

**BYLAWS
OF
THE TONTO HILLS IMPROVEMENT ASSOCIATION
A Non-Profit Corporation
As Amended 07/14/2021**

**ARTICLE ONE
Offices**

The mailing address of the Association is Tonto Hills Improvement Association, 42033 North Old Mine Road, Cave Creek, AZ 85331. The corporation may have such other offices, either within or without the State of Arizona, as the Board of Directors may determine from time to time.

**ARTICLE TWO
Members**

Section 1. Membership: Membership in the Association is as provided in the Articles of Incorporation (Arizona Corporation Commission File No. 132667) and the Declaration of Restrictions for Tonto Hills, Para. 1.a. as amended May 2, 1987 (Maricopa County Recorder No. 88046577), hereinafter referred to as the D of R's.

Section 2. Voting: Rights: Each member in good standing shall be entitled to one vote on each matter submitted to a vote of the members. Co-owners may vote fractional votes if their written agreement on the fractional division is submitted to the Association in advance of the election. See Para. 1.a., d., f., h., and Para. 3 of the D of R's. A member is not in good standing if there are any outstanding annual assessments.

**ARTICLE THREE
Meeting of Members**

Section 1. Annual Meeting: An annual meeting of the members shall be held at the principal office of the corporation or, as in the case may be, on the fourth Wednesday of March in each year, beginning with the year 1981, at the hour of 7:00 p.m., for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting is a legal holiday in the State of Arizona, such meeting shall be held on the next succeeding business day. If the election of Directors is not held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon as is convenient. See Para. 1.b of the D of R's.

Section 2. Special Meetings: Special meetings of the members may be called by the President, Board of Directors, by a quorum number of Directors, or by not less than one-tenth (1/10) of the association members having voting rights, at a place designated by the Board of Directors or as the case may be.

Section 3. Notice of Meetings: Handwritten or printed notice stating the place, day, and hour of any meeting of members shall be delivered either personally or by mail (for purposes of this document, the term “mail” is inclusive of eMail), to each member entitled to a vote at such meeting, not less than five nor more than thirty days before the date of such meeting, by or at the direction of the President, or the Secretary, or the officers or persons calling the meeting. In case of a special meeting or when required by statute or by these bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the corporation with postage thereon prepaid. If electronic mail is used, the notice of a meeting shall be deemed to be delivered as indicated in the email record of date sent to the email address of the member as it appears on the records of the corporation. See Para. 1.c the D of R's.

Section 4. Proxies: At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or by his duly authorized attorney in fact. No proxy shall be valid after two months from the date of its execution, unless otherwise provided in the proxy. A member entitled to vote may execute a proxy in writing for specific meetings only. The bearer of the proxy must be a member in good standing.

Section 5. Voting by Mail: Where Directors or Officers are to be elected by members or any class or classes of members, such election may be conducted by mail in such manner as the Board of Directors shall determine. See Para. 1.b of the D of R's.

ARTICLE FOUR Board of Directors

Section 1. General Powers: The affairs of the corporation shall be managed by its Board of Directors. Directors need not be residents of the State of Arizona. See Para. La, b, c, e, f, g, I, and Para. 2, of the D of R's.

Section 2. Number, Tenure and Qualifications: The number of Directors shall be no less than five, nor more than nine. Directors shall be elected at the annual meeting of the members, and the term of office of each Director shall be until the next annual meeting of members and the election and qualification of his successor. One member of each family shall be allowed to serve on the Board and one member of each family shall be allowed to serve on the Architectural Control Committee, but not more than one member of each family on each of these bodies.

Section 3. Regular Meetings: A regular meeting of the Board of Directors shall be held without any other notice by this bylaw immediately after, and at the same place as, the annual meeting of members. The Board of Directors may provide, by resolution, the time and place for holding additional regular meetings without other notice than such resolution. Additional regular meetings shall be held at the principal office of the corporation in the absence of any designation in the resolution. The Board of Directors shall ordinarily meet at a minimum quarterly and shall be noticed in person at the prior meeting or in accordance with Section 5.

Section 4. Special Meetings: Special meetings of the board of directors may be called by or at the request of the president or any two directors, and shall be held at the principal office of the corporation or at such other place as the directors may determine.

Section 5. Notice: Notice of any meeting of the Board of Directors shall be given at least three

days previously thereto by written notice delivered personally or sent by mail or confirmed electronic delivery to each Director at his address as shown by the records of the corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The business to be transacted at the meeting need not be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these bylaws. A change of schedule for Regular Meetings or the schedule for Special Meetings must be announced to each member of the Board three or more days in advance, unless the schedule is otherwise agreed to unanimously by the Board members.

Section 6. Quorum: Two-thirds (2/3) of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. Board members may attend and vote via electronic means and are still considered present.

Section 7. Board Decisions: The act of a majority of the Directors present at a meeting at which a quorum is present, shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these bylaws. The Board may act on the basis of a majority vote of members present at any duly assembled meeting constituting a quorum.

Section 8. Vacancies: Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of Directors, shall be filled by the Board of Directors. A Director appointed to fill a vacancy shall serve for the unexpired term of his predecessor in office.

Section 9. Compensation: Directors, as such, shall not receive any stated salaries for their services, but by resolution of the Board of Directors, a fixed sum and expenses of attendance at any regular or special meeting of the board. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefore.

Section 10.0 Executive Session: The purpose of an Executive Session is to discuss issues that may be sensitive to one or more individuals, legal issues, specific violations etc. Generally speaking the BOARD and ACC must be transparent to the THIA Membership therefore when an Executive Session is requested by a Board Member it must be shown that it falls within one of the categories below. To this end the BOARD or ACC may hold a closed meeting referred to as an Executive Session which will be closed to the general membership of THIA. Generally Board Members should be notified of an Executive Session before the agenda is sent out. However, before the agenda is accepted and there is an immediate need for an Executive Session, it must be requested and approved by vote as required in the Bylaws of the THIA Article 4 Section 7 and meet the requirements for Executive Session in this section. Before entering Executive Session, the Board is required to identify the section (1-6) that authorizes the Board to close the meeting. This should be verbally announced and included in the meeting minutes.

1. legal advice from an attorney for the Board or the association;
2. pending or contemplated litigation or legal questions;
3. matters pertaining to violations of the Code Of Conduct by members of the Board and/or ACC.
4. personal, health and financial information about an individual member of the association,

including Board and ACC members, an individual employee of the association or an individual employee of a contractor for the association;

5. matters relating to the job performance of, compensation of, or specific complaints against an individual member of the association, including Board and ACC members, an individual employee of the association or an individual employee of a contractor for the association;
and

6. discussion of a lot owner's appeal of any violation cited or penalty imposed by the association except on request of the affected lot owner that the meeting be held in an open session.

ARTICLE FIVE

Officers

Section 1. Officers: The Officers of the corporation shall be a President, one or more Vice-presidents (the number thereof to be determined by the Board of Directors), a Secretary, a Treasurer, and such other Officers as may be elected in accordance with the provisions of this article. The Board of Directors may elect or appoint such other Officers, including one or more assistant secretaries and one or more assistant treasurers, as it shall deem desirable, such Officers to have the authority and perform the duties prescribed, from time to time, by the Board of Directors. Officers shall include President, Secretary, Treasurer, an Architectural Control Committee (ACC) Liaison Officer, and an Environment Officer. Any two offices may be filled by the same person with the exception that the two offices of President and Secretary cannot be held by the same person. Officers shall be elected or changed by the Board of Directors at a duly convened Regular or Special Meeting.

Section 2. Election and Term of Office: The Officers of the corporation shall be elected annually by the Board of Directors, from the Board of Directors, at the first regular meeting of the Board of Directors. These Officers will also hold those offices on the Board of Directors. If the election of Officers is not held at such meeting, such election shall be held as soon thereafter as is convenient. New Officers may be created and filled at any meeting of the Board of Directors. Each Officer shall hold office until his successor has been duly elected and qualified. See Para. La, d of the D of R's.

Section 3. Removal; Any Board member, ACC member or Officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever, in its judgment, the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the Officer so removed.

Board and/or ACC Member Removal and / or Replacement. Removal of an ACC or Board member will require a majority of votes cast in a mail-ballot recall election by the Association membership, called by the Board of Directors. The vacancy thus created need not be filled unless the Board so elects, or if the Board is reduced to fewer than five members. Members elected to replace a member removed through the recall procedure must be elected by the Association membership.

Section 4. Officer Vacancies: A vacancy in the ACC or Board because of death, resignation, removal, disqualification, or otherwise, may be filled by the board of directors at a public THIA Board meeting for the unexpired portion of the term.

Section 5. Powers and Duties: The several Officers shall have such powers and shall perform such duties as may from time to time be specified in resolutions or other directives of the Board of Directors. In the absence of such specifications, each Officer shall have the powers and

authority and shall perform and discharge the duties of Officers of the same title serving in nonprofit corporations having the same or similar general purposes and objectives as this corporation.

Duties of Officers: Duties shall be as defined and agreed to by the Board of Directors. The ACC Liaison Officer shall closely monitor the activity of the ACC, make status/progress reports to the Board, and assure that all needed coordination between the Board and the ACC is addressed. The Environment Officer will maintain liaison with Officials of Desert Mountain, Tonto National Forest Administration and other organizations in the area, monitor the common area environment and apprise the Board of Directors and the Membership of activities of these organizations and conditions that may affect Association Members.

ARTICLE SIX

Powers, Rights and Duties of the Corporation and Members Thereof

Section 1. **General:** The corporation and its members shall have all the powers, rights, duties and obligations set forth in the Articles of Incorporation of the corporation, these bylaws, rules and regulations pursuant thereto, and recorded restrictions including, but not limited to, any Declaration of Covenants, Conditions and Restrictions affecting the property within Tonto Hills development and as any of the same may be duly adopted or amended. No transfers of membership in the corporation shall be made except as provided in said Articles of Incorporation, bylaws, rules, regulations and restrictions. See para. 1.a,b,c,d,f,h, and paras. 3,4, and 5 of the Declaration of Restrictions.

Section 2. Membership Assessments: Charges sufficient to enable the corporation to perform in the manner herein specified, including adequate "reserves" for unforeseen expenses as may be permitted by law and as may be allowed by the I.R.S., may be assessed against each member. The amount of such assessment, as approved by the THIA membership in accordance with the Declaration of Restrictions, shall be levied by the Board, who shall notify each member subject hereto of such assessment by mailing to the last known address of the member. The assessment shall be due and payable within thirty (30) days after the mailing of such notice. See para. 1.f and h of the Declaration of Restrictions.

Section 3. Corporate Obligations: No member of the Board or ACC shall have the authority to obligate the corporation for professional fees without the approval of the Board of Directors. Further, such expenses shall be properly documented to validate the cost.

Section 4. Complaints: All complaints pursuant to the Declaration of Restrictions shall be made in writing, signed and dated.

Architectural Violations

The ACC will determine if the violation is within the scope of the ACC's responsibilities.

1. Any complaint relating to building a home or modifying the property received by a member of the Board of Directors should be given to the Architectural Control Liaison Officer of the Board who will forward the complaint information to the ACC for their evaluation.
2. After determining if there is a violation that is within the scope of the ACC's responsibilities, an ACC representative will contact the owners who are in violation to inform them of the nature of the violation (either procedural or substantive) and work towards resolving the condition. The ACC can insist that the owner immediately cease the action(s) creating the violation(s)
3. If no agreement is reached or if the owner has not complied with the notice to cease

and desist, the ACC will send a written Notice to the owners with a copy to the Board detailing the violation(s) and what has been done to attempt to settle the dispute.

4. If the owners have not corrected the violation after ten (10) days from the mailing of the Notice, the ACC will notify the Board in writing.
5. The Board will notify the owners who are in violation of the action the Board will take.

Non-Architectural Violations

1. The Board will handle complaints that fall under the scope of the Declaration of Restrictions.
2. All complaints must be received in writing and must be signed by the complainant.
3. The Board will determine if the complaint is deemed to be a violation of the Declaration of Restrictions. Following the determination, the Board will contact the property owner who is in violation either in person or by phone to attempt to resolve the violation.
4. If the violation is not resolved within thirty (30) days, a Notice will be sent to the owners from the Board President or a committee appointed by the Board specifying the exact violation of Declaration of Restrictions and the action the Board will take.

Section 5. Design Review Process: The ACC and all property owners shall comply with the THIA Design Review Process as set forth in Addendum A of these Bylaws.

ARTICLE SEVEN

Books and Records

The corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board of Directors, committees having and exercising any of the authority of the Board of Directors, and the membership committee, and shall keep at the principal office a record giving the names and addresses of the members entitled to vote. All books and records of the corporation may be inspected by any members, or his agent or attorney for any proper purpose at any reasonable time..

ARTICLE EIGHT

Fiscal Year

The Fiscal year of the corporation shall begin on the first day of April in each year and end at midnight on the last day of March of the following year, or as the board of directors may determine.

ARTICLE NINE

Dues

Section 1. Annual Dues: The board of directors shall determine from time to time the amount of the annual dues payable to the corporation by members, subject to the approval of membership at the annual meeting. See IF.

Section 2. Payment of Dues: Dues shall be received by May 31st in each year. Dues of a new member shall be pro-rated from the first day of the month in which such new member becomes a member.

Section 3. Default and Termination of Membership: When any member of any class is in default in the payment of dues for a period of two months from the beginning of the period for which such dues became payable, his membership may thereupon be terminated by the Board of Directors as provided herein above. See Para. I.f, and h of the D of R's. If membership is terminated by the THIA Board of Directors any office held with the THIA Board of Directors or

the Architectural Control Committee shall also be terminated

Section 4. Transfer Fee: The Treasurer of the corporation will collect a reasonable transfer fee for each transfer of property ownership in the development. This transfer fee shall be in compliance with the limits set by the Arizona Revised Statutes.

ARTICLE TEN

Waiver of Notice

Whenever any notice is required to be given under the provisions of any law of the State of Arizona or the Articles of Incorporation or these bylaws or resolution of the Board, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Subject to the laws of the State of Arizona, A.R.S. 10-3812, any meeting of members of the Board at which all members or all Directors, respectively, are present, or with respect to which notice is waived by all absent members or Directors, may be held at any time, for any purpose and at any place, and shall be deemed to have been validly called and held, and all acts done and business conducted at any such meeting shall be deemed valid in all respects.

ARTICLE ELEVEN

Amendment of Bylaws

These bylaws may be altered, amended, or repealed, and new bylaws may be adopted by two-thirds (2/3) of the Directors present at any regular meeting or at any special meeting, if at least five days' written notice is given or intention to alter, amend, or repeal or to adopt new bylaws at such meeting or vote of the members at any regular or special meeting, as the case may be.