

August 18, 1999
Amended 2/17/01
Amended 2/15/03
Amended 2/16/2013

**BYLAWS
ESCAPEES AT NORTH RANCH COMMON AREA MAINTENANCE
ASSOCIATION, INC.**

NAME AND LOCATION

The name of the corporation is Escapees At North Ranch Common Area Maintenance Association, an Arizona corporation (the "Corporation" or "Association".) The principal office of the Corporation is located at P.O. Box 1122, Congress, Arizona 85332 (Physical Address: Highway 89, Mile Post 264, Congress, AZ 85332), or at other locations as may from time-to-time be determined by the Board. Meetings of Members and Directors may be held at places within the State of Arizona, as designated by the Board of Directors.

**ARTICLE II
DEFINITIONS**

Section 1. "Assessment" refers to any obligation of a Lot Owner to pay money as required by the Declaration or by the Restrictive Documents and includes both Annual Assessments and Special Assessments.

Section 2. "Association" refers to Escapees At North Ranch Common Area Maintenance Association, Inc., an Arizona corporation, its successors and assigns.

Section 3. "Common Area" refers to the property designated as Tracts F, G, I, J, K and L and interior roads, retention basins and drainage easements and improvements thereon owned by the Association for the common use and enjoyment of the Owners as may be reflected on a plat(s) filed from time-to-time in the Yavapai County Recorder's office (the initial Plat being recorded in Book 34 of Maps, Pages 10, 11 and 12).

Section 4. "Common Expense" refers to those items of expense as defined from time-to-time by the Board of Directors and as defined in the Restrictive Documents. (See Article X, Section 4 of the By-Laws).

Section 5. "Declarant" refers to the Owner and/or Developer, its successors or assigns. On the Effective Date the Declarant is Rainbow Park, Inc., a Texas Corporation, which may also be referred to as the "Developer".

Section 6. "Declaration" or "CC&Rs" refers to the Declaration of Covenants, Conditions and Restrictions or any amendments, restatements or supplements thereto applicable to the Properties as recorded in the office of the Recorder for Yavapai County, Arizona.

Section 7. "Development Period" refers to the time period beginning on the Effective Date of this Declaration and ending upon conveyance by Declarant of fee title to the last Lot held by Declarant.

Section 8. The "Effective Date" is the date that the Amendment To And Complete Restatement Of Declaration of Covenants, Conditions And Restrictions For Escapees At North Ranch Subdivision were recorded in the Yavapai County Recorder's Office.

Section 9. "Improvements" refers to the roads, roadways, curbs, gutters, storm sewers, fences, walls, hedges, plantings, planted trees and shrubs, landscaping, flood control and drainage improvements, and other structures or landscaping of every type and kind located within the Common Area.

Section 10. "Lot" refers to the numbered plot of land shown on the recorded subdivision map of the Properties.

Section 11. "Management" refers to the person or his/her successor or Assistant authorized from time to time by the Developer or by the Board of Directors to perform the tasks authorized in the Restrictive Documents.

Section 12. "Member" refers to those persons entitled to Membership in the Association as a Lot Owner provided in the Restrictive Documents,

Section 13. "Owner" refers to the record Owner, whether one or more persons or, entities, of a fee simple title (or, in the case of a purchaser under an agreement for deed, the holder of equitable title), to any Lot which is a part of the Property, including contract sellers, but excluding those holding an interest merely as security for the performance of an obligation.

Section 14 "Properties" or "Property" refers to the real property (including associated easements, hereditaments, appurtenances, water rights and mineral rights, if any,) located on Tracts F, G, I, J, K, and L and interior roads, retention basins and drainage easements, and any additions subsequently brought within the jurisdiction of the Association and any Improvements located on the Property at any time.

Section 15. "Restrictions" refers to any duty, obligation or restriction imposed on a Lot or on an Owner by law, in the Declaration, in a Rule or Regulation of the Association or in these Bylaws of the Association (collectively, the "Restrictive Documents").

Section 16. "Rules & Regulations" refers to those items which are captioned "Rules and Regulations" promulgated by the Developer during the Development Period or by the Board of Directors as authorized by the other Restrictive Documents.

ARTICLE III MEETING OF MEMBERS

Section 1. Annual Meetings. Each regular annual meeting of the Members will be held on or before the first Wednesday of March in each year at the hour of 10:00 a.m.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors or upon written request of fifty percent (50%) or more of the Members entitled to vote.

Section 3. Notice of Meeting. Written notice of each regular or special meeting of the Members shall be given by, or at the direction of, the Secretary or the person authorized to call the meeting, by mailing a copy of the notice, postage prepaid, at least forty-five (45) days before the meeting to each Member in good standing addressed to the Member's address last appearing on the books of the Association or supplied by the Member to

the Association for the purpose of notice. 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. Voting Rights.

A. Every Owner of a Lot is a "Member" of the Association. Membership is appurtenant to, and may not be separated from, ownership of a Lot. When more than one person holds an interest in any one Lot they all are Members. The vote for their Lot may be exercised as they determine but shall be cast by only one of them. In no event shall more than one vote be cast for each Lot, nor shall any vote be split.

B. All Members in good standing are entitled to vote in accordance with their Lot ownership interest. Members not in good standing are those Members who are more than thirty days in arrears in their Association Assessments or whose Membership has been suspended.

C. The Board may suspend the voting privileges and other privileges of Members for violation of any of the provisions of the Declaration or of the Association Rules or is more than thirty (30) days delinquent in payment of assessments by suspending the violator's voting rights, privileges for use of the Common Areas, or by imposing monetary penalties for these violations. Cumulative penalties may be imposed. The above "Penalties" are subject to these limitations:

(i) Prior to the suspension of a Member's Association privileges, the Member must be notified in writing of and the reasons for the proposed action at least fifteen days prior to the effective date of the suspension. If the Member requests in writing a hearing on the suspension within five days after his receipt of notice, then a hearing will be held before the Board or a committee appointed for that purpose at least five days before the effective date of the suspension. At the hearing, the Member may appear and defend against the matters resulting in the notice of suspension.

(ii) Any suspension of a Member's Association privileges may not exceed thirty days for each violation or until that violation is corrected or otherwise adjudicated, except for non-payment of Association Assessments in which case the suspension may continue until all charges are brought current.

(iii) Any monetary Penalty shall not exceed Twenty-Five Dollars (\$25.00) for a first offense. For repeated offenses occurring within a period of three months the penalty may not exceed Fifty Dollars (\$50.00) for each offense.

Section 5. Quorum. Written notice of any meeting called for the purpose of taking any action concerning an Assessment or for any other lawful business of the Membership shall be sent to all Lot Owners. At the first meeting, the presence of Members, either in person or represented by their absentee ballot, entitled to cast fifty percent (50%) of all votes of the Membership constitutes a "Quorum". If the required Quorum is not present, then another meeting (a "Subsequent Meeting") may be called subject to the same notice requirement. The required quorum at the Subsequent Meeting is one-half of the quorum required at the preceding meeting. A Subsequent Meeting may not be held more than sixty (60) days after the date of the preceding meeting.

Section 6. Absentee Ballots. At all meetings of Members, each Member may vote in person or by absentee ballot. All absentee ballots shall be in writing and filed with the Secretary prior to the meeting for

which the absentee ballot is to be used. Every absentee ballot shall be revocable and shall automatically cease upon conveyance of a Member's Lot.

Section 7. Record Date. To determine which Members are entitled to notice of, or to vote at, any meeting of Members or to make a determination of Members for any other proper purpose, the Board may fix in advance a date as the record date for determination of the status of Members. The record date may not be fixed more than fifty and, in the case of a meeting of the Members, not less than ten days before the date of the proposed action.

Section 8. Voting List. At least three days before each meeting of Members, the secretary of the Association shall make a complete list of the Members entitled to vote at the meeting, or any adjournment of the meeting. This list may be kept on file at the principal office of the Association for a period of three days prior to the meeting, should be produced and kept open at the meeting, and shall be subject to inspection by any Member for any purpose germane to the meeting during usual business hours of the Association and during the meeting. Violations of the provisions of this Section 8 that do not materially and adversely affect the outcome of a vote are not grounds for a challenge to the actions taken at the meeting.

ARTICLE IV BOARD OF DIRECTORS (SELECTION-TERM IN OFFICE)

Section 1. Number of Directors. The Board of Directors of the Association (the "Board") shall be nine (9) members in good standing of the Association, all of whom shall be elected by the members.

Section 2. Term of Office. At each annual meeting the Members shall elect three (3) Directors for a term of three years.

Section 3. Limitations. No more than one member from a given lot shall serve on the board at one time.

Section 4. Removal. Any Director may be removed from the Board, with or without cause, by a fifty one percent majority vote of the Members who cast a vote at the meeting. In the event of death, resignation or removal of a Director, a successor shall be selected by the remaining Members of the Board of Directors and shall serve for the unexpired term of the predecessor.

Section 5. Compensation. Directors shall receive no compensation for any service they may render to the Association, including but not limited to Directors fees. A Director may be reimbursed for actual expenses incurred in the performance of duties.

Section 6. Directors and Officers Insurance. See Article VII, below, for a grant of authority to purchase liability insurance for Directors and Officers.

ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. The "Nominating Committee" consists of a Chairperson, who shall be a member of the Board of Directors, and four (4) more Members of the Association who are not Directors at that time. The

Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members to serve from the close of the annual meeting until the close of the next annual meeting, and the appointment shall be announced at each annual meeting. The Nominating Committee may nominate as many persons for election to the Board as it determines in its discretion but not less than the number of vacancies that are to be filled. Nominations may be made by the Members at the meeting.

Section 2. Elections. Election to the Board of Directors will be by secret written ballot. The Members may cast, in person or by absentee ballot, 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 MEETING OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board may be held monthly without notice, at a place and hour fixed from time to time by resolution of the Board. If a meeting falls on a legal holiday, then that meeting shall be held at the same time on the next business day that is not a legal holiday.

Section 2. Special Meeting. Special meetings of the Board shall be held when called by the President of the Association, or by any four (4) Directors, after not less than three days notice to each Director. Notice may be given in person, by phone or by mail. If by mail, notice must be mailed at least fifteen days before the meeting. Notice may be waived if done in writing.

Section 3. Meetings Via Telephone. Both regular and special meetings may be held by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.

Section 4. Quorum. A simple majority of the number of Directors constitutes a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 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 approval of all of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board has the power to:

A. Adopt and publish "Rules and Regulations" for the Common Area and improvements which govern the use of the Common Area and Improvements, the personal conduct of the Members and their guests, and establish penalties for the infraction of those portions of the Restrictive Documents which deal with the Common Area and Improvements.

B. Suspend the voting rights and right to use of the Common Areas and Improvements of a

Member as outlined in Article III, above.

C. Exercise for the Association all legal powers, duties and authority vested in or delegated to this Association by Statute or otherwise unless reserved to the Membership by other provisions of these Bylaws or the Articles of Incorporation or the Declaration.

D. Declare the office of a Director on the Board to be vacant if a Director has three unexcused absences from regular meetings of the Board of Directors. An unexcused absence shall be a reason that a majority vote of the Board of Directors determines to be unexcused.

E. Employ a Supervisor, an independent contractor or the other employees as they deem necessary and to define their duties.

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

A. Cause to be kept a complete record of all its acts and Association affairs and when requested in writing by one-tenth of the Members who are entitled to vote, to present a summary statement to the Members at the annual and special meetings of the Members.

B. Supervise all officers, agents and employees of this Association and see that their duties are properly performed.

C. As is more fully provided in the Declaration to:

- (i) Fix the amount of the Annual Assessment against each Lot;
- (ii) Send written notice of Assessments to every Owner; and,
- (iii) Collect Assessments.

D. Upon demand by any Member, issue, or to cause an appropriate officer to issue, a certificate stating 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, then the certificate is conclusive evidence of payment.

E. Procure at Association expense, and maintain adequate liability and hazard insurance on Property and liability insurance for the Directors and Officers of the Association.

F. Cause any Director, Officer and/or employee who has unilateral access to funds to be bonded.

G. Cause the Common Area to be maintained.

H. Generally enforce the provisions of the Restrictive Documents, which deal with the Common Area and Improvements.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association are a President, Vice-President, Secretary and Treasurer and other officers as the Board may from time to time by resolution create. The officers must be Directors.

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

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

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

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. A resignation is effective on the date of receipt of notice or at any later time specified in the notice. Unless otherwise specified in the notice, the acceptance of 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 successor officer shall serve for the remainder of the term of the replaced officer.

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

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

A. President. The President presides at all meetings of the Board and of the Members, sees that orders and resolutions of the Board are carried out, signs leases, mortgages, deeds and other written instruments and may be authorized to sign all checks and promissory notes on behalf of the Association.

B. Vice-President. The Vice-President acts in place of the President if the President is absent, is unable or unwilling to act. The Vice President may perform other duties if requested by the Board or by the President.

C. Secretary. The Secretary (1) records the votes, (2) keeps the minutes of all meetings and proceedings of the Board and of the Members, (3) keeps the corporate seal of the Association and may affix it on all papers requiring the seal, (4) serves notice of meetings of the Board and of the Members, (5) keeps appropriate current Membership lists of the Association together with their addresses, and (6) performs other duties as requested by the Board or by the President.

D. Treasurer. The Treasurer (1) receives and deposits in appropriate bank accounts monies

of the Association, (2) disburses funds as directed by resolution of the Board, (3) may be authorized to sign all checks and promissory notes of the Association, (4) keeps proper books of account, (5) with the direction of the Board and other individuals as directed by the Board prepares an annual budget, and (6) prepares a statement of income and expenditures to be presented to the Membership at its regular annual meeting.

E. Management By resolution of a simple majority of the Directors the Board may designate a representative of the property management company or of the Declarant to be an ex-officio Board member to serve without voting privileges.

ARTICLE IX COMMITTEES

The Board shall appoint a Nominating Committee and Audit Committee as provided in these Bylaws. In addition, the Board may appoint other committees as deemed appropriate in carrying out its purpose. The Board may dissolve, with or without cause, any committee that it establishes excepting the Nominating Committee and the Audit Committee.

ARTICLE X FISCAL MANAGEMENT

Section 1. Depositories. The funds of the Corporation shall be deposited in banks and depositories as may be determined upon resolutions approved by the Board from time to time, and may be withdrawn only upon checks and demands for money signed by an officer or officers of the Corporation as are designated by the Board. Obligations of the Corporation in excess of Two Hundred Fifty Dollars shall be signed by at least two officers of the Association.

Section 2. Fidelity Bonds. All Directors, the Treasurer, all officers who are authorized to sign checks, and all officers and employees of the Association and any contractor handling or responsible for Association funds, may be bonded in an amount determined by the Board. This does not alter the requirement stated in Article VII, Section 2F. The premiums for bonds shall be paid by the Association.

Section 3. Fiscal Year. The fiscal year for the Corporation begins on the first day of January of each year; provided, however, that the Board is expressly authorized to change to a different fiscal year in accordance with the provisions and regulations from time to time prescribed by the Internal Revenue Code of the United States of America if the Board deems it advisable.

Section 4. Determination and Levy of Assessments.

A. From time to time the Board of the Association shall fix and determine the sum or sums necessary and adequate for the common expenses of the Association. "Common Expenses" include expenses for the operation, maintenance, repair or replacement of the Common Areas and Improvements (including utilities owned by the Association), costs or carrying out the duties of the Association, all insurance premiums and expenses and any other expenses designated as Common Expenses from time to time, by the Board. Premiums for Directors and Officers liability insurance are included as a Common Expense.

B. The Board is specifically empowered, on behalf of the Association, to make and collect Assessments, and to maintain, repair and replace the Common Areas and Improvements of the Association. Funds for the payment of Common Expenses shall be assessed against the Lot Owners as provided in the

Restrictive Documents. Assessments, which must be equally shared among all 436 lots, are payable as ordered by the Board. Special Assessments are levied in the same manner as provided for regular Assessments, and are payable in the manner determined by the Board. Each time a Lot is conveyed by Deed or otherwise to a new Lot Owner, that Lot Owner shall pay the sum of \$100.00 to the Association which monies shall be collected and used for the Common Expenses. The following exemptions apply to the conveyance assessment:

(i). In the case of simultaneous conveyance, where successive deeds are recorded the same business day, the conveyance assessment of \$100 will be due only from the final owner.

(ii). Conveyance, with no change in ownership by at least one owner, will not be subject to the conveyance assessment. Specifically, name changes, name addition, or name removal are examples of this exemption.

C. After the Board determines the amount of an Assessment, the Treasurer of the Association shall mail or present to each Lot Owner a statement of the Lot Owner's Assessment. All Assessments are payable to the Association or other party designated in writing by the Board. Upon request, the Treasurer shall provide a receipt for each payment.

Section 5 Application of Payments and Co-Mingling of Funds. All sums collected by the Association from Assessments may be co-mingled in a single fund, or divided into more than one fund as determined by the Board. All Assessment payments by a Lot Owner shall be applied as to interest, delinquencies, costs and attorney's fees, other charges, expenses or advances, as provided in the Restrictive Documents. Assessments shall be applied as the Board determines in its discretion.

Section 6. Audit Committee.

A. Within sixty (60) days following the Association's annual meeting, the Board will appoint three (3) members of the Association, who are not Directors or outgoing Directors, to the Audit Committee. Each appointment will require a Board vote of two-thirds (2/3) of all Directors. The Audit Committee will perform the duties of the committee and will have no further authority. The Audit Committee members will serve until the next Audit Committee is formed.

B. If the Board cannot identify three (3) members of the Association who are willing to perform an audit, the Board will obtain the services of a Certified Public Accountant to audit the Association's records annually.

C. The Committee will examine all of the Association's records that they believe are necessary to assess the Association's financial status. The Committee may request to meet with any acting Director or former Director to investigate their auditing concerns. A request for corrective action will be presented to the Board, if required.

D. The Committee may determine the need for obtaining the services of a Certified Public Accountant and will present the request to the Board stating the reason for the request. The Board will then obtain the services of a Certified Public Accountant to fulfill the Association's annual audit requirements.

E. The Committee will submit a written report and the Committee's recommendations to the Board, upon completion of the audit. A verbal Audit Report will be submitted to the Membership at the following Association's Annual

Meeting. The Audit Report will become part of the permanent records of the Association.

Section 7. Acceleration of Assessment installments upon Default. If a Lot Owner defaults in the payment of an installment of an Assessment, then the Board may accelerate the remaining monthly installments for the fiscal year upon notice to the Lot Owner. Thereupon, the unpaid balance of the Assessment is due on the date stated in the Notice, which must be not less than fifteen days after the delivery of or mailing of Notice to the Lot Owner. No Lot may be voluntarily transferred until all Assessments, dues, interest at twelve percent (12%) per annum (or such other rate as may be determined by the Board from time to time) and penalties etc. have been paid in full.

ARTICLE XI SUBSTANTIAL ADDITIONS OR ALTERATIONS

There shall be no additions or alterations to the Common Areas of a cost exceeding One Thousand Dollars in any calendar year unless authorized by the Board and ratified by a majority vote of all Lot Owners. There shall be no acquisition of real property classified as an asset and not as Common Area exceeding a cost of One Thousand Dollars unless authorized by the Board and ratified by a majority vote of all Lot Owners. The Board has the sole discretion to classify real property acquired by the Association as an asset or as a Common Area.

ARTICLE XII COMPLIANCE AND DEFAULT

Section 1. Violations. In the event of a violation (other than the nonpayment of an Assessment) by the Lot Owner of any of the provisions of these Bylaws, the Association by direction of its Board, may notify the Lot Owner by written notice of the "Breach". If the Breach continues for a period of fifteen days after the date of notice, then the Association may, at its option, pursue one or more of these "Remedies

A. File a lawsuit to recover damages suffered by the Association or the other Lot Owners;

B. File an equitable action to enforce performance on the part of the Lot Owner;

C. File an Equitable action for relief as may be necessary under the circumstances, including an injunction. The Association's failure to file a lawsuit within fifteen days from the date of the notice does not waive the Association's right to pursue its remedies at a future date. If the Board of Directors deems a Breach to be a hazard to public health, then all costs of curing the Breach may be charged to the Lot Owner as a lien against the Lot with the same force and effect as if the charge were a part of the Common Expense or an Assessment.

D. Posting the name of the violating Lot Owner with or without description of the Breach in various locations within the Park and or in the publication of the Association.

E. Suspension of the right of the Lot Owner, his/her family and guests to use Common Areas.

F. Withdrawal of the Lot Owner's right to serve as a Director, officer, committee Member or employee of the Association until the Breach is cured.

G. Suspension of the violating Lot Owner's right to vote as a Member of the Association.

H. In the event of parking violations, cause improperly parked vehicles to be towed away and stored at the expense of the violator.

I. Imposition of Penalties plus interest at twelve percent per annum (or other Interest rate as determined by the Board) from the date of imposition until paid. Penalties may be enforced by an action at law and shall be a lien on the violating Owner's Lot.

Section 2. Negligence or Carelessness of Lot Owner. Etc. All Lot Owners are liable for the expense of maintenance, repair or replacement rendered necessary by any act, neglect or carelessness, or by that of any member of their family, or their guests, employees, agents or lessees, but only to the extent that the expense is not met by the proceeds of insurance carried by the Association, if any. Liability includes any increase in insurance rates occasioned by the claim use, misuse, occupancy or abandonment of any Lot or its appurtenances. These provisions, however, shall not be construed to modify any waiver by insurance companies of rights of subrogation against another insurance carrier. The expense for any maintenance, repair, or replacement required, as provided in this section, shall be charged to the Owner as a lien against his/her Lot with the same force and effect as if the charge were a part of an Assessment.

Section 3. Costs and Attorney's Fees. In any proceeding arising from the interpretation or enforcement of the Restrictive Documents the prevailing party is entitled to recover the costs of the proceeding and actual attorney's fees.

Section 4. No Waiver of Rights. The failure of the Association or of an Owner to enforce any right, provision, covenant or condition granted by the Restrictive Documents is not a waiver of that right. These rights are cumulative; the exercise of any one or more rights is not an election of remedies and does not preclude that party from exercising its other and additional rights, remedies or privileges at law or in equity.

**ARTICLE XIII
ACQUISITION OF UNITS**

The Association may, but is not obligated to, acquire title to a Lot at a Foreclosure either in the name of the Association or its designee. The term includes the foreclosure of any lien Foreclosure" as used in this section including a lien for Assessments. The power of the Board to acquire a Lot at a Foreclosure, however, shall not be interpreted as a requirement or obligation on the part of the Board, or of the Association, to do so.

**ARTICLE XIV
INDEMNIFICATION**

The Association shall indemnify every Director and every officer, his/her heirs, executors and administrators, against all loss, cost and expenses reasonably incurred in connection with any action, suit or proceeding to which he/she may be made a party, by reason of being or having been a Director or officer of the Association, including reasonable attorneys' fees to be approved by the Association, except as to matters for which he/she is finally adjudged to be liable for, or guilty of gross negligence, fraud or willful or intentional misconduct. These rights shall be in addition to, and not exclusive of, all other rights to which a Director or officer may be entitled.

**ARTICLE XV
LIABILITY SURVIVES TERMINATION OF MEMBERSHIP**

The termination of Membership in the Association does not release a former Owner or Member from liability for obligations arising from his/her Membership in the Association during his/her period of Ownership or impair any rights or remedies, which the Association has against a former Member.

**ARTICLE XVI
LIMITATION OF LIABILITY**

Notwithstanding the duty of the Association to maintain and repair the Association Property, the Association is neither liable for injury or damage caused by a latent condition in the Property, for injury or damage caused by the elements, nor by other Owners or persons.

**ARTICLE XVII
CORPORATE SEAL**

The Association may, but is not required to, have a seal in circular form having within its circumference the words: Escapees At North Ranch Common Area Maintenance Association, Inc.

**ARTICLE XVIII
MISCELLANEOUS**

Section 1. Amendments. These Bylaws may be amended at a regular or special meeting of the Members.

A. An Amendment cannot be presented from the floor at a regular or special Association meeting.

BYLAWS OF THE ESCAPEES AT NORTH RANCH COMMON AREA MAINTENANCE ASSOCIATION, INC.

B. Any proposed Amendment must be published in the required Notice of Meeting.

C. Any proposed Amendment must be approved by an affirmative vote of two-thirds (2/3) of the votes cast, with a minimum of two hundred nineteen (219) affirmative votes required for approval.

D. Members may submit a proposed written Bylaw Amendment to the Board with a \$100 deposit and with a signed petition that represents ten percent (10%) of the total number of North Ranch lots.

(i) The proposed Amendment must be submitted no less than seventy-five (75) days prior to the meeting for which it is presented for action.

(ii) Wording in the proposed Amendment may be changed to correct misspellings and punctuation errors, to clarify awkward sentence structure, and to eliminate grammatical and typographical mistakes. Before final typing, the Amendment will be reviewed to insure that there are no changes in content.

(iii) The \$100 deposit will be returned to the Member proposing the Amendment upon the Amendment's approval. If the Amendment is not approved, the \$100 deposit will be deposited in the Association's general fund.

Section 2. Construction.

A. The provisions of these Bylaws shall be governed by and construed in accordance with the laws of Arizona.

B. The provisions of these Bylaws shall be liberally construed to effectuate its purpose.

C. The provisions hereof shall be deemed independent and severable and the invalidity or partial invalidity or enforceability of any one provision, or portion thereof, shall not affect the validity or enforceability of the remainder.


D. The various headings are for convenience only and shall not alter the meaning or interpretation of these Bylaws.

Section 3. Conflicts In the case of a conflict between the Articles of Incorporation and these Bylaws, the Articles control. In the case of a conflict between the Declaration and these Bylaws, the Declaration controls.

IN WITNESS WHEREOF, the Directors of the Corporation signed these Bylaws to be binding as of the Effective Date.



President



Corporate Secretary