

AMENDMENTS TO  
BYLAWS OF  
VACTOR RANCH COMMUNITY ASSOCIATION

The Board of Directors of Vactor Ranch Community Association, pursuant to Article XII of the Bylaws, upon the vote of a majority of a quorum of the Directors at a meeting of the Board held on July 11, 2006 adopts the following amendments to the Bylaws dated July 1, 1996.

1. Article III, Section 5 - Proxies states:

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

Such Section 5 is deleted and is replaced by the following:

Section 5. Voting. In accordance with Arizona law, proxy voting is not permitted. The Association will provide for votes to be cast by the members in person and by absentee ballot. Votes cast by absentee ballot are valid for the purpose of establishing a quorum. Any action taken at an annual or special meeting of the members must comply with all of the following:

- a. The absentee ballot must set forth each proposed action.
- b. The absentee ballot must give the Member the opportunity to vote for or against each proposed action.
- c. The absentee ballot is valid for only one specified election or meeting of the members and expires automatically after the completion of the election or meeting.
- d. The absentee ballot must specify the time and date by which the ballot must be delivered to the Board to be counted, which must be at least seven days after the date that the Board delivers the absentee ballot to the member.
- e. The absentee ballot cannot authorize another person to cast votes on behalf of the member.

2. Article IV, Section 2 states:

Section 2. Term of Office. At the first annual meeting following termination of the Class B membership, the Members will elect a Board to be divided into three (3) classes, as nearly equal in number as may be, the term of office of those of the first class to expire at the first annual meeting of Members after their election, the term of office of those of the second class to expire at the second annual meeting of the Members after their election, and the term of office of the third class to expire at the third annual meeting of the Members after their election. At each annual election of Directors held after the classification and election described in the preceding paragraph, Directors chosen to succeed those whose terms expire will be elected for a term of office to expire at the third annual meeting of Members after their election.

Such Section 2 is deleted in its entirety and replaced by the following:

Section 2. Term. The Members will elect the members of the Board of Directors at the annual meeting of the Members by a vote of a majority of the Members present either in person or by absentee ballot. The members of the Board may succeed themselves indefinitely, but in no instance can more than one Owner of a Lot serve on the Board at any one time. The Directors will serve staggered three-year terms. Beginning with the annual meeting in 2007, there will be five directors, or as many directors as determined by the Board. Of the five directors, one will be elected in 2007, two will be elected in 2008 and two will be elected in 2009. If the number of directors is decreased the number of directors to be elected at the annual meeting will be adjusted accordingly. All elections of Directors will be for terms that preserve the staggering of terms as provided in this Section, accounting for adjustments to be made if the number of directors is reduced or increased.

3. Article IV, Section 3 states:

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of the death, resignation, or removal of a Director, his successor will be selected by the remaining Members of the Board and will serve for the unexpired term of his predecessor.

Such Section 3 is deleted and replaced by the following:

Section 3. Resignation or Removal.

a. Removal.

i. As required by the Act, at any regular or special meeting of the Association at which a quorum is present, any member of the Board can be removed by the Members, with or without cause, by the vote of a majority of the Members who are voting. For purposes of the removal of a director, a quorum exists if 20% of the owners are present at the meeting, or have returned an absentee ballot. The procedure for removing directors is as follows:

- (1) A petition requesting the removal of a Board member must be submitted to the Board and signed by the Owners entitled to cast at least 25% of the votes in the Association.
- (2) Once the petition has been received by the Board, the Board must provide notice of a special meeting of the Association to the Members at least 10 days before the meeting. Such notice must be either hand-delivered or sent by first class mail to the mailing address for the Owner as reflected in the Association records. An absentee ballot must be sent with the notice of the special meeting in

accordance with the requirements in these Bylaws and give the Member the right to vote for or against the removal of the named director who is proposed to be removed.

- (3) The special meeting must be held within 30 days from receipt of the petition requesting the removal of a director.
- (4) If a director is removed by a vote of the Members, the remaining members of the Board of Directors will appoint a replacement to serve until the next annual meeting of the Members at which time a successor will be elected to fill the unexpired term of the Director who was removed.
- (5) A petition asking for the removal of the same member of the Board cannot be submitted more than once during each term of office for that Board member.
- (6) Any Director whose removal has been proposed must be given an opportunity to be heard at the meeting.

- ii. In the event that a Director is removed under Article VII, Section 1(d), the remaining Directors may appoint a replacement to serve for the unexpired term of the Director being removed, or may, in its sole discretion, elect to reduce the number of directors and not replace the director being removed, so long as there are at least three remaining directors.

- b. Resignation. In the event of the death or resignation of any director, the Board is not required to replace the directors who have resigned to serve for the expired term of the director, so long as there are not less than three directors serving on the Board.

4. Article V, Nomination and Election of Directors, Sections 1 and 2 state:

Section 1. Nomination. Nomination for election to the Board may be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee will consist of a Chairman, who will be a Member of the Board, and two or more Members of the Association. The Nominating Committee may be appointed by the Board prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment may be announced at each annual meeting. The Nominating Committee will make as many nominations for election to the Board *as* it will in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members at the annual meeting.

Section 2. Election. Election to the Board of Directors will be by secret written ballot. At such election the Members will cast as and their proxies may cast, in respect to each vacancy, as many votes *as* they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes will be elected.

Article V, Section 1 and 2 are deleted and replaced by the following:

Section 1. Nomination. At least 60 days before the Annual Meeting, the Board will determine whether the number of Directors should be increased or decreased. It will then appoint a Nominating Committee to obtain a list of names of Owners who desire to serve on the Board to be elected at the annual meeting and the Nominating Committee will inform the Members that it is accepting the names of persons to serve on the Board and provide a date by which the Members must submit their names for consideration to be placed on the ballot. The Chair of the Nominating Committee will be selected by the President from

among the Board members. At least two other Members of the Association will also serve on the Nominating Committee and will be selected by the Chair. After the Nominating Committee has determined which Owners are willing to serve on the Board, it will prepare a list of names to be placed on the ballot to be used at the meeting and on the absentee ballot sent to all Members, so that the Members can vote on the directors to be elected. The Nominating Committee, may, but is not obligated, to place on the ballot, the names of every person indicating that he/she desires to serve on the Board, on the ballot. Election of the Board will be by secret written ballot. The nominating committee will count and verify the absentee ballots received and the ballots collected at the annual meeting. Because absentee ballots must be used for the election of directors, there will not be any nominations from the floor.

Section 2. Election. At the annual meeting, the Members will cast as many votes as they are entitled to cast either in person or by absentee, as provided for in the Declaration. The persons receiving the most votes will be elected.

5. The Bylaws will be further amended by substituting the term "absentee ballot" for "proxy" as proxy voting is not longer permitted.

Adopted by a vote of a majority of the Board on July 11, 2006.

Vactor Ranch Community Association

By: \_\_\_\_\_  
President

Attest:

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Secretary