

BY-LAWS  
SPANISH GARDENS I ASSOCIATION

ARTICLE I  
NAME AND LOCATION OF ASSOCIATION

1.1 Name: The name of the homeowners' association is Spanish Gardens I Association.

1.2 Location: The principal place of business shall be in Phoenix, Maricopa County, Arizona.

ARTICLE II  
DEFINITIONS

2.1 Association: "Association" shall mean Spanish Gardens I Association, an Arizona non-profit corporation.

2.2 Declaration: "Declaration" shall mean the Declaration of Covenants, Conditions and Restrictions recorded in Docket 10422, at Page 247-282, as amended in Docket 12009 at Pages 674-676, and as amended in Docket 12250, at Pages 747-748, and as hereinafter amended and modified from time to time. Said Declaration is incorporated herein by reference.

2.3 Articles of Incorporation: "Articles of Incorporation" shall mean the Articles of Incorporation signed by the incorporators, Jane Hayes, Carl Spiekerman and Robert Meszaros on November 26, 1973.

2.4 Certificate of Incorporation: "Certificate of Incorporation" shall mean the Certificate of Incorporation issued by State of Arizona Corporation Commission on January 14, 1973. Certificate No. 95063.

2.5 Unit: "Unit" shall mean each of the seventy-six parts of Spanish Gardens I Association as established by the Declaration.

2.6 Property: "Property" shall mean all land, buildings, improvements, and fixtures thereon, including all Units and Common Elements of Spanish Gardens I as established by the Declaration.

2.7 Owner: "Owner" shall mean the record owner of the fee simple title to any unit, whether one or more persons or entities, including contract sellers, but excluding any person or entity holding such interest merely as security for the performance of an obligation.

2.8 Common Elements: Common Elements shall mean the “General common elements” as defined in Arizona Revised Statute 533-551, including without limitation, the parcel of real estate described in the Declaration together with the outside walks and driveways, landscaping, and all other portions of the property except the Units.

2.9 Member: “Member” shall mean the designated owner of a Unit for Association membership purposes as herein provided.

### ARTICLE III MEMBERSHIP

3.1 Qualifications Membership shall be limited to the Owner of a Unit. In the event a Unit is owned by two or more persons or entities, whether by joint tenancy, tenancy in common, community property, or otherwise, the membership as to such Unit shall be joint and a single membership for such unit shall be issued in the names of all such joint owners; such joint owners shall designate in writing to the Secretary the Owner who shall hold the membership on behalf of such joint owners and shall have the power to vote said membership. The Secretary of the Association shall maintain an official list of Members. Upon the sale, transfer or other disposition of an Owner’s interest in a Unit, such Owner’s membership in the Association shall automatically be transferred to the succeeding owner, including, without limitation, any person acquiring title by means of a Sheriff’s Deed issued as a result of a mortgage foreclosure, a transfer of title by virtue of a valid enforcement of any Mortgage or Deed of Trust, or the transfer of equitable title by the recording of an Agreement of Sale, provided that all requirements and conditions of the Declaration have been satisfied with respect thereto.

### ARTICLE IV MEETINGS AND NOTICE OF MEETINGS

4.1 Quorum of Board. At all meetings of the Board of Directors a majority of Board members shall constitute a quorum. A quorum of the Board of Directors present at a meeting is required to transact the business for the Association. If less than quorum shall be present at any meeting of the Association, the meeting shall be adjourned. Any business which may have been transacted at the meeting as originally called, shall be conducted at a future meeting, with notice as required by Arizona Open Meeting Law. A.R.S. 33-1804.

4.2 Board Meetings Spanish Gardens I Association meetings inclusive are to be held as required by the Arizona Open Meeting Law A.R.S.33-1804. Board Meetings are open to all members of the Association. Notwithstanding any provision in the association documents, with the exception of Executive Session Meetings, all meetings of the association, board of directors and regularly scheduled committee meetings are open to all members of the association, or any person designated by a member in writing as the member’s representative, and all members or designated representatives so desiring shall be permitted to attend and speak at an appropriate time during the deliberations and proceedings.

4.3 Regular Meetings: Regular meetings of the Board of Directors shall be held each month at such time and place as the Board of Directors shall determine. The Board of Directors may suspend the monthly meeting. No more than two consecutive months for regular meetings shall be suspended. The Board of Directors may hold more than one regular meeting in a month to continue the management of the business for the Association. Notice of the regular meeting shall be published, emailed, or mailed to the membership no less than 48 hours before the scheduled meeting.

(a) The board may place reasonable time restrictions on those persons speaking during the meeting but shall permit a member or member's designated representative to speak before the board takes formal action on an item under discussion in addition to any other opportunities to speak. The board shall provide for a reasonable number of people to speak on each side of an issue.

4.4 Emergency Meetings: In the event the Board of Directors determine an emergency, the notice requirement imposed by this section shall not apply where a sufficient emergency exists which does not permit providing 48-hour notice to owners. Membership will be notified as soon as possible before the meeting, the time, place and date of the emergency meeting. Any actions taken by the Board at the emergency meeting shall be published to the membership within seven (7) days of the meeting.

4.5 Executive Board Meetings and Executive Sessions Executive Board Meetings and Executive Sessions will be held in accordance with Arizona Open Meeting Law A.R.S. 33-1804. When an Executive Session is called, and a recess of the regular meeting is required: any portion of a meeting may be closed if that closed portion of the meeting is limited to consideration of one or more of the topics in the list in A.R.S. 33-1804. Before entering the executive session, the board shall identify the section that authorized the board to close the meeting:

(a) Executive Meetings will be scheduled for Board Members and manager or managing agent and related parties. Parties to attend the Executive Meeting shall be given 48 hours' notice of meeting. Notice must show the date, time, purpose, and place of the meeting.

4.6 Special Meetings It shall be the duty of the President to call a special meeting of the Members as directed by resolution of the Board of Directors or upon a petition signed by Members holding at least two-fifths (2/5) of the votes entitled to be cast at such meeting. The notice of any special meeting requested by petition or resolution shall be published, emailed or mailed to the membership no less than 48 hours before the scheduled meeting. The notice of the special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

4.7 Workshop Board Meetings Workshop Meetings of the Board of Directors are for planning and information purposes only and no vote of the Board of Directors is

to be taken. Any further action needed of the workshop session, shall be placed on the agenda for the Regular Meeting of the membership.

4.8 Annual Meeting The annual meeting of the Members of the Association shall be held at such place in Maricopa County, Arizona, as designated by the Board of Directors on the second Tuesday of November of each year, beginning at 7:30 p.m., Phoenix time. In the event the meeting cannot be held at this time due to unforeseen circumstances, the meeting will be held no later than ten days thereafter. At such meetings, the Members shall elect, by ballot, a Board of Directors in accordance with the requirements of these By-Laws.

(a) All business of the Association as may properly come before the Board may be conducted at the Annual Meeting, when notice and business to be conducted are stated in the Notice of Annual Meeting. Other business to be conducted at the Annual Meeting is to be conducted prior to the business of the annual meeting.

(b) Notice of Annual Meeting: It shall be the duty of the Secretary to deliver, mail or email to each Member a notice of each annual or special meetings of the Members stating the purpose thereof and the time and place where such meeting shall be held. Such notice shall be mailed, emailed or delivered at least ten (10) days, but not more than fifteen (15) days prior to list, or if no such address appears, his last known address.

© Quorum. The presence, either in person or by ballot received by the Secretary of the Association, of twenty-five percent (25%) of the eligible membership shall constitute a quorum at the annual meeting or any special meetings of the membership.

(d) Voting. The owner of each Unit shall be entitled to one (1) vote on any matter presented at any membership meeting; provided, however, that in the election of directors, each Member shall be entitled to accumulate votes, but only one ballot shall be cast for each unit owned. Voting of a membership held by joint owners shall be in accordance with the provisions of Section 3.1 listed herein.

(e) Any member voting at the Annual Meeting must be current with homeowner

4.9 Annual Organization Meeting: The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place and time as shall be fixed by the Directors at the meeting at which Directors were elected. No notice of meeting shall be necessary to the newly elected Directors provided Board majority shall be present.

ARTICLE V  
BOARD OF DIRECTORS

5.1 Number and Qualification. The business and affairs of the Association shall be governed by a Board of Directors composed of five (5) Directors. The Board of Directors shall be elected annually for the term of one (1) year, or until their successors are elected and qualified, by the Members at the annual meeting of the Members of this corporation.

(a) Each Director shall be either an owner, the spouse of an owner, an officer of a corporate owner, a partner of a partnership owner, or the beneficiary of a trust owner. In the event a Director ceases to meet such qualifications during his term, he shall thereupon cease to be a Director and this position on the Board shall be deemed to be vacant.

(b) There will be one board member for each unit. Only one member or officer of a corporation, partner of a partnership owner or beneficiary of a trust owner may serve on the Board of Directors.

© An owner shall be disqualified from serving on the Board of Directors in the event such owner is employed in any manner as an employee or independent contractor by Spanish Gardens I Association. An employee or independent contractor will be classified as a person receiving from Spanish Gardens I Association, Six Hundred Dollars (\$600.00) annually or greater and/or be eligible to file a federal withholding form for Spanish Gardens.

(d) Directors of the Association shall receive no compensation for their services as Directors.

e To run for an office, a member must be current in their homeowner dues.

5.2 Powers and Duties. The Board shall have the power to exercise all powers of the Association which are necessary, proper, or permissible to enable the Association to accomplish its purposes which are not expressly reserved to the Members by statute, the Declaration, the Associations' Articles of Incorporation, or these By-Laws. The powers and duties of the Board shall include, but not be limited to, the following enumerated powers and duties:

(a) To administer and manage the affairs of the Association and the Common Elements to the extent permitted by applicable law.

(b) To engage the services of a manager or managing agent Who shall manage and operate the Property and the Common Elements for all the Members upon such terms, for such compensation and with such authority as the Board may approve.

© To formulate policies for the administration, management and operation of the Property and the Common Elements.

(d) To provide for the operation, maintenance, repair and replacement of the Common Elements and the Property and payments therefore and for such other common expenses and to approve payment vouchers or to delegate such approval to the officers or manager or managing agent.

€ To provide for the designation, hiring and removal of employees, vendors and other personnel, including accountants and attorneys, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management, and operation of the Property and Common Elements, and to delegate any such powers to the manager or managing agent (and any such employees or other personnel who may be the employees of a managing agent.)

(f) To appoint a committee to carry out delegated duties deemed necessary for the Board.

(g) To prepare an estimated annual budget, to provide the manner and time of assessing and collecting from the owners the assessments provided for in the Declaration, Articles of Incorporation, and these By-Laws.

(h) To adopt such rules and regulations pertaining to the use and occupancy of the Property, Units and/or Common Elements as may be deemed proper and which are consistent with the Declaration, the Association's Articles of Incorporation, and these By-Laws.

(i) To exercise all the rights, powers and duties granted to it by the Declaration enforce, by suit or otherwise, its Declaration, Articles of Incorporation, these By-Laws and the Rules and Regulations promulgated by the Board.

(j) Unless otherwise provided herein, or in the Declaration or Articles of Incorporation, to comply with the instructions expressed in a resolution duly adopted by majority vote at any annual or special meetings of the Members.

5.3 Vacancies. Any vacancy on the Board of Directors shall be filled by vote of the remaining Directors, even though they may constitute less than a quorum. The officer appointed to the vacancy shall serve for the remainder of the term of the officer replaced. In the event of a tie vote, recommendations will be forwarded to the membership at the next regular meeting of the Association. Members in good standing at the next regular meeting will vote on the director's vacancy.

5.4 Removal of Directors Any one or more of the Directors may be removed with cause by a two-thirds (2/3) vote of the Members present, either in person or by ballot, at a special meeting of the Membership duly called. A successor may then be elected to fill the vacancy created. Any director whose removal has been proposed by

the Members shall be given an opportunity to be heard at the meeting. The remaining members of the Board may then and there elect a successor to fill the vacancy created.

5.5 Resignation of Directors. Any Director may resign at any time, by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.6 Multiple Offices. No person shall simultaneously hold more than one office except in the case of special offices created pursuant to Section 5(d, f) and the offices of Secretary and Treasurer.

## ARTICLE VI OFFICERS

6.1 Designation The principal officers of the Association shall be President, Vice President, Secretary, Treasurer, Directors. The total number of members of the Board of Directors shall be five (5) members. All Officers are elected by the Board of Directors. The Secretary and Treasurer position can be held by one board member. All other officer positions require one director for each position. Voting rights to conduct business of Spanish Gardens I Association are restricted to Board of Directors. Exemption to this clause are rights of membership to vote as set forth in Spanish Gardens I Association By-Laws.

6.2 Election of Officers: Board of Directors for the Association shall be elected annually at the annual organizational meeting of each new Board.

(a) To be eligible o run for an office, a member must be current in their homeowner dues.

6.3 Term The officers of the Association elected annually by the Board shall each hold office for one (1) year unless he/she shall sooner resign or shall be removed or otherwise disqualified to serve.

6.4 Special Appointments The Board of Directors may appoint such other officers as the affairs of the Association may require, each of whom shall hold office for such period as the Board requires, have such authority and perform duties as the Board may from time to time determine. Special Appointment Officers shall have no voting power.

6.5 Duties of the President. The President shall be the chief executive officer of the Association and of the Board of Directors. He shall have all the general powers and duties which are usually vested in the office of president of an association including, without limitation, taking any action necessary to carry out the orders and resolutions of the Board of Directors, signing all leases, mortgages, deeds, contracts, and other written instruments and co-signing al checks and promissory notes.

6.6 Duties of Vice-President The Vice-President shall assume and perform the duties of the President in the event of the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board of Directors.

6.7 Duties of the Secretary The Secretary shall record the votes and keep the minutes of all Spanish Gardens I Association meetings, The Secretary shall maintain a current official list of Members of the Association together with their current addresses and shall perform such other duties as required by the Board.

6.8 Duties of the Treasurer The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association, disburse such funds as directed by resolution of the Board of Directors, co-sign all checks and promissory notes of the Association, keep proper books of account, cause an annual audit, review or compilation of the Association books to be made by a public accountant at the completion of each fiscal year. Association books and records are to be audited every three (3) years. Reference is given to A.R.S. 33-1810 for guidance. The Treasurer shall prepare an annual budget and a statement of income and expenditures which shall be presented to the membership at its regular annual meeting and delivered to each member.

6.9 Bonding. The Board of Directors may require all officers, employees, manager or managing agent handling or responsible for Association funds to furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

## ARTICLE VII ASSESSMENTS

7.1 Annual Budget The Current Board of Directors shall cause to be prepared a proposed annual budget for the upcoming fiscal year of the Association. Proposed budget shall be placed on the agenda for a vote at regular meeting prior to the fiscal year the budget references. Budget is to be approved by the Board of Directors at the regular meeting and be placed on the agenda for the Annual Meeting. Such a budget shall include the estimated common expenses and cash requirements for the year, including all line items on the current budget.

In addition, any expenses not currently on the budget, but anticipated, shall be included in the preparation of the budget. The annual budget shall also consider the estimated net available cash income for the year from the operating or use of any of the Common Elements. The annual budget shall provide for a reserve for contingencies for the year and a reserve for replacements in reasonable amounts as determined by the Board. To the extent that the assessments and other cash income collected from the Owners during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit shall also be considered.



Copies of the proposed annual budget shall be provided to each owner and shall thereafter be presented at a special meeting of the Members prior to the beginning of the Association's fiscal year. The annual budget and monthly assessment shall be approved by fifty-one percent (51%) of the members voting at the annual meeting.

In the event the proposed annual budget is not approved by the membership, the current budget shall remain until such time as a new budget can be made.

7.2 Increases in Annual Budget In the event the proposed annual budget of the Association is more than five percent (5%) greater than the annual budget for the prior fiscal year, each owner shall be provided with a detailed statement of the necessity for such increase and a copy of the Association's most current financial statements including a balance sheet, and income statement. Documents to be delivered to membership together with proposed budget,

7.3 If at the beginning of the fiscal year, a new annual budget has not been approved or the amount of the monthly assessment has not been determined, each Owner shall continue to pay each month a monthly assessment equal to the amount of the monthly assessment for the last month of the previous fiscal year until such time as the new monthly assessment has been determined. No Owner shall be relieved of his obligation to pay his assessments for common expenses because of abandoning or not using his Unit or Common Elements.

7.4 Assessments Monthly assessments are due on or before the first day of each month. Each owner shall pay a monthly assessment to the Association for his share of the common expenses. This monthly assessment shall equal one-twelfth (1/12<sup>th</sup>) of the owner's proportionate share of the yearly common expenses as shown on the approved annual budget. Each owner's proportionate share of common expenses shall equal his proportionate ownership interest in the Common Elements.

(a) Each month, Spanish Gardens I Association may mail, deliver or email a statement of the homeowner fees balance to each Owner. Each owner is obligated to pay his assessment on or before the first day of each month. Failure to receive a statement does not negate the fiscal responsibility to pay the month assessment fees.

(b) Failure to pay the monthly assessment fee in full will result in a late charge being assessed to the unit owner's account. Monthly assessment fees not paid in full will be considered in arrears. Unit owners sixty (60) days in arrears are subject to collection, liens and other legal actions as needed. Monthly assessment fee not paid by the 10<sup>th</sup> day of the month, shall incur a late fee of fifteen dollars (\$15.00)

7.5 Annual Report Within 90 days after the end of each fiscal year or as soon thereafter as shall be practicable, the Board of Directors shall cause to be furnished to each Owner audited, review or compilation financial statements for each year.

7.6 Supplemental Assessments If during the course of any fiscal year it shall appear to the Board of Directors that the monthly assessments determined in accordance with the estimated annual budget for such year are insufficient or inadequate to cover the estimated common expenses for the remainder of such year, the Board shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of such year. Copies of the supplemental budget shall be provided to each Owner.

If the total of such supplemental budget and all prior supplemental budgets adopted and approved during such fiscal year equals less than five percent (5%) of the approved annual budget, a supplemental assessment shall be made to each owner for his proportionate share of such supplemental budget.

If the total of such supplemental and all prior supplemental budgets adopted and approved during such fiscal year equals more than five percent (5%) of the approved annual budget, such supplemental budget must be presented a special meeting of the members of the Association and approved by a majority vote of the members present, either in person or by ballot. If approved, a supplemental assessment shall be made to each owner for his proportionate share of such supplemental budget.

7.7 Capital Expenditures Except as otherwise specifically provided in the Declaration, the Board shall not approve any capital expenditure greater than Twenty Thousand Dollars (\$20,000.00) unless required for emergency repair, protection or operation of the Common Element. The Board shall nor sign any contracts for more than two (2) years unless approved prior to such expenditure by a two-fifths of the vote of the membership present, either in person or by ballot, at a special meeting of the membership.

7.8 Lien Each Owner of a Unit is deemed to covenant and agree to pay all assessments to the Association. Such Assessments, together with any interest thereon and cost of collection thereof, including attorneys' fees actually incurred, shall until paid be a charge against and a continuing lien (hereinafter "Assessment Lien") upon the Unit against which and for which such Assessment is made and shall also be the personal obligation of the Owner of such Unit at the time when the Assessments fell due; provided, however, such lien shall be subject and subordinate to: (i) liens for taxes and other public charges which by applicable law are expressly made superior; and (ii) all liens recorded in the Office of the County Recorder of Maricopa County, Arizona, prior to the date of recordation by the Association of an instrument (hereinafter referred to as the "notice of Lien Priority"), which will establish pursuant to the then prevailing lien as being the date of recordation of the Notice of Lien Priority.

No such Notice of Lien Priority shall be recorded by the Association without the approval of the Board of Directors. All liens recorded after the recordation of the Notice of Lien Priority shall be junior and subordinate to the Assessment Lien. All liens recorded prior to the recording of the Notice of Lien Priority shall remain superior to the Assessment Lien; provide. However, if any mortgage or lien recognized as superior to the Assessment Lien under this provision is subsequently increased, refinanced or modified in any way, such lien shall thereupon immediately and automatically lose its superiority to the Assessment Lien and become junior and subordinate to the Assessment Lien.

The Association and the Board of Directors shall have the authority to exercise and enforce all rights and remedies as provide for in the Declaration of these By-Laws or otherwise available at law or in equity for the collection of all unpaid Assessments and any interest thereon or costs of collection thereof. Suit to recover a money judgment for unpaid common expenses shall be maintainable without foreclosure or waiving the lien security the same.

If action is commenced against an Owner to enforce payment of any unpaid assessment, there shall be added to the amount of such assessment the late charge, interest, expenses incurred in connection with the debt secured by the Assessment Lien, the cost of preparing and filing the Complaint in such action and in the event a judgment is obtained, such judgment shall include said late charge, interest and reasonable attorneys' fees, together with the costs of action. Spanish Gardens I Association reserves the right to the following pertaining to a lien: File an action in Justice Court to collect the lien, file foreclosure actions and sell the lien to a third party. Owner will be responsible for all attorney fees and costs.

7.9 Curing of Default If the Association has recorded a Notice of Lien Priority a default by an owner and that default is cured in 30 days, then the Association shall record a release of such Notice that shall be executed by a designated officer of the Association. However, such release shall not be recorded until the defaulting owner has paid a reasonable fee to be determined by the Board of Directors to reimburse the Association for all costs incurred because of such default, including without limitation, the cost of preparing and recording the release, attorneys' fees, court costs, interest and other fees and charges incurred by the Association.

## ARTICLE VIII FISCAL MANAGEMENT

8.1 Fiscal Year The fiscal year of the Association shall be January 1 through December 31. The commencement date of the fiscal year herein established shall be subject to change by the Board should corporate practice subsequently dictate.

8.2 Books of Accounts Books of Accounts of the Association shall be kept under the direction of the Treasurer on a consistent basis in accordance with accepted accounting practices. The books of the Association shall be open to review and inspection to any owner at any reasonable time. Procedure for reviewing the Books of Accounts shall be as set out in A.R.S. 33-1805.

8.3 Contracts Unless otherwise provided by the Board of Directors, all contracts shall be executed on behalf of the Association by either the President, Vice-President or countersigned by the Secretary. If the Secretary officer's position is vacant, President and Vice President shall sign contract.

## ARTICLE IX CONTRACTURAL POWERS

9.1 No contract or other transaction between the Association and one or more of its directors or between the Association and any corporation, firm, or association in which one or more of the Directors of the Association are directors of any corporation, firm or association, or are financially interested shall be entered with each other provided that either:

(a) The fact of the common directorship or financial interest is disclosed or known to the Board of Directors or committee thereof and noted in the minutes and the Board of Directors or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for that purpose without counting the vote or votes of such Director or Directors entering into the contract with Spanish Gardens I Association.

(b) The contract or transaction is just and reasonable to the Association at the time it is authorized and approved.

(c) No officer of the Board of Directors, Assistant Officers or committee members may receive any compensation for the completion of a successful contract between any individual, corporation or company.

## ARTICLE X AMENDMENTS

10.1 These By-Laws may be amended by a two-third (2/3) vote of the members present, either in person or, at the annual or a special meeting of the members. Amendments may be proposed to the Board of Directors by petitions signed by at least one-quarter (1/4) of the total ownership of the by ballot Common Elements.

ARTICLE XI  
CONSTRUCTION

11.1 Discrepancies Any discrepancies or conflicts between the provisions of the Arizona Statutes, the Declaration, the Articles of Incorporation By-Laws, and the Rules and Regulations of the Association shall, unless otherwise provided, be resolved by giving priority first to the Statutes, second to the Declaration, third to the Articles of Incorporation, fourth to the By-Laws, and fifth to the Rules and Regulations.

11.2 Use of Words As used in these By-Laws, the masculine, feminine, or neuter gender, and the singular or plural number of any word shall each include the others whenever the context so indicates.

Revised  
February 2023

