

EXHIBIT B

RESTATED ARTICLES OF INCORPORATION
OF

SUN LAKES HOMEOWNERS ASSOCIATION #1, INC.
(A Non-Profit Corporation)

AZ. CORP COMMISSION
FOR THE STATE OF AZ.
FILED

Nov 23 1 33 PM '89

APPR. *[Signature]*
DATE *6/72* FILED -
TERM _____
DATE _____ TIME _____

0988 39-1
Date Filed with Corporation Commission

Includes the Following

- (1) Original Articles of Corporation Incorporated September 19, 1972.
- (2) Amendment #1 - Articles of Amendment Filed July 27, 1981.
- (3) Amendment #2 - Articles of Amendment Filed January 27, 1989.
- (4) Amendment #3 - Articles of Amendment Filed April 4, 1989.

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned, have this day voluntarily associated ourselves together for the purpose of forming a non-profit corporation under the laws of the State of Arizona, and we do hereby adopt the following Articles:

I.

The name of this corporation is SUN LAKES HOMEOWNERS ASSOCIATION, #1, INC.

II.

This corporation, hereafter referred to as "the Association," is a corporation which does not contemplate pecuniary gain or profit to the members thereof and that the purposes for which it is formed are:

- (a) The primary purposes for which this corporation is formed are to establish, own, operate, maintain, and manage community recreational and welfare facilities in Section 31, and that part of Section 30 whose North border is Riggs Road and whose West Border is Price Road all which are located in Township 2 South Range 5 East, Maricopa County, Arizona including facilities to be transferred to the Association by Sun Lakes Development Company, Inc., the developer according to the deed restrictions, purchase contracts and facilities agreements executed between the developer and members of the Association (herein after referred to as "said Property"); to provide for, promote and protect the general and social welfare and interest of the homeowners and residents in "said Property"; and to represent them in matters of public interest.

(b) The general purposes for which this corporation is formed are to operate exclusively for civic, cultural, recreational, educational and charitable purposes. In addition, various other services which further the general purposes, stated herein, may be provided for the benefit of the members of the association. (Amended 4/4/89)

(c) The specific purposes for which this corporation is formed are:

1) To care for vacant, unimproved and unkempt lots in "said property," remove and destroy grass, weeds and rodents therefrom, and any unsightly and obnoxious thing therefrom, and to do any other things, and perform any labor necessary or desirable in the judgment of this association to keep the property, and the land contiguous and adjacent thereto neat and in good order.

2) To pay the taxes and assessments, if any, which may be levied by any governmental authority upon roads and parks in "said property," and any other open spaces maintained, and lands used or acquired for the general use of the owners of lots within "said property," and on any property of this association, or which may be held in trust for this association.

3) To enforce changes, restrictions, conditions and covenants existing upon and created for the benefit of "said property" over which this association has jurisdiction; to pay all expenses incidental thereto; to enforce the decisions and rulings of this association having jurisdiction over any of "said property"; to pay all expenses in connection therewith; and to reimburse any declarant under any declaration of conditions, covenants, restrictions, assessments or charges affecting "said property," or any part thereof, for all costs and expenses incurred or paid by it in connection with the enforcement, or attempted enforcement, of any of the conditions, covenants, restrictions, charges, assessments or terms set forth in any declaration.

4) To improve, light, provide for, beautify, and maintain parks, and other open spaces, including all grass plots, park strips, other planted areas and trees and shrubs within and bordering upon "said property" as shall be maintained for public use, or for the general use of the owners of lots or building sites in "said property," but only until such time as such services are adequately provided by public authority.

5) To pay for the examination and approval, or disapproval, of plans, specifications, color schemes, block plans and grading plans for any building, outhouse, garage, stable, fence, wall, retaining wall, or other structure of any kind which shall be erected, constructed, placed or maintained on "said property," or any part thereof, and for any alteration, condition, changing, repairing, remodeling, or adding to the exterior thereof, and for such supervision of construction and inspection as may be required to insure compliance therewith, including the services of architects and other persons employed to examine and advise upon such plans, specifications, color schemes, block plans and grading plans.

6) To provide for the maintenance of tennis courts, playgrounds, water areas and other community features on land set aside for the general use of the members of said association, and to maintain and operate country club or golf course in proportion to its percentage of membership therein.

7) To do any and all lawful things and acts which this association at any time, and from time to time, shall, in its discretion, deem to be to the best interests of "said property" and the owners of the building sites thereon, and to pay all costs and expenses in connection therewith.

8) Any powers and duties exercised by said association relating to maintenance, operation, construction or reconstruction of any facility provided for herein may be contracted for with any qualified contractor as agent.

9) To fix the rate per square foot or other annual charges or assessments to which "said property" shall be made subject; to collect the charges or assessments affecting "said property"; to pay all expenses in connection therewith, and all office and other expenses incident to the conduct of the business of this association and all licenses, franchise taxes, and governmental charges levied or imposed against "said property" of this association; such charges or assessments shall become a lien on "said property" as soon as due and payable. Settlement of such lien shall be made as determined by the Directors of this association.

(10) To acquire by gift, purchase, or otherwise to own, hold, enjoy, lease, operate, maintain, and to convey, sell, lease, transfer, mortgage, or otherwise encumber, dedicate for public use, or otherwise dispose of real or personal property in connection with the business of this association.

(11) To expend the monies collected by this association from assessments, or charges and other sums received by this association for the payment and discharge of all proper costs, expenses and obligations incurred by this association in carrying out any or all of the purposes for which this association is formed.

(12) To borrow money, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, and to do any and all things that an association organized under said laws of the State of Arizona may lawfully do, and generally to do and perform any and all other acts which may be either necessary for, or property or incidental to the exercise of any of the foregoing powers, and such powers as are granted by the provisions of the laws of the State of Arizona to a non-profit corporation.

(13) To do any and all lawful things which may be advisable, proper, authorized or permitted to be done by this association under and by virtue of any condition, covenant, restriction, reservation, charge, or assessment affecting "said property," or any portion thereof, and to do and perform any and all acts which may be either necessary for or

incidental to the exercise of any of the foregoing powers, or for the peace, health, comfort, safety, or general welfare of the owners of "said property," or any portion thereof, or residents thereon.

(14) To provide a real estate resale and leasing service for the benefit of the members of the association. (Added by amendment 4/4/89)

III.

The principal office for the transaction of the business of this association is located in Sun Lakes, Arizona; provided that it may conduct its affairs and establish other offices both within and without the State of Arizona as the Board of Directors may from time to time determine. (Amended 4/4/89)

IV.

The members of this association shall be all persons who are owners of record of any residential lot in "said property," provided that no person or corporation taking title as security for the payment of money or the performance of any obligation shall thereby become entitled to membership.

Such ownership of a residential lot shall be the only qualifications for membership in this association.

When a lot is owned of record in joint tenancy or tenancy in common, or when two or more residents are purchasing a lot, the membership as to such lot shall be joint and the right of such membership (including the voting power arising therefrom) shall be exercised only by the joint action of all owners of record of such lot.

Membership in this association shall lapse and terminate when any member shall cease to be the owner of record of a lot.

A lot for the purpose of this Declaration of Incorporation shall be taken to be and mean a lot as defined in the protective covenants covering the portion of said property in which the lot is located.

The voting power of members of this association shall be limited to one vote for each lot, as defined in the covenants covering said property.

Each member of this association shall have such interest in all the property owned by this association as is represented by the ratio of the number of votes in this association. Such interest is and shall be appurtenant to the lots which qualify such person for membership in this association. (Amended 4/4/89)

V.

This corporation shall be a non-profit corporation and shall have no capital stock and no dividends or pecuniary profits shall be declared or paid to the directors or officers thereof. No part of the net earnings of the corporation shall inure to the benefit of any director, officer or member of the corporation, or any private

individual, provided, however, that reasonable compensation may be paid for services rendered to the corporation in furtherance of its purposes.

VI.

In the event of the dissolution of this corporation, any assets remaining after the payment of creditors shall be distributed for one or more of the exempt purposes of the corporation or paid over to an organization or organizations described in Section 501(c) (3) and exempt from taxation under Section 501(a) of the Internal Revenue Code of 1954 (or as may hereafter be amended), as selected by the Board of Directors, or failing such selection, selected by the Superior Court of the State of Arizona, County of Maricopa. In no event shall the assets be distributed to any director, officer or member of the corporation or any private individual. (Amended 4/4/89)

VII.

The commencement of the corporation shall be the date of the issuance of a certificate of incorporation by the Arizona Corporation Commission, and it shall endure in perpetuity. (Amended 4/4/89)

VIII.

The affairs of this corporation shall be conducted by a Board of Directors consisting of not less than four (4) nor more than twenty-five (25) persons. (Amended 7/27/81)

IX.

The following persons shall serve as officers of the corporation until their successors have been elected by the Board of Directors and qualified (original incorporators:)

Emanuel Goldstein
500 W. Clarendon
Phoenix, Arizona

Edward J. Robson
36 E. State Avenue
Phoenix, Arizona

Jay R. Greene
1677 E. Maryland, #21
Phoenix, Arizona

James J. Welch
99 W. Northview
Phoenix, Arizona

X.

The power to alter, amend, or repeal the Bylaws or adopt new Bylaws shall be reserved to the members of the corporation. Any such action shall follow the procedure set forth in the Bylaws existing before the action is taken. (Amended 7/27/81)

XI.

The Articles of Incorporation may be amended by a majority vote, by ballot, of the members of the association voting. Voting on the proposed amendments shall be conducted by mail. In no event shall the purposes of the Corporation be changed, and Articles V and VI hereof shall not be changed, altered or amended in any way whatsoever except as may be required to comply with the tax exempt requirements of the United States Treasury Department and the Internal Revenue Department then existing or as they may hereafter be amended. (Amended 7/27/81 and 1/27/89)

XII.

The private property of the directors, officers and members of this corporation shall be forever exempt from its debts and obligations.

XIII.

The highest amount of indebtedness or liability to which this corporation may at any time subject itself is two hundred thousand dollars (\$200,000). (Amended 4/4/89)

XIV.

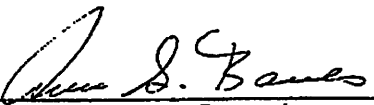
The Sun Lakes Homeowners Association #1, Inc. does reaffirm the appointment of James D. Graham of Tempe, Arizona, who has been a bona fide resident of the State of Arizona more than three (3) years last past, its lawful agent in and for the State of Arizona, for and in behalf of the said corporation to accept and acknowledge service of, and upon whom may be served all necessary process of processes against the said corporation in any of the courts of the said State of Arizona, such service of process or notice or the acceptance thereof by the agent endorsed thereon to have the same force and effect as if served upon the president and secretary of said corporation.

These Restated Articles of Incorporation were duly adopted by the Board of Directors at a meeting held May 8, 1989.

In witness, whereof, we the President and Secretary set our hands this 8th day of May, 1989.



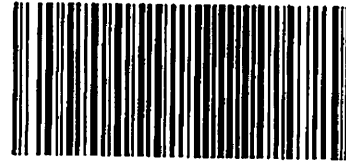
Martin E. Church, President



Ann S. Banes, Secretary

EXHIBIT C

When recorded return to:
Attn: Clint J. Warrell
Sun Lakes Homeowners Assn. #1, Inc.
25601 N. Sun Lakes Blvd.
Sun Lakes, AZ 85248
(480-895-9270)



OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2011-0847753 10/13/11 09:40 AM
1 OF 1

MURSEL

**RESTATED BYLAWS OF
SUN LAKES HOMEOWNERS ASSOCIATION #1, INC.
(A Non-Profit Corporation)
(Includes Amendments Through 02/21/2011)**

**ARTICLE I
NAMES, OFFICES, MEMBERSHIP AND VOTING**

Section 1. Name

The name of this corporation is **SUN LAKES HOMEOWNERS ASSOCIATION #1, INC.**, with principal offices at 25601 North Sun Lakes Boulevard, Sun Lakes, Arizona, 85248. Notwithstanding the location of the principal office for the affairs of the corporation, the Arizona Corporation Commission shall be given the name and address of the current Statutory Agent as the principal office for purposes of receiving all legal notices and mail from the Corporation Commission.

Section 2. Hereafter Association

This corporation, hereafter referred to as "the Association" is a corporation which does not contemplate pecuniary gain or profit to its members, and shall at all times comply with whatever laws or requirements set forth by the United States Treasury Department or the Internal Revenue Service to maintain its tax exempt status under the laws as they now exist or as they may hereafter be amended.

Section 3. Membership and Members (Amended 2/21/89)

Membership in this Association shall be limited solely to those individuals owning one or more residential lots in Section 31, and that part of Section 30 whose North border is Riggs Road and whose West border is Price Road, all of which are located in Township 2 South Range 5 East, Maricopa County, Arizona, (hereinafter referred to as "said property") and have paid all dues and assessments. Those persons shall be hereinafter referred to as "qualified members."

Section 4. Voting (Amended 2/21/89, 7/15/91)

The recorded deed shall be evidence of ownership to the owners of record. In the event any lot is owned or is being purchased by two or more persons, other than husband and wife, said owners shall designate to the Association, in writing, the one of their number who shall have the power to vote at any and all meetings of the members, or in any vote conducted by mail or hand delivered ballot. Any member owning more than one lot shall be entitled to one vote for each lot at any meeting or in any vote conducted by mail or hand delivered ballot.

Section 5. Age Limitation (Amended 7/15/91)

Sun Lakes is intended for and operated for occupancy in at least 80% of its units by at least one person 55 years of age or older per unit. The Association is directed to maintain significant facilities and services specifically designed to meet the physical or social needs of older persons.

The Association shall require that at least 80% of the units be occupied by at least one person 55 years of age or older and that all units be occupied by at least one person 40 years of age or older. The Association shall publish and adhere to policies and procedures which demonstrate an intent on the part of Sun Lakes to provide housing for older persons. No person who has not yet reached their 19th birthday shall reside permanently in Sun Lakes.

Section 6. Membership Cards

A membership card shall be issued to each qualified member.

Section 7. Facilities Agreement

Every property owner must execute a facilities agreement in the form required by the Association obligating the property owner to pay all assessments when due. The facilities agreement shall obligate the property owner to pay assessments whether or not the property owner uses the facilities. The property owner must be joined in the facilities agreement by each and every joint or other co-owner of the property on which eligibility is based.

Section 8. Rights and Privileges (Amended 7/15/91)

Privileges of members shall be the right to vote, to use all available facilities, subject to the rules of the Association, to become members of all Association clubs using Association facilities and to participate in all activities of said clubs. Members shall have certain guest privileges as provided in the rules and regulations of this Association.

With reference to the right to vote, any issue brought before the Association which requires a vote of the membership, such vote may, at the discretion of the Board of Directors, be conducted by mail or hand delivered ballot.

**ARTICLE II
MEMBERSHIP MEETINGS**

Section 1. Annual Meeting (Amended 2/21/89, 7/15/91)

The annual meeting of the members shall be held on the first Tuesday in March of each year. In the event said meeting date falls on a holiday, the meeting shall be held on the day following the holiday.

Section 1(a). Special Meetings

Special meetings may be held in the Association clubhouse at such time as determined by the Board of Directors pursuant to notice.

Section 2. Notice of Meetings (Amended 7/15/91)

Notice of annual and any special meetings shall be mailed or hand delivered to the last known address of each member household as same appears on the records of the Association not less than ten (10) nor more than fifty (50) days before such meeting. (A.R.S. 33-1804B)

Section 3. Presiding Officers (Amended 2/21/89)

The President, or in his/her absence a Vice President, shall call meetings of the members to order and shall act as Chairman thereof. The Secretary of the Association shall act as Secretary at all meetings. The Presiding Officer may appoint any person to act as Recording Secretary.

Section 4. Quorum (Amended 2/21/89, 2/21/94, 11/03/97)

The presence of members representing five percent (5%) of the lots shall constitute a quorum at the annual or any special meetings.

Section 5. Adjourned Meeting

If, at any Annual or Special meeting a quorum shall fail to attend in person, a majority of those members attending in person at the time said meeting is called may, at the end of one hour, adjourn the meeting from time to time without further notice until a quorum shall attend, and thereupon any business may be transacted which might have been transacted at the meeting as originally called had the same been then held.

Section 6. No Proxy

All members shall present a membership card in order to exercise any vote, except in cases of mail balloting. No proxy votes shall be permitted.

Section 7. Special Meetings (Amended 2/21/89)

Special meetings of the members of the Association may be called by the President or by the Board of Directors. When a petition is signed by at least ten percent (10%) of the members entitled to vote (one signature per lot) and is submitted to the Secretary requesting a special meeting, such meeting shall be called by the Board of Directors. Within forty-five (45) days from date said petition is filed with the Secretary, a meeting shall be held.

Section 8. Rules of Order

The rules in Roberts Rules of Order, Newly Revised, shall govern in all membership meetings where they are not in conflict with these Bylaws, the Articles of Incorporation, or the laws of the State of Arizona.

**ARTICLE III
BOARD OF DIRECTORS**

Section 1. Number of Directors (Amended 2/21/11)

This Association shall be managed and controlled by a seven (7) member Board elected by the members of the Association.

Section 2. Term of Office (Amended 2/21/94, 2/21/11)

The term of office for a Director shall be for three years. The term shall be staggered so that each year the seats that have been occupied for three years shall become vacant and shall be refilled.

No Director shall hold that office for more than two (2) consecutive three (3) year terms. No Director, after serving two (2) consecutive three (3) year terms, may serve as a Director again until out of office for no less than one (1) year. This term limitation is effective for Directors whose terms commence March 1994 and thereafter.

Section 3. Term Begins

The newly elected Directors shall take office on the first Tuesday of March on the date of the Annual meeting. Before that date the Board of Directors shall meet for the purpose of organization and election of officers.

Section 4. Nomination Committee (Amended 2/21/89)

A Nominating Committee consisting of a minimum of five (5) members of the Association, and who are not members of the Board of Directors, shall be appointed by the Board of Directors. This committee shall elect one of its members to serve as Chairperson.

Section 5. Eligibility

To be eligible to be a Director of this Association, a nominee shall:

- (a) Be a qualified member and property owner who lives in that Sun Lakes Country Club property six (6) or more months a year, who has owned his/her Sun Lakes Homeowners Association #1 home for at least two (2) years and is willing to attend a minimum of eighteen (18) Board meetings per year, either in person or through teleconferencing, and attend in person all budgetary Board meetings called during October of each year. (Amended 2/21/89, 11/03/97, 2/18/03, 2/21/11)

- (b) Be a paid-up member.
- (c) Be forty (40) years of age or over.
- (d) Have presented a biographical sketch of no more than 250 words at the Association office on or before December 15 preceding the election in which he/she is a candidate for a Directorship. (Amended 2/21/94)
- (e) Any person who was elected or appointed to a Directorship and has subsequently resigned from that Directorship before expiration of his/her term will not be eligible to run again or be appointed again to a Director's position for at least one (1) year after the term the Director was to fulfill. This requirement will not apply to a Director who, because of certified temporary physical impairment, finds it necessary to resign and later decides to run again. (Amended 11/03/97)
- (f) Any employee of the Association or any person under contract with the Association shall not be eligible to serve as a Director of the Association. (Added by 2/21/89 Amendment and Amended 11/03/97)

Section 6. Certification of Eligibility

The Nominating Committee shall determine the nominees willingness to serve and shall certify to the Secretary the eligibility of all nominees in accordance with the criteria set forth in Section 5 hereof.

Section 7. Report and Nominations (Amended 2/21/89)

The formal nomination of the nominees shall be made at the Open Board Meeting held on the second Tuesday in January. In the event said meeting falls on a holiday, such meeting shall be held on the day following the holiday. The Nominating Committee Chairperson shall present and nominate the candidates. A meet your candidates period shall be an item on the agenda for this meeting.

- (a) Any member may be nominated from the floor who shall possess the necessary qualifications which are required under these Bylaws. All nominees from the floor shall be certified in the same manner as all other nominees within twenty-four (24) hours following the meeting.
- (b) Any eligible member may be nominated by a petition signed by at least fifteen (15) qualified members, one signature per lot owned. Completed petition(s) shall be delivered to the Nominating Committee prior to

December 15th of the year preceding the next election of Directors.
(Amended 2/21/89)

Section 8. Posting Nominees

The names of the nominees, with their biographical sketches, shall be posted in the clubhouse by the Nominating Committee for a period of thirty (30) days prior to election.

Section 9.

- (a) **Election of Directors**
Election of Directors by the Association membership shall be held on the third (3rd) Monday in February of each year, by secret ballot. The Board of Directors shall have the election conducted by mail or hand delivered ballot. The polls will be closed at 10 p.m. (Amended 2/21/89, 7/15/91)
- (b) **Voting**
Qualified members shall cast one vote per lot for each candidate for the number of Directorships to be filled at the election. There shall be no cumulative voting and there shall be no proxies allowed in voting for Directors. (Amended 2/21/89)
- (c) **Elections Committee**
The President shall provide for the conduct of the election by appointing five (5) members to the Elections Committee. The Elections Committee shall supervise the volunteer poll workers and tellers. The Elections Committee shall establish procedures for carrying out the election subject to the approval of the Board. The President shall appoint one of the selected Elections Committee members to serve as the chairperson. (Amended 2/21/89)
- (d) **Absentee Voting**
Procedures for absentee voting or voting by the handicapped shall be provided by the Elections Committee to insure that all members, wherever they may reside, have the opportunity to vote in election of Directors.
- (e) **Election Observation (Added by 11/03/97 Amendment)**
Any member may observe the ballot counting but may not comment or participate.

- (f) **Election Results**
Those candidates in number equal to the number of Directorships to be filled and receiving the highest number of votes shall be deemed to be elected. The names of the Directors elected shall be posted on the clubhouse bulletin board immediately after the ballots have been counted and the results canvassed, and certified to the Secretary. The names of the elected directors shall also be published in the Association publication. The tally of votes is available at the office. (Amended 2/21/89, 11/03/97)
- (g) **Tie Votes** (Added by 2/21/89 Amendment and Amended 11/03/97) In the event of a tie vote between candidates where there is a question of who shall serve on the Board or for what term, such tie vote shall be resolved by the flip of a coin among the candidates involved. The resolution of the tie shall be conducted by the chairperson of the Elections Committee.
- (h) **Recount** (Added by 11/03/97 Amendment)
In the event of a close or tie vote, any candidate may request a recount and may be present for the counting. If no recount request is made within thirty (30) days, the ballots may be destroyed.

Section 10. Regular Meetings

There shall be a minimum of nine (9) monthly Open Board of Directors meetings during each calendar year. Such meetings shall be open to all qualified members of the Association. The date, time and place shall be set by the Board and shall be publicly announced and posted at the Association clubhouse.

Section 11. Special Meetings and Actions Without a Meeting (Amended 11/03/97)

Special meetings of the Board may be called by the President or by four or more of the Directors. Notice of such meetings shall be given to all Directors not less than twenty-four (24) hours before the meeting time and shall state the purpose of the meeting. The Directors may act without a meeting in accordance with A.R.S. 10-3821 provided that the action taken is reduced to writing and officially signed by the Board of Directors.

Section 12. Quorum

Presence of a majority of the Board members shall constitute a quorum.

Section 13. Vote

The vote of the majority of the Directors present at any meeting in favor of, or against, any question shall prevail. The Chair shall vote only in the event of a tie.

Section 14. Vacancy (Amended 7/15/91, 2/21/94, 2/21/2011)

In the event of a vacancy on the Board of Directors through death, resignation, or other cause, the remaining Directors shall appoint a successor within six (6) weeks of any vacancy who shall hold office only until the next annual election of Directors. If there exists an unexpired term at the time of the annual election of Directors.

(a) **Notification** As long as a vacancy exists, it shall be published as follows: it will be announced at all open board meetings and member meetings. It shall be posted on the bulletin board, on the web site, and on the front page of the Association's publication. These notifications shall begin no more than ten days following the vacancy and shall continue until all such vacancies are filled.

(b) **Eligibility** The board shall select the successor from eligible applicants. Those homeowners who were candidates in the previous Board of Directors' election, received the next highest votes and received over seventy-five (75) votes shall be selected over other eligible candidates. Previously recalled directors shall not be eligible for appointment. Anyone appointed to fill a vacancy must have all the qualifications provided by the Bylaws in Article III, Section 5.

(c) **Unexpired Terms** If there exists unexpired terms at the time of the annual election of Directors, the candidates polling the 4th, 5th, etc., highest number of votes shall be designated to complete the unexpired terms. The length of the unexpired term served by a member filling a vacancy (either by appointment or election) shall not be considered as part of the term limitations set forth in Section 2 of this Article.

Section 15. Removal – (Deleted by 2/21/11 Amendment)

Section 15 (a). Recall of Director(s) (Amended 7/15/91)

A Director may be subject to recall for cause. "Cause" must relate to, and affect the administration of the office of Director and must be restricted to something of a substantial nature directly affecting the rights and interests of the members of the Association.

1. After charges are filed against a Director with the Board of Directors, a petition containing the valid signatures of 10% of qualified voting members must be filed with the Secretary.

2. A petition for recall must state specific charges against the Director(s) being recalled. Upon filing the petition with the Secretary, the Secretary shall within 48 hours give written notice to the Director against whom it is filed.
3. The Notice shall state that a recall petition has been filed, it shall set forth the grounds thereof, and it shall notify the person to whom it is addressed that he/she has the right to prepare and have printed on the ballot a statement defending his/her official conduct. If the Director fails to deliver the defending statement to the Officer giving notice within ten (10) days thereafter, his/her statement shall not be printed on the ballot, and shall be considered waived.
4. After the filing of a valid petition has taken place, the Board of Directors shall provide for a recall election to take place within sixty (60) days, and shall provide a ballot for all qualified members so that all members of the Association can vote. Such vote shall be conducted by mail or hand delivered ballot.
5. Within five (5) days of receipt of Notice, if the Director(s) subject to recall tenders a voluntary resignation with the Officer with whom the petition was filed, the resignation shall be accepted by the Board of Directors, and a vacancy shall exist. In this circumstance, no recall election will take place. If a resignation is filed after five (5) days, the Board of Directors shall not accept the resignation, and the recall election shall proceed.
6. Any member signing a recall petition must be in good standing, and must place his/her signature on the petition in his/her handwriting. Unit number and lot number of each signer shall be indicated on the petition.
7. The petitioner shall form a committee of three (3) which will be the Committee of Petitioners, all three having signed the petition. This committee shall inform the petition circulators of the requirements of signators, shall be available for contact by the Board of Directors in matters relating to the petition, and shall be responsible to clear up any defects in the petition.

Section 16. Duties of the Board of Directors

The Board shall have the following managerial duties and responsibilities:

- (a) To establish and execute the policies of the Association.
- (b) To establish such committees as the Board determines are necessary in addition to those provided for in these Bylaws.

- (c) To manage the affairs and accounts of the Association.
- (d) To have the Treasurer's accounts audited at the end of each fiscal year.
- (e) To elect the Association officers as provided in Article III, Section 3 of these Bylaws.
- (f) To make necessary appointments and to perform such other duties as provided by these Bylaws.
- (g) To exercise all financial, legal, and other powers of the Board as are stated in these Bylaws, the Articles of Incorporation, and any other powers granted under the laws of the State of Arizona.

Section 17. Corporate Seal

The Board of Directors shall provide a suitable seal containing the name of the corporation and the words, "Incorporated, Arizona 1972." However, a corporate seal shall not be requisite to the validity of any instrument executed by or on behalf of the corporation.

Section 18. Indemnity

This Association shall have the power to indemnify any person who was or is a party to or is threatened to be made a party to any threatened, pending, or contemplated action, suit, or proceeding, whether civil, criminal, administrative, or investigative or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a member, director, officer, employee, or agent of the Association or is or was serving at the request of the Association as a member, director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise in accordance with the laws of the State of Arizona, and specifically A.R.S. 10-3202 as it now exists or may hereafter be amended.

**ARTICLE IV
OFFICERS**

Section 1. Composition (Amended 2/21/94)

The executive officers of this Association shall be a President, a First Vice President, a Second Vice President, a Secretary and a Treasurer and such other officers as the Board shall appoint from time to time. The President, the First Vice President, the Second Vice President, the Secretary and the Treasurer shall be elected from the members of the Board of Directors. Such officers shall be elected at the Organizational Meeting provided for in Section 2 of this Article. Also at the Organizational Meeting the executive officers, along with the other Board members, shall appoint a person to serve as Assistant Secretary/Treasurer and/or other officers as needed. Such person(s) shall be an ex-officio member of the Board of Directors but shall not have the right to cast votes in any of the meetings.

Section 2. Election (Amended 2/21/89)

The executive officers of the Association shall be elected each year by the Board of Directors after the election of Directors by the Association membership, and not later than the last day in February of each year. Such election of officers shall be held in an Organizational Meeting called for that purpose. The method by which the election shall be conducted will be by secret ballot.

Section 3.

Each officer elected shall serve for the term of one year, or until a successor is elected.

Section 4. Removal

Any officer may be removed on a resolution for cause by the affirmative vote of a majority of all the Board members.

Section 5. Duties and Responsibilities

- (a) The President shall:
1. Be the Chief Executive Officer and shall act as directing head of the Association subject to the policies established by the Board of Directors, these Bylaws, and the laws of the State of Arizona.
 2. Preside at all meetings.
 3. Require that the Board's directives and the rules and regulations relating to the administration of the Association are carried out by management.
 4. Appoint, with the approval of the Board, committees of the Board.
 5. Have the outgoing President give a report of the proceedings and activities of the Association during his term of office at the March Annual Meeting.
 6. Exercise any and all other powers necessary or incidental to the office of President.

(b) Vice Presidents shall:

- 1. In the absence of the President, the First Vice President shall act as President. In the absence of both of these officers, the Second Vice President shall act as President. Either Vice President acting in the President's absence shall have the duties and responsibilities of the President.**

(c) The Secretary shall:

- 1. Be the keeper of records of the Association and be responsible for recording all resolutions and proceedings of meetings of the Board and of membership meetings.**
- 2. Permit any member in good standing to examine the records of the Association during normal business hours. Any examination of the records shall be consistent with the provisions of A.R.S. 33-1805A.**

The purpose of the examination must be stated in writing. Further, only records relevant to the stated purpose shall be made available for such examination.

- 3. Maintain a membership roll through the accounting office.**
- 4. Issue all notices required under these Bylaws.**
- 5. Perform all duties incidental to the office of Secretary to the Association and such other duties as are assigned.**

(d) The Treasurer shall:

- 1. Be responsible for receiving and disbursing Association funds.**
- 2. Deposit or invest with the approval of the Board all Association funds in U.S. government obligations, obligations of agencies of the United States government, highest rated commercial paper, or in banks or savings institutions insured by an agency of the United States government.**
- 3. Report the Association's financial standing at each regular meeting of the Board and at each membership meeting.**

4. **Make Association disbursements only as provided in the budget or as directed by the Board of Directors. Check signers may be any of the following officers: Treasurer, Assistant Treasurer, President, or First Vice President. Additional official signers may be designated by the Board of Directors. (Amended 2/21/89)**
5. **Prepare the annual report of the Association's financial standing for approval of the Board and for presentation at the annual meeting.**
6. **Fidelity Bonds: The Treasurer and each other person designated by the Board as an authorized signer on behalf of the Association for any matters relating to the receipt or disbursement of funds including signators on the Association banking account shall procure a fidelity bond in the amount to be established by the Board and the premium therefor shall be paid by the Association as an operating expense.**

**ARTICLE V
AMENDMENTS TO BYLAWS AND
ARTICLES OF INCORPORATION**

Section 1. Adoption of Amendments

These Bylaws and the Articles of Incorporation may be amended by a majority vote, by ballot, of the members of the Association voting. Voting on proposed amendments shall be conducted by mail or hand delivered ballot.

- (a) **The proposed amendment must be presented to the Board of Directors at least forty (40) days prior to the date on which the vote on the amendment is to be taken.**
- (b) **The proposed amendment must be made to conform to the form and language usage of the Bylaws or the Articles of Incorporation as the case may be.**
- (c) **The Board of Directors shall prepare a report and ballot describing the effect of such proposed amendment and notice thereof which shall be posted at the clubhouse at least thirty (30) days before the vote is taken. Such report and ballot shall be mailed or hand delivered to all members at their home addresses at least twenty (20) days before the vote is taken. (Amended 7/15/91)**

Section 2. Voting and Effective Date

The proposed amendment or amendments shall be voted on by the members of the Association after proper notice has been given. If the proposed amendment to the Bylaws is approved by a majority of the members voting, that amendment becomes effective immediately. If the proposed amendment to the Articles of Incorporation is approved, the Board shall take appropriate steps to present the amendment to the Arizona Corporation Commission, and that amendment shall be effective upon compliance with the laws of the State of Arizona.

Section 3. How Proposed

Amendments may be proposed by:

- (a) The Board of Directors.
- (b) The membership at any annual or special meeting. (Amended 2/21/89)
- (c) A petition, containing a number of valid signatures equal to at least ten percent (10%) of the qualified members (one signature per lot) of the Association.

Section 4. Notice of Amendment

All adopted amendments shall be published in the Association publication and posted on the bulletin board in the clubhouse for a minimum of thirty (30) days.

Section 5. Limitation

In no event shall any amendment to either the Articles of Incorporation or the Bylaws be allowed which would change, alter, repeal or modify Article V or VI of the Articles of Incorporation except as may be required to comply with the tax exempt requirements of the United States Treasury Department and the Internal Revenue Service then existing or as may hereafter be amended, or which would render the Association unable to comply with all requirements necessary for this corporation to continue to be qualified as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1954 and its regulations as they now exist or as they may hereafter be amended, or as a corporation, contributions to which are deductible under Section 170(c)(2) of such code and regulations as they now exist or as they may hereafter be amended.

**ARTICLE VI
ASSESSMENTS**

Section 1. For Maintenance and Reserve

The Association shall own, develop, maintain, operate and otherwise regulate and manage the properties conveyed to the Association and shall pay all real estate taxes which may be assessed against and levied upon any of said tracts and any improvements located thereon and all premiums for required insurance. The Board of Directors shall further determine and establish a fair and reasonable reserve for development, repair and maintenance of said areas and improvements located thereon.

Section 2. Annual Dues

The amount of the annual dues payable by each property owner shall be set by a majority vote of the Board of Directors. The amount of such dues cannot be raised by the Board of Directors by more than 10% of the preceding year's dues. Any amount exceeding 10% must be approved by a majority vote of the members voting. Such a vote shall be conducted by mail or hand delivered ballot. (Amended 7/15/91; Returned to original verbiage 9/7/11)

Section 3. Special Assessments

Special assessments may be assessed and collected as proposed by the Board of Directors, but must be approved by a majority vote of the members voting by mail or hand delivered ballot. (Amended 7/15/91)

Section 3(a). Buyer's Capital Investment (Amended 2/19/2008)

A Buyer's Capital Investment ("BCI") shall be paid by the purchasers or grantees of member property to offset major maintenance, repair, replacement, remodeling, and costs of new construction of the Association's facilities. The specific allocation of BCI funds shall be established or directed at the discretion of the Board of Directors. The BCI shall be due and payable by the new owner(s) at the time a new deed is recorded on the property. The amount of the BCI, which will be determined by the Board of Directors, shall not exceed 1.5 times the annual dues most recently charged to current members of the Association, as of the date of close of escrow. The BCI does not apply to transfers pursuant to devise or intestate succession; or transfers for estate planning purposes, such as placement into a family trust.

Section 4. Establishment of Dues and Due Dates

The Board of Directors shall, no later than December 1st of each year, determine the amount and date due of the annual dues for the following calendar year. (Amended 7/15/91)

Section 5. Penalties for Default (Amended 11/03/97)

- (a) **When any member shall be in default in payment of the annual dues or a special assessment for a period of one (1) month after the date when such annual dues or special assessment becomes payable, the member shall be delinquent. If such annual dues or special assessment is not paid by the member before delinquency, that member shall be subject to a penalty to cover the administrative costs, expenses, and efforts incurred by the Association before the matter is finally turned over to an attorney for legal proceedings not to exceed rates established by the Arizona Statutes. (Amended 11/03/97)**

- (b) **In the event of delinquency the Board of Directors shall cause a lien to be filed in the Office of the Maricopa County Recorder. Delinquent accounts may be posted on the bulletin board at the clubhouse. (Amended 11/03/97)**

- (c) **The Board of Directors may, at any time thereafter, institute a foreclosure action of said lien in the manner provided by the laws of the State of Arizona for the foreclosure of realty mortgages provided, however, that any such lien shall not affect in any way a mortgage now of record or which may hereafter be placed on record upon said parcels or any part thereof which was duly filed and recorded before the filing of the said lien for delinquent annual dues or special assessments.**

Section 6. Assessment for Failure to Maintain Property

In the event any member shall fail to maintain his property in Sun Lakes Homeowners Association #1, Inc., and the improvements located thereon in a manner satisfactory to the Board of Directors, the Board of Directors, through its agent and employees, shall have the right to enter upon such property and to restore the premises and the exterior of any improvements situated thereon, and the cost thereof shall be charged against said owner of said property.

Any such charge or assessment shall become a lien upon said property and may be foreclosed as provided in the Declaration of Restrictions affecting said property. The Board of Directors, however, shall first give written notice to the member of its intention to perform such maintenance or rehabilitation work and afford the member thirty (30) days time within which to make such necessary repairs or maintenance work. If, at the end of said thirty (30) day period the work to be performed has not been performed by the owner to the Board's satisfaction, then the Board of Directors shall have the right as set forth herein, to perform such maintenance, repairs or rehabilitation work. (Amended 7/15/91)

Section 7. Board's Power to Adopt/Enforce Rules

The Board of Directors shall have the power to adopt and publish rules and regulations governing the use of all existing properties and tracts and any additional properties and tracts conveyed to the Association, and such rules and regulations shall be binding upon the members of this Association.

Failure or refusal to abide by Association Rules and Regulations or Deed Restrictions shall result in a written notification from the Board, or the Board's designated representative, to the offending member, identifying the specific Rule and Regulation, or Deed Restriction, which is being violated, and giving the member a suitable period of time, not to exceed 30 days, in which to correct the violation or come into compliance with the Rules, Regulations and Deed Restrictions. If the member does not take appropriate steps to remedy the violation within the time period expressed, the Board of Directors may levy a fine or penalty upon the member, which fine, if not paid, shall be added by the Board to the member's annual dues, and may be made into a lien on the property in the same manner as the lien of assessment may be exercised as provided for in these Bylaws and the Deed Restrictions.

Section 8. Legal Fees, Penalties and Interest

If legal services are necessary on behalf of the Association to collect delinquent annual dues, special assessments, assessments for failure to maintain property and enforcement of rules, the member shall pay all costs and attorneys fees as actually incurred by the Association, including penalties and accrued interest. (Amended 7/15/91)

Section 9. Interest

Any costs or expenses incurred by the Association pursuant to enforcement of these Bylaws shall bear interest at the rate of 12% per annum from the date incurred, until paid. (Amended 7/15/91)

**ARTICLE VII
ASSOCIATION COMMITTEES**

Section 1. Constitution of Committees

The Board of Directors of Sun Lakes Homeowners Association #1 shall establish such standing or temporary committees as are necessary to assist the Board in properly conducting the affairs of the Association.

Section 2. Standing Committees

(a) **Budget and Finance**

This committee shall assist the Board in supervising and controlling the financial policies of the Association, which shall include ways and means

of obtaining funds to meet the budget. It shall also assist the Board with the preparation of the annual budget.

(b) Architectural Committee (Heading Changed by 2/21/89 Amendment and Amended 11/03/97)

This committee shall accept and study all plans and specifications submitted by members of this Association for the building of an addition, fence, cabana, steps, screen, or other structures or improvements to an existing home and shall make its recommendations to the Board of its approval or disapproval within ten (10) days after receiving the same.

Section 3. Appointment of Special Committees

The President shall appoint one qualified member of the Association as Chairperson of any committee. This Chairperson shall appoint additional members to said committee not to exceed eight (8) additional members. The President shall nominate a member of the Board of Directors to serve as a non-voting member of each committee, said nomination to be confirmed by a majority vote of the Board of Directors. This designated Board member shall:

1. Communicate Board directives to the committee.
2. Obtain Board assistance for committee work.
3. Assure that the committee is functioning in accordance with the policies and directives of the Board.
4. Communicate the activities between committees working on overlapping assignments.

Section 4. Committee Minutes (Amended 11/03/97)

All committees may keep minutes of all committee meetings which shall be signed by the Chairperson of the committee.

Section 5. Conflict of Interest (Added by 2/21/89 Amendment, Deleted by 11/03/97 Amendment)

ARTICLE VIII

Adoption

These Restated Bylaws were prepared to include the amendments that were adopted February 21, 2011 by a majority vote of the members of the Association voting on these Bylaws.

Jean K. Tolar
PRESIDENT

ATTEST:

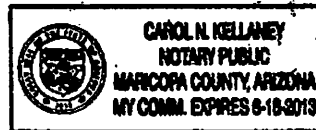
~~_____
SECRETARY~~

STATE OF ARIZONA

COUNTY OF MARICOPA

The foregoing instrument was acknowledged before me, a Notary Public, this 22 day of Sept 2011, by JEAN K. TOLAR, the President and ~~by _____~~, Secretary, of SUN LAKES HOMEOWNERS ASSOCIATION #1, INC., an Arizona corporation, for and on behalf of the corporation.

Carol N. Kellaney
NOTARY PUBLIC



ARTICLE VIII

Adoption

These Restated Bylaws were prepared to include the amendments that were adopted February 21, 2011 by a majority vote of the members of the Association voting on these Bylaws.

~~_____
PRESIDENT~~

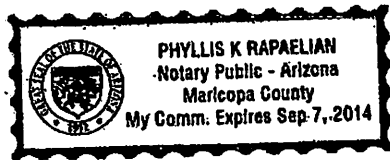
ATTEST:

Collette McNally
SECRETARY

STATE OF ARIZONA

COUNTY OF MARICOPA

The foregoing instrument was acknowledged before me, a Notary Public, this 26 day of Sept, 2011, by ~~_____~~ the ~~President~~ and by Collette McNally, Secretary, of SUN LAKES HOMEOWNERS ASSOCIATION #1, INC., an Arizona corporation, for and on behalf of the corporation.



Phyllis K. Rapaelian
NOTARY PUBLIC

