

BYLAWS OF  
PALM VILLAS ASSOCIATION

1. **Name and Location:** The name of the corporation is PALM VILLAS ASSOCIATION, referred to as the "Association". The principal office of the Association is located in Pima County, AZ. Meetings of Members and Directors will be held in Pima County, Arizona.
2. **Definitions:** The definitions in these Bylaws will be the same as the definitions set forth in the recorded Declaration of Covenants, Conditions and Restrictions for Willow Gardens Condominium, as amended from time to time.
3. **Membership in the Association and Voting:**
  - a. Membership. Every Owner of a Unit which is subject to assessment is a Member of the Association and will remain a Member for so long as such ownership continues. Each Owner will have one vote for each Unit owned.
  - b. Right to Vote. If a Unit is owned by more than one person and such Owners cannot agree on how to cast their votes, they will not be entitled to vote on the matter in question. If any Owner casts a vote representing a certain Unit, it will conclusively be presumed that the Owner was acting with the authority and consent of all other Owners of such Unit, unless an objection is made to the Board, in writing, at or prior to the time the vote or votes are cast. In the event more than one person casts or attempts to cast a vote for a particular Unit all the votes are void.
  - c. Suspension of Voting Rights. The voting rights of any Owner are automatically suspended during any period in which the assessment against the Unit remains unpaid, any other sums due to the Association have not been paid, or if the Owner is in violation of the Governing Documents. A Member is "entitled to vote" if his/her voting rights have not been suspended.
4. **Meetings of Members:**
  - a. Annual Meetings. The annual meeting of the Members will be held during the month of March of each year at a date and time selected by the Board.
  - b. Special Meetings. Special meetings of the Members may be called at any time by the President, by a majority of the Board, or upon the written request of 25% of the Members who are entitled to vote.
  - c. Notice of Meetings. Written notice of each meeting of the Members will be given by, or at the direction of, the secretary. The notice must be mailed by

first class mail, postage prepaid, at least 15 days before the meeting to all Members of the Association. The notice will be addressed to the address of the Unit, unless the Member has provided written notice of a different mailing address to the Association. This notice will specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

- d. Voting. Proxy voting is not permitted. The Association will provide for votes to be cast by the members in person and by absentee ballot and may provide for voting by some other form of delivery. Any action taken at an annual or special meeting of the members must comply with all of the following:
- i. The absentee ballot must set forth each proposed action.
  - ii. The absentee ballot must give the Member the opportunity to vote for or against each proposed action.
  - iii. 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.
  - iv. The absentee ballot must specify the time and date by which the ballot must be delivered to the board of directors in order to be counted, which must be at least seven days after the date that the board delivers the absentee ballot to the member.
  - v. The absentee ballot cannot authorize another person to cast votes on behalf of the member.

Votes cast by absentee ballot or other form of delivery are valid for the purpose of establishing a quorum.

- e. Quorum. To be present at any meeting, the member must appear either in person or by proxy. The presence of 25% of the Members entitled to vote constitutes a quorum for the transaction of any business. If a quorum is not present, the Members will adjourn the meeting to another date and time, without providing any other notice to the Members except for an announcement at the meeting stating the new date and time. The Members may continue to adjourn the meeting and reset it to another date and time until a quorum is present.

## **5. Board of Directors; Selection; Term of Office:**

- a. Number.
- i. During the Development Period. During the Development Period the Board will consist of three directors who will be appointed by the Declarant and need not be Members of the Association.

ii. After the Expiration of the Development Period. At the annual meeting following the expiration of the Development Period, or following the date that the Declarant waives, in writing, its exclusive right to appoint the board members, the Board will consist of five directors, each of whom must be either a member of the Association, or a person designated by a partnership, corporation, limited liability company or trust to represent that entity, including the Declarant for so long as it owns any Units. After the expiration of the Development Period, the number of directors may be decreased or increased by a vote of the members of the Board. In the event of any increase in the number of Directors, those positions will be filled by a vote of the Members at the next annual meeting of the Association. If the Board votes to decrease the number of directors, then the positions (or whatever number are being reduced) which are to be filled at the election held at the next annual meeting, will not be filled.

b. Term of Directors. The directors will be elected at the annual meeting of the members. Each director appointed and elected during the Development Period will serve a term of one year. The terms for the five directors elected after the expiration of the Development Period will be staggered as follows: one Director will be elected for a one year term; two Directors will be elected for a two-year term; and two Directors will be elected for a three-year term. Thereafter, the directors will serve three year terms. In the event that the Board increases the number of Directors, the Board will determine the initial term of that position so that it is staggered with the other director's terms.

c. Removal of Directors. At any regular or special meeting of the Association at which a quorum is present, any member of the board of directors 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:

i. A petition signed by the Owners entitled to cast at least 25% of the votes in the association which requests the removal of a member of the board must be submitted to the Board.

ii. Once the petition has been received by the Board, the board must notice a special meeting of the Association. The notice of this special meeting must be given to the Owners 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 Paragraph 4.d. Section 4 and give the member the right to vote for or

against the removal of the named director who is proposed to be removed, and setting forth the name of person(s) to be elected in the event that the vote is in favor of removal of that director.

- iii. The special meeting must be held within 30 days from receipt of the petition requesting the removal of a director.
  - iv. 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.
- d. Compensation. No Director will receive compensation for serving as a director of the Association. However, any Director may be reimbursed for his/her actual expenses incurred in the performance of his/her duties. Nothing contained in this section prohibits a person serving as a director from contracting with the Association to provide services outside of the scope of his/her duties as a director, provided, however, that such services are secured by the Association at the prevailing market rate or lower so as to avoid a conflict of interest by such Director.
- e. Action Without a Meeting. The Directors have the right to take any action in the absence of a meeting which could have been taken at a meeting by obtaining the written approval of all the Directors. Such action has the same effect as though taken at a meeting of the Directors.

#### **6. Nomination and Election of Directors:**

- a. Nomination. After the termination of the Development Period, nomination for election to the Board will be made by a Nominating Committee. The Nominating Committee will consist of a Chair, who is a Member of the Board, and two or more Members of the Association (who may also be Directors). The Nominating Committee will be appointed by the Board at least 60 days before the date of the Annual Meeting. The names of the persons serving on the Nominating Committee will be provided to the members at the Annual Meeting. The Nominating Committee will make as many nominations for election to the Board as it may, in its discretion, determine, but not less than the number of vacancies that are to be filled. Nominations must be made from among Members.
- b. Nominations from the Floor. Nominations from the floor are not permitted. Any person desiring to serve on the Board must provide his/her name to the Board with a short biography at least 60 days before the annual meeting. The Board will provide these names to the Nominating Committee which may consider, but is not required to place these names on the ballot for election to the Board.

- c. Election. Election to the Board will be by a written ballot. Members may cast one vote for each vacant board position. Members receiving the most votes will be elected. Cumulative voting is not permitted.

**7. Meetings of Directors:**

- a. Regular Meetings. Regular meetings of the Board will be held at least quarterly at a date, place and hour determined by the Board. All Members may attend any meeting of the Board which is not held in an executive session. The Association will provide notice to the Members of the date, time and place of such meeting at least 48 hours before the scheduled meeting, unless there are exigent circumstances requiring that the meeting be held on less than 48 hours.
- b. Special Meetings. Special Meetings of the Board can be held when called for by the President, or by two Directors, after not less than three days notice to each Director.
- c. Quorum. A majority of the number of Directors constitutes a quorum for the transaction of business. During the Development Period, a Director appointed by the Declarant may appear at any meeting of the Board by giving his/her proxy to another Board member. Any decision made by a majority of the Directors present at a duly held meeting at which a quorum is present is regarded as the act of the Board.
- d. Attendance of Members at Board Meetings. Any Member of the Association may attend any Board meeting, unless the meeting is held in an executive session, as permitted by law. Member participation at Board meetings will be in accordance with Arizona law.

**8. Powers and Duties of the Board:**

- a. Powers. The Board has all of the powers of a Board of an Arizona nonprofit Association, subject only to those limitations set forth in the Governing Documents. The Board has the power to do any and all lawful acts which may be authorized by the Governing Documents and any acts which may be necessary or incidental to the exercise of any of the express powers of the Association. In addition to any other powers, the Board has the specific power to:
  - i. adopt and publish rules and regulations governing the use of any Common Elements and the use and occupancy of the Units and to establish penalties for any infractions of such rules;
  - ii. employ a manager, an independent contractor, or any employees which the Board deems necessary, and to prescribe their duties;

- iii. enter into contracts, whether written or oral, or contract for services for the Association;
  - iv. declare the office of a member of the Board vacant in the event that Director is absent from three consecutive regular meetings of the Board.
- b. Duties. The Board has the duty to:
- i. maintain a complete record of all its acts and corporate affairs and prepare an annual operating budget at least 30 days prior to the end of the fiscal year. The budget will include reserves for capital items.
  - ii. supervise all officers, agents and employees of the Association and to see that their duties are properly performed;
  - iii. determine the amount of the Annual Assessment against each Unit based upon each Unit's share of the operating expenses, in accordance with the provisions of the Declaration;
  - iv. assert a lien against any Unit for which assessments are not paid within 30 days after the due date and/or bring an action at law against the Owner personally obligated to pay the assessments;
  - v. provide, upon a request by any Owner, or his/her agent, a certificate setting forth whether or not any assessment has been paid. The Board may charge a reasonable fee for the issuance of the certificate. If a certificate states that an assessment has been paid, such certificate will be conclusive evidence of such payment;
  - vi. procure and maintain adequate liability and hazard insurance on the common elements, directors and officer's liability insurance and fidelity insurance on officers or employees who have fiscal responsibilities to the Association, in such amounts as the Board deems appropriate
  - vii. maintain the Common Elements as provided for in the Declaration.
- c. Liability of Board Members. No Member of the Board is personally liable to any Member, his/her family, guests, tenants or assigns for any damage, loss or prejudice suffered or claimed on account of any act or omission of the Association, its representatives or employees provided that such Board Member has, upon the basis of such information as may be possessed by him/her, acted in good faith.

9. **Officers and their Duties:**

- a. Enumeration of Offices. The officers of this Association are the president, vice-president, secretary, and treasurer, who will at all times be Members of the Board, and such other offices as the Board may from time to time by resolution, create.
- b. Election of Officers. The election of officers will take place at the first meeting of the Board following the annual meeting of the Members.
- c. Term. The officers of this Association will be elected annually by the Board and will hold office for one year unless that officer resigns or is removed or is otherwise disqualified to serve prior to the expiration of the term of office.
- d. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom will hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.
- e. Resignation and Removal. Any officer may be removed from office with or without cause by a majority vote of the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. All resignations take effect on the date the notice of resignation is received or at any later date specified in such notice. Unless otherwise specified in the notice, the acceptance of a Director's resignation is not necessary to make it effective. The term of any member of the Board missing three consecutive meetings is automatically terminated and the remaining directors will appoint a replacement until the next annual meeting at which a successor will be elected by the Members to serve the unexpired term of the terminated director.
- f. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy will serve for the remainder of the term of the officer he/she replaces.
- g. Multiple Offices. Except for the office of secretary and treasurer which may be held by the same person, no person will simultaneously hold more than one office, except in the case of special offices created pursuant to this Article.
- h. Duties. The duties of the officers are as follows:
  - i. President: The president will preside at all meetings of the Board and the Members, will carry out the orders and resolutions of the Board, will sign all leases, mortgages, deeds and other written instruments

and agreements and will cosign all checks and promissory notes.

- ii. Vice President: The vice-president will act in the place of the president in the event of his/her absence, inability or refusal to act, and will exercise and discharge such other duties as may be required of him/her by the Board.
- iii. Secretary: The secretary will record the votes and keep the minutes of all meetings of the Board and Members; provide notice or direct that notice of meetings of the Board and of the Members be mailed in accordance with the provisions of these Bylaws; keep current records of the names and addresses of the Members and perform such other duties as required by the Board.
- iv. Treasurer: The treasurer will receive and deposit in appropriate bank accounts all monies of the Association and will disburse such funds as directed by resolution of the Board, will sign all checks and promissory notes of the Association, keep proper books of account, cause an annual review of the Association books to be made by an independent committee appointed by the President at the completion of each fiscal year and with the assistance of the Budget Committee, prepare an annual operating budget and a statement of income and expenditures to be presented to the Members at the annual meeting, and deliver a copy of each to the Members.
- i. Delegation of Duties. The officers may delegate their duties to a Property Manager hired by the Board. The Board will determine the duties of the Manager which may include the collection of assessments, the purchase of services and goods and the payment of the Common Expenses of the Association.

10. **Committees:**

- a. Architectural Committee. As set forth in the Declaration, the Board will appoint an Architectural Committee.
- b. Budget Committee. The Board will appoint at least two Members to the Budget Committee which will be chaired by the Treasurer. The Budget Committee will meet as needed and will prepare the annual budget for the approval of the Board at least 30 days prior to the annual meeting.
- c. Other Committees. The Board may appoint any other committees it deems appropriate to carry out its functions.

11. **Books and Records:** The books and records of the Association are available for inspection by any Member. Any Member wishing to review these books and records



must provide a written request to the Board setting forth the proper purpose for the inspection. Upon receipt of the request, the Member will be entitled to inspect the records during reasonable business hours and to have copies made of any documents, at the Member's expense. The Governing Documents are available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

12. **Amendments:** During the Development Period, the Bylaws may be amended by the Declarant. Following the expiration of the Development Period, the Board has the right to amend the Bylaws, copies of which will be provided to the Members.
13. **Miscellaneous.**
  - a. Fiscal Year. The fiscal year of the Association will begin on the first day of January and end on the last day of December of every year.
  - b. Conflicts between Documents. In the event of any conflict between the Bylaws, Articles of Incorporation and Declaration, the Declaration will prevail. If there is a conflict between the Bylaws and the Articles of Incorporation, the Articles will prevail.


These Bylaws were adopted on 12/28, 2005.

PALM VILLAS ASSOCIATION

By: 

Its: 

Attest:

  
Secretary

