



When Recorded, MAIL TO:

Pine tree Mgmt.
c/o Headwaters Ranch
P.O. Box 12409
Prescott, AZ 86304

Bylaws of Headwaters
Ranch Property Owners
Association, Inc.

**BYLAWS
OF
HEADWATERS RANCH PROPERTY
OWNERS ASSOCIATION, INC.**

ARTICLE I

Identity, Definitions

1. These Amended and Restated Bylaws shall govern the operation of the Headwaters Ranch Property Owners Association, Inc. (HRPOA) (the "Corporation" or "Association"), an Arizona non-profit corporation created pursuant to that certain Declaration of Covenants, Conditions and Restrictions in Book 4207 at Page 472, in the official records of the Yavapai County Recorder's Office (the "Original Declaration"), which by this reference is incorporated herein, and which was amended by that Fourth Amended and Restated Declaration of Covenants, Conditions and Restrictions for Headwaters Ranch, which is recorded as Instrument number 2019-0052972 in the official records of the Yavapai County Recorder's Office (the "Declaration") which by this reference is incorporated herein. Any amendments to the Declaration shall automatically be incorporated herein, and all references to the Declaration shall be deemed to include any such amendments.

2. Terms used herein which are defined in the Declaration shall have the same meanings as in the Declaration.

ARTICLE II

Principal Office

Principal offices of the Association shall be located at Pinetree Management Services, 4509 William Dr., Prescott, AZ 86301, or in such place in Yavapai or Maricopa County, Arizona, as the Board of Directors shall from time to time designate by resolution.

**ARTICLE III
Membership
and Voting**

1. Membership in the Association shall be limited to Owners of Parcels.

2. Each Owner who is a Member shall remain a Member until they no longer qualifies as such.

3. The Secretary or Manager shall have the right to demand proof of Parcel ownership prior to accepting a person or entity as a Member.

4. The Association shall have two classes of voting membership, with each member having one vote for each acre owned, rounded to the nearest whole acre, except Declarant, if he is still in ownership of one of the original 17 Declarant parcels, who shall be entitled to three (3) votes for each acre owned, rounded to the nearest whole acre. However the special votes allowed to the Declarant based on his ownership of an original Declarant parcel shall not count towards declaring a legal Quorum.

The Owner of a Parcel shall be entitled to one (1) vote per acre on each matter submitted to a vote of the Members. The vote attributable to each Parcel must be cast as a whole; fractional votes shall not be allowed. In the event that a Parcel is owned by two (2) or more Persons, the joint or common owners shall designate to the Association in writing one of their number who shall have the right to cast votes with respect to such Parcel. If multiple Persons own a Parcel and are unable to agree upon how their vote shall be cast, they shall lose their right to vote on the matter in question. If any Member casts a vote representing a certain Parcel, it will thereafter be conclusively presumed that he was acting with the authority and consent of all other owners of the same Parcel unless objection thereto is made at the time the vote is cast. In the event that more than one (1) vote is cast with respect to particular Parcel, all such votes shall be deemed void. In the event that an Owner owns more than two (2) acres, such Member shall be entitled to one (1) vote for each acre owned.

5. Any matter or issue requiring the vote of the Members may be submitted for vote by written ballot, without a meeting of the members. The determination to conduct a vote in this fashion shall be made by a majority of the Board or by Members having one-third of the total votes of the membership signing a written request and delivering same to the Secretary or Manager. In the case of such a written ballot, a Quorum shall be deemed to have been present for purposes of the vote if Members having two-thirds of the total votes cast ballots in any such election. Votes by the Members may be cast in person or by mailed/emailed absentee ballot consistent with state law, as same may from time to time change, and Members may also take action by written/mailed/emailed consent to the extent permitted by state law. In the event that a vote is taken by mail/email, the return of ballots or consent forms by twenty-five percent (25%) of Members entitled to vote shall validate the vote and satisfy any quorum requirement. A majority vote of those voting by mail/email shall be sufficient to determine any matter put to such a vote.

6. Good Standing. Any Owner who fails to pay any assessments or fines on time per Article VII, Section 16, or who violates any provision of the project documents may lose his Good Standing and right to vote until such violations or infractions are corrected at the sole discretion of the Board.

ARTICLE IV Membership Meetings

1. There shall be an annual meeting of the Members at such date, time and location as determined by the Board. Written notice of the annual meeting of the Members shall be delivered to all Members not more than sixty (60) days after or less than ten (10) days before the date of such meeting. This date to be the Record Date for the determination of the Members entitled to vote at such meeting. If a record date has not been fixed in advance of a meeting as provided herein, the time of commencement of the meeting shall be deemed the Record Date.

2. Special meetings of the Members may be called to consider any reasonable business of the Association. Special meetings of the Members may be called by the President, the Board of Directors, or by the written request signed by Members having at least one-third (1/3rd) of the total authorized votes in the Association.

3. The presence at any meeting, in person or by absentee ballot, of Members having at least two thirds (67%) of the Eligible Votes shall constitute a quorum. If a quorum is not met at a meeting such meeting shall be adjourned to a time not less than forty-eight (48) hours, nor more than sixty (60) days after the time the original meeting was called. At an adjourned meeting, the Quorum requirements shall be one-half of that required for the adjourned meeting until such Quorum is achieved.

4. Unless otherwise provided in these Bylaws or in the Declaration, a vote of the majority of the votes cast shall prevail with respect to any issue presented to a membership unless a greater proportion is required by statute, the Articles of Incorporation, the CC&Rs or these Bylaws.

5. Minutes shall be taken in all Member meetings. As per Article X, Sections 1 & 2, copies of the minutes shall be available upon request via email or inspection by appointment with the Manager at the office of the Manager at all reasonable business hours.

6. Place of Meeting. Meetings of the Members shall be held in Yavapai County, Arizona, at a suitable place designated by the Board of Directors.

7. Notice of Meetings. Written notice stating the place, day and hour of the annual meeting of Members or a special meeting of Members shall be hand delivered or delivered by first class U.S. Mail to all Members, not less than ten (10) nor more than sixty (60) days before the date of such meeting. The notice of the meeting shall be deemed to be delivered when left with a person of suitable age and discretion at the address that appears on the records of the Association or when deposited, postage prepaid, in the United States Mail and addressed to the Member at the address that appears on the records of the Association. In the case of special meetings, the purpose for which the special meeting is called shall be stated in the notice and no business shall be transacted at such special meeting except as stated in the notice.

8. Quorum. The presence in person or absentee ballot at a meeting of Members representing twenty-five percent (25%) of the membership entitled to vote on such matters as are to be taken up by the Members at such meeting shall constitute a quorum for any action, except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If any meeting of Members cannot be organized for

lack of a quorum, the Members present in person may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called.

9. Absentee Ballots. At any meeting of Members, any Member entitled to vote may vote by absentee ballot in accordance with applicable Arizona statutes.

10. Manner of Acting. A majority of the votes entitled to be cast on a matter to be voted upon by the Members present or represented by absentee ballot at a meeting at which a quorum is present shall be necessary for the adoption thereof unless a greater proportion is required by statute, the Articles of Incorporation, the Declaration or these Bylaws.

11. Voting by Mail. When Directors are to be elected or any other matter is submitted to a vote of the Members, such vote may be conducted at a meeting or by mail in such manner as the Board of Directors shall determine.

ARTICLE V Board of Directors

1. The corporate powers of the Association are vested in and shall be exercised by the Board consisting of not less than three (3) or more than five (5) Owners as may be determined from time to time by a vote of the Board. If an Owner is a partnership, corporation or limited liability company, the partners, officers or managers/members of the limited liability company, or their designees, are eligible for election to the Board.

2. The Board of Directors may select a Nominating Committee consisting of at least two (2) Members which Members may also be Board Members. The purpose of said Nominating Committee shall be to name persons to fill vacancies on the Board caused by the expiration of a Board Member's term. The Nominating Committee shall prepare a slate of eligible persons, which slate shall be presented to the membership which shall vote for the appropriate number of directors necessary to fill the vacancies on the Board. No other Board nominations shall be voted upon except from the slate prepared by the Nominating Committee. The Board of Directors shall set the term of office and fill all vacancies which may arise on the Nominating Committee.

3. At each annual meeting of the Members, the Members shall elect the Board for the forthcoming 2 year term of office. Each Member may cumulate his votes and give one or more candidates for Director a number of votes equal to the number which such Member has hereunder multiplied by the number of Directors to be elected.

4. Directors shall be elected to and shall serve two (2) year terms.

5. A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board.

6. Vacancies on the Board shall be filled by a majority vote of the remaining Directors though less than a quorum, and each Director so elected shall hold office until the next election and his successor is elected by vote of the Members.

7. Any Director may be removed, with or without cause, pursuant to the requirements of A.R.S. §33-1813 or any other successor statute. Any Director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a Director, a successor shall be elected by a majority of the Board. The new Director elected to replace the Director so removed shall serve to fill the vacancy for the remainder of the term of such removed Director.

8. The Members have the power to remove any Board Member at any time provided; however, that an individual Director shall not be removed during such Director's term if the number of votes cast against such removal exceed twenty percent (20%) of the total number of votes of the ownership.

9. The Board shall have the power to employ the services of a Manager to manage the affairs of the Association, and to the extent not inconsistent with the laws of the State of Arizona, and upon such conditions as are otherwise deemed advisable by the Board, the Board may delegate to the Manager any of its powers under these Bylaws and the Declaration.

10. Director or Officers shall not receive any compensation for their services as such. However, any Director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties. Nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving compensation therefore.

ARTICLE VI

Board Meetings

1. Regular Board meetings may be held at such time and place as a majority of the directors shall determine.

2. Special meetings of the Board shall be held when called by any Director of the Association, after not less than two (2) days prior written notice, unless such notice is waived in writing by all of the directors.

3. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the Directors, and such consent shall have the same force and effect as a unanimous vote, but only to the extent permitted by law.

4. All meetings of the Directors shall be open to all Members of the Association and Members shall be permitted to attend and listen to the deliberations and proceedings. The foregoing notwithstanding, any meeting or portion of a meeting of the Board may be closed if the closed meeting or portion thereof is limited to consideration of any of the following:

(A) Personal, health and financial information about an individual Member, an individual employee of the Association or an individual employee of a contractor of the Association;

(B) Matters relating to job performance of, compensation of, health records of or specific complaints against an individual employee of the Association or an individual employee of a contractor of the Association who works under the

direction of the Association;

(C) Legal advice from an attorney for the Board of Directors or the Association; or
(D) Pending or contemplated litigation.

(E) Discussion of a Member's appeal of any violation cited or penalty imposed by the Association except on request of the affected Member that the meeting be held in an open session.

ARTICLE VII Duties and Powers of the Board

1. To exercise all power vested in the Board under the Articles of Incorporation, these Bylaws, the Declaration, and under the laws of the State of Arizona.
2. To appoint and remove all officers of the Association as it sees fit. To appoint such agents and employ such employees, including attorneys and accountants, as it sees fit to assist in the operations of the Association, and to fix their duties and establish their compensation.
3. Subject to the provisions of the Declaration, to adopt and establish rules and regulations, and to take such steps as it deems necessary for the enforcement of such rules and regulations.
4. To enforce all applicable provisions of the Declaration, these Bylaws and all other regulations relating to the control, management and use of the Property.
5. Contract and pay premiums for casualty, liability and other insurance and bonds (including indemnity bonds) which may be required from time to time by the Association.
6. Contract for and pay for maintenance, utilities, materials, supplies, labor and services landscaping, that may be required from time to time in relation to Association property.
7. Pay all taxes, special assessments and other assessments and charges which are or would become a lien on Association owned or maintained property.
8. To contract for and pay for construction or reconstruction of Association property damaged or destroyed.
9. If and when the Board deems it appropriate, to delegate its duties and powers hereunder to the officers of the Association.
10. To establish, in accordance with the Declaration, and thereafter levy assessments on the Members of the Association and to collect same all in accordance with the Declaration; provided no annual assessment shall exceed that provided for in the Declaration and no special assessment may be set without a

vote of the Association as provided for in the Declaration. The Board shall also have the power to collect reasonable use charges for the use of any road or Association property area by Non-Members.

11. To appoint a Nominating Committee for the nomination of persons to be elected to the Board, and to prescribe rules under which said Nominating Committee is to act.

12. To appoint such other committees as it deems necessary from time to time in connection with the affairs of the Association. Such committees as the Architectural Control Committee, the Road Committee and any other committees as the Board in its sole discretion deems necessary for the proper functioning of the HRPOA.

13. To do all other acts and things required by applicable law or statute or authorized in the Declaration but not explicitly set out above.

14. In general to do and perform such acts and things and to transact such business in connection with the foregoing objects and purposes as may be necessary or appropriate.

15. To implement the Rules and Regulations governing the functioning of HRPOA and to set a Schedule of Fines to be levied in the event that such Rules and Regulations are violated or ignored.

16. To determine Good Standing and Eligibility to Vote. If any Member fails to pay any amounts due to the Association under the HRPOA documents such as fines, assessments, dues, interest, and attorneys' fees within (15) days after such payment is due or if any Member violates any other provision of the HRPOA Documents and such violation is not cured within fifteen days after the Association notifies the Member of the violation in writing the Board may suspend such Member's Eligibility to Vote.

17. To estimate the amount of the annual budget; to provide the manner and time of assessing and collecting from the owners the assessments provided for in the Declaration;

(A) To promulgate such rules and regulations pertaining to the use and occupancy of the Roads and any Common Area which are consistent with the Declaration;

(B) To enforce, by suit or otherwise, the terms and provisions of the Association governing documents;

(C) To establish and maintain working capital, reserve and contingency accounts in an amount to be determined by the Board of Directors;

(D) To fix and collect fees, rates, rentals and other charges for the use of Roads and any Common Area, for the use of other property owned by the Association, and for services rendered by the Association;

(E) To enter into agreements with the owners of property not within the Association project whereby such owners shall contribute to the payment of construction, maintenance and reconstruction expenses, taxes, insurance and other charges attributable to portions of the Roads and any Common Area which may directly or indirectly benefit such property;

(F) Levy and collect assessments as provided in the Declaration;

(G) To establish, levy, collect and enforce by any lawful means a schedule of fines, penalties, transfer fees, refinance fees, administrative charges, late charges, interest, and costs of collection;

(H) To provide maintenance of the improvements on the Roads or any lots as set forth in the Declaration;

(I) To establish that Meetings of the Board of Directors may be held by internet, conference telephone or other similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation at such meeting shall constitute presence in person at the meeting.

(J) To obtain and maintain insurance on the improvements on the Roads or any lots as determined by the Board from time to time to be appropriate;

(K) To do all other acts and things required by applicable law or statute or authorized in the Declaration but not explicitly set out above; and

(L) In general to do and perform such acts and things and to transact such business in connection with the foregoing objects and purposes as may be necessary or appropriate.

ARTICLE
VIII
Officers

1. The officers of the Association shall be Members of the Association and shall consist of a President, Vice President, Secretary and Treasurer. The President may assume any position on the Board when deemed necessary. If a Member is a partnership, corporation, or limited liability company, then the Member's, employees, partners or managers/members shall qualify to be officers. The Association may also have, at the discretion of the Board, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of paragraph 3 following. One person may hold two or more offices, except that the offices of President and Secretary shall not be held by the same person.

2. The officers of the Association, except such officers as may be appointed in accordance with the provisions of paragraph 4, shall be chosen annually by the Board and each shall hold office until he/she shall resign or be removed or otherwise disqualified to serve, or his/her successor be elected and qualified.

3. Any officer may be removed, either with or without cause, by the Board. Any officer may resign at any time by giving written notice to the Board or to the President or to the Secretary. Any such resignation shall take effect at the date of the receipt of such notice or at any later times specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled by the Board for the unexpired portion of the officer's term.

5. The President shall be elected by the Board from among the directors. He/she shall be the chief executive officer of the Association and shall, subject to the control of the Board, have general supervision, direction and control of the affairs and officers of the Association. He/she shall preside at all meetings of management and shall have the powers usually vested in the office of President of a corporation, together with such other powers and duties as may be prescribed by the Board or these Bylaws.

6. The Vice President shall be elected by the Board from among the directors. In the absence of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon the President. He/she shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or these Bylaws.

7. The Secretary need not be a director, but shall be elected by the Board of Directors. He/she shall keep or cause to be kept, at the principal office or such other place as the Board may order, a book of minutes of all meetings of directors and members, with the time and place of holding same, whether regular or special, and, if special/ how authorized, the notice thereof given, the names of those present at directors' meetings, the number of members present in person or by proxy at members' meetings, and the proceedings thereof. The Secretary shall keep, or cause to be kept, appropriate current records showing the members of the Association, together with their addresses. He/she shall give, or cause to be given, notice of all meetings of the Board required by the Bylaws or by law to be given, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

8. The Treasurer need not be a director, but shall be elected by the Board of Directors. He/she shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts and disbursements. The books of account shall at all reasonable times be open to inspection by any Director or Member. The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. He/she shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and Directors, whenever they request it, an accounting of all of his/her transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

ARTICLE IX

Budget and Annual Assessments

1. Annual Budget. Not later than thirty (30) days prior to the beginning of each fiscal year, the Board shall cause to be prepared an estimated annual budget for the upcoming fiscal year of the Association. Such budget shall

take into account the estimated common expenses and cash requirements for the year. Common expenses shall include, but shall not be limited to the following:

- (A) All costs of carrying out the powers and duties of the Association; and
- (B) All other amounts that the Board of Directors may deem necessary or the membership determines appropriate for the operation, administration, and maintenance of the Association.

ARTICLE X

Records

- (A) Personal, health and financial information about an individual Member, an individual employee of the Association or an individual employee of a contractor of the Association;
- (B) Records relating to job performance of, compensation of, health records of or specific complaints against an individual employee of the Association or an individual employee of a contractor of the Association who works under the direct supervision of the Association;
- (C) Privileged communications between an attorney for the Association and the Association;
- (D) Documents relating to pending litigation;
- (E) Meeting minutes or other records of an executive session Board meeting allowed to be closed pursuant to A.R.S. § 33-1804; or
- (F) Financial or other records of the Association if disclosure would violate any state or federal law. 1. Access to Records. The Association shall make available, by appointment only, the financial and other records of the Association for examination and copying by a Member. The Association may charge a reasonable fee for the time and costs of copying Association records. Association records may be withheld from disclosure to the extent that the portion withheld relates to any of the following:

XI

Miscellaneous

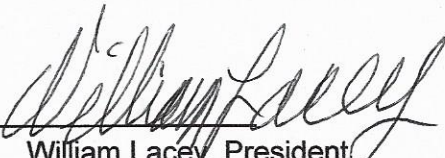
1. These Bylaws may be amended by the vote or written assent of Members representing two-thirds of the votes cast or a majority of the voting power, whichever is less. No such amendment shall be inconsistent with the Declaration as amended from time to time.

2. Any notice or other document permitted or required to be delivered as provided herein may be delivered either personally or by mail or by email. If delivery has been made, it shall be deemed to have been delivered forty-eight (48) hours after a copy of same has been emailed or deposited in the United States Mail, postage prepaid, to the last known address of the addressee.

3. In the event that the HRPOA is sued by any Member(s) and such Member(s) either loses or withdraws that lawsuit then such Member(s) will be liable for the costs HRPOA incurred in defending against such suit. The costs to be reimbursed to HRPOA include but are not limited to legal fees and any other cost(s) incurred in defending against such action by any Member(s).

IN WITNESS WHEREOF, the Headwaters Ranch Property Owners Association has executed these Amended and Restated Bylaws as of this 20th day of November, 2019.

By:


William Lacey, President
Headwaters Ranch Property
Owners Association, Inc.

This is to certify that the foregoing Amended and Restated Bylaws were duly adopted and approved by a unanimous vote of the Board of HRPOA.

