

Dear Members of the Pines Community,

As you consider serving on our Board of Directors next year and completing the enclosed candidate application, please be aware that the time to update our Bylaws will also be here soon! The ballot for the proposed Bylaw changes will be included with the Board Candidate Election ballot arriving the week of October 13th. We're including this information early so you may familiarize yourself with these important proposed Bylaw changes.

As state laws change, and new questions come up in our community, our Bylaws become stale. Only your vote can update our Bylaws - the Board of Directors cannot - so **without your vote, our Bylaws will continue to become more and more outdated.**

Roughly 66 or 67 yes votes will update the Bylaws. What? There's no set number?!? The number changes based on the number of *qualified members at the time**.

Here are the **two items you will see on the ballot**, along with some clarifying information. (Note: For a more detailed list of changes, see the [Summary of Proposed Bylaw Amendments](#) from our legal counsel.)

ACTION 1 will look like this on the ballot:

Yes, I vote in favor of the amendment to Section 3.1 of the Bylaws which states "one Member per Lot owner may serve as a Board Director at a time."

No, I vote against the amendment to Section 3.1 of the Bylaws which states "one Member per Lot owner may serve as a Board Director at a time."

Voting YES for the first item would update our Bylaws with this change which will:

- add a limit to the number of members from one home that may serve on the Board at the same time.
- potentially prevent two members from the same lot casting votes on the same Board decision.
- prevent members who may otherwise wish to serve on the Board while someone else from the same lot is on the Board.

ACTION 2 will look like this on the ballot:

Yes, I vote in favor of the numerous legal and technical amendments to the Bylaws, including the removal of all references to the Declarant and addition of staggered terms for Board Directors in Section 3.3 of the Bylaws.

No, I vote against the numerous legal and technical amendments to the Bylaws, including the removal of all references to the Declarant and addition of staggered terms for Board Directors in Section 3.3 of the Bylaws.

Voting YES for the second item would update our Bylaws with these changes that will:

1) **add a term limit** of 3 consecutive 1-year terms as President of the Association

→ This does not limit the member from a longer term on the Board; it only relates to serving in the role of President.

2) clarify our Bylaws with **updated legal and technical changes**, including:

→ Clarify the staggered terms for our Board Directors, with two-year terms after the initial staggered on-boarding. The intent is to provide for knowledge to be passed down through Board Directors by overlapping their terms.

→ Replace “Fine” with “Monetary Penalty”

→ Remove required audited financial statement, compliant with state law

→ Remove references to the “Declarant” (no longer pertinent in the Pines)

3) align our Bylaw language to **match most recent state laws**. We already comply with these since statute overrides our Bylaws; this update will eliminate the language in our Bylaws that is no longer usable in Arizona.

→ Replace proxy votes with absentee ballot for members

→ Remove Board Director’s ability to vote by proxy

→ Specify that members may participate in discussion of agenda items at Board meetings

→ Update documents & information we provide to potential purchasers

→ Update process for Members to remove a Board Member

→ Clarify that the Board may not remove a Board member after missing 3 consecutive board meetings

*To change Bylaws, Section 1.8.1 requires 50% or more of the votes entitled to be cast, which, for us, equals 50% x (135 minus members disqualified by Date of Record).

Note of interest: a quorum is 10% (~14 votes), but that won’t change the Bylaws.

May 20, 2025

Members
The Pines At South Mountain Community Association

Re: Summary of Proposed Bylaw Amendments

Dear Members:

On behalf of The Pines South Mountain Community Association (the “Association”) and its Board of Directors, our firm has drafted Amended and Restated Bylaws for the Association to replace the Association’s existing Bylaws that were adopted in 1999. This letter will provide a short overview of the proposed amendments to the Bylaws.

A. Removal of References to Declarant

The proposed Amended and Restated Bylaws remove all references to the Declarant, which was the entity known as Pine Development at South Mountain, LLC that developed the community. The Declarant no longer owns any lots within the Association, and it is unnecessary to have any reference to the Declarant in the Bylaws.

B. Removal of Requirement for Audited Financial Statement

Section 1.6.2 of the Amended and Restated Bylaws continues the requirement that the Board conduct either an audit, review, or compilation annually of the Association’s financial statements. This complies with A.R.S. §33-1810 of the Planned Community Act. The amendment removes the requirement that an independent public accountant audit of the Association’s financial statement be obtained at least every three years.

C. Compliance with A.R.S. §33-1806

Section 1.7 of the Amended and Restated Bylaws requires the Association to comply with A.R.S. §33-1810 of the Planned Community Act by providing the documents and information required by that statute to a potential purchaser of a lot. It removes the listing of documents that were required to be disclosed pursuant to this statute in 1999.

D. Prohibition on Use of Proxies

To comply with A.R.S. §33-1812 of the Planned Community Act, Sections 1.8, 2.4, 2.5, and 2.7 of the Amended and Restated Bylaws remove the ability of a Member to vote by proxy. Pursuant to this statute, Members may vote in person or by absentee ballot.

E. Qualifications for a Board Director

Section 3.1 of the Amended and Restated Bylaws requires that all Board Directors “must be Members of the Association, must be current in payment of assessments to the Association, and only one Member per Lot owned may serve as a Board Director at a time.” This section adds two (2) new qualifications to be a Board Director.

F. Staggered Terms for Board Directors

Section 3.3 of the Amended and Restated Bylaws sets forth the use of staggered terms for Board Directors beginning with the initial election of Directors following the adoption of this Amended and Restated Bylaws. Staggered terms will provide for knowledge to be passed down through Directors and for all Directors to serve two-year terms once the stagger is in place.

G. Compliance with A.R.S. §33-1813

Section 3.5 of the Amended and Restated Bylaws complies with A.R.S. §33-1813 of the Planned Community Act regarding the process for how a Board Director may be removed by the Members.

H. Compliance with A.R.S. §33-1804

Section 3.9.7 of the Amended and Restated Bylaws complies with A.R.S. §33-1804 of the Planned Community Act by specifically providing that members may participate in the discussion of an agenda item at a Board meeting.

I. Removal of Director’s Ability to Vote by Proxy

Section 3.10 of the Amended and Restated Bylaws removes the ability of a Board Director to vote by proxy. As noted above, state statute has eliminated the ability of Members to vote by proxy. Upon adoption of the Amended and Restated Bylaws, a Board Director may only vote in person.

J. Officer Position Vacated

Section 3.11.10 of the Amended and Restated Bylaws clarifies that the Board can only declare the officer position of a Board Director to be vacant if that officer is absent from three (3) consecutive regular meetings of the Board. The amended Section 3.11.10 does not allow the Board to declare that a Board Director is removed based upon his/her missing three (3) consecutive Board Meetings.

K. Limitation to Three 1-year Terms for Board President

Section 4.3 of the Amended and Restated Bylaws states “a member of the Board may only serve as the President for up to three (3) consecutive one (1) year terms.” This

amendment places term limits on a Board Director serving as the President of the Association.

L. Replacement of term “Fine” with term “Monetary Penalty”

Article 5 of the Amended and Restated Bylaws notes the replacement of the term “fine” with the term “monetary penalty” to mirror the terminology used in A.R.S. §33-1803 of the Planned Community Act.

M. Compliance with A.R.S. §33-1817(B)

Section 6.1 of the Amended and Restated Bylaws is amended to satisfy the statutory requirement that the chairperson of the Architectural Committee be a Board Director.

N. Addition of “Invalidity” Clause

Article 8 of the Amended and Restated Bylaws adds a section that provides if any provision of the Bylaws is declared invalid such declaration of invalidity will not impair or affect the validity and enforceability of the remaining provisions of the Bylaws.

Very truly yours,

/s/ Chandler W. Travis

Chandler W. Travis