

a. cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one fourth (1/4) of the members 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. as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each lot at least thirty

(30) days in advance of each 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; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to 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. cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

g. cause the Common Area to be maintained.

ARTICLE VIII
OFFICERS AND THEIR DUTIES

Section 1. ENUMERATION OF OFFICES. The officers of this Association shall be a President, a Vice-president, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. The Election of Officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. TERM. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless ***they shall*** sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. SPECIAL APPOINTMENTS. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. RESIGNATION AND REMOVAL. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of the 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.

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 replaces.

Section 7. MULTIPLE OFFICES. No person shall simultaneously hold more than one of any of the offices except the offices of Secretary and Treasurer which may be held by the same person.

Section 8. DUTIES OF THE OFFICERS

a. The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board are carried out, shall sign leases, mortgages, deeds and other written instruments and may co-sign all checks and promissory notes.

b. The Vice-president shall act in the place and stead of the President in the event of ***the President's absence***, inability or refusal to act and shall exercise and discharge such other duties as may be required of the ***Vice-president*** by the Board.

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

d. The Treasurer and/or the contracted Certified Public Accountant shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, shall cosign all checks of the Association, shall keep proper books of account, shall prepare annual compilations of the Association books and shall 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 that statement shall be delivered to each member of the Association. The Treasurer shall keep on file with the Association's bank a current list of cosignatories. The Association shall every three (3) or four (4) years conduct an independent review of its fiscal records.

ARTICLE IX
COMMITTEES

The Board of Directors shall appoint an Architectural Review Committee as provided in the Declaration, and a Nominating Committee as provided by these By-Laws. In addition, the Board of Directors shall appoint ***committees*** as the necessity arises to supervise maintenance of the

Roads, the Pool, the Water System and the Common Area. The Board shall report to the Association at the annual meeting the accomplishments of all committees and expenditures incurred in maintaining the Properties.

ARTICLE X
BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. 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.

ARTICLE XI
ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by continuing a lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest of the date of delinquency at the rate of ten percent (10%) per annum and the Association may bring an action at law against the owner personally obligated to pay the same or foreclose against the lien against the property. Interests, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. 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 Lot.

ARTICLE XII
AMENDMENTS

SECTION 1. These By-Laws may be amended at a regular or special meeting of the members, by three quarters (3/4) of the voting membership present in person or by proxy.

SECTION 2. In case of a conflict between the Articles of Incorporation and these ByLaws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XIII
MISCELLANEOUS

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

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IN WITNESS WHEREOF, the undersigned, being the Board of Directors of the Casas Arroyo Association, Inc., has hereunto set its hand and seal this thirtieth day of September, 2022.

_____
Erik Powell, president

_____
Tom Hardesty, vice-president

_____
Laura Brown, secretary

_____
David Steadman, treasurer

_____
Blaine deVesty

_____.
Paula Miller