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5 *Attorneys for Plaintiffs*

6 IN THE SUPERIOR COURT OF ARIZONA

7 COUNTY OF MARICOPA

8 BOLTON and FLORENCE ANDERSON;
SHARON ATWOOD; MICHAEL BAKER;
9 DAVID and DAWNNA BARNES; JEAN
BATTISTA; VIRGINIA BAUGHMAN;
10 EDWARD BERGER; OLGA CARLSON;
LAVINA DAWSON; CATHERINE FULLER;
11 KENNETH GEGG; MARY GRANSDEN;
JOANNE GREATHOUSE; REGINA HECK;
12 RAY and LINDA HICKS; SHERRY JOHNSON-
TRAVER, as Trustee of the Sherry Sue Johnson-
13 Traver Trust; SHIRLEY KOERS; SUSAN
MARSH; GEORGE and SHERYL MCCLAIN;
14 ELIZABETH MERCER, as Trustee of the
Elizabeth Scott Mercer Trust; ARLEF MOYER;
15 JAMES NAPIER; ARTHUR NEALT, as Trustee
of the Arthur D. Neault Living Trust; DIANE
16 PATRAKIS; PETUNIA LLC; CAROLE
POPEROWITZ; PAUL and GLORIA
17 RICHMAN; DONNA SIES; GAY SOUSEK;
ANNE RANDALL STEWART, as Trustee of the
18 Stewart Trust; THERESE TERRIS; WENDY and
CHARLES WOOD; and ANGELO ZAPPELLA,
19 individually and on behalf of the similarly
situated,

20 Plaintiffs,

21 vs.

22 RECREATION CENTERS OF SUN CITY, INC.,
23 a nonprofit corporation,

24 Defendant.

No. CV2015-012458

AMENDED COMPLAINT

25
26 Plaintiffs allege the following against Defendant Recreation Centers of Sun City, Inc.:

1 **PARTIES AND JURISDICTION**

2 1. Plaintiffs are owners of real property in Sun City, Maricopa County, Arizona who
3 have signed one or more Facilities Agreements with Recreation Centers of Sun City, Inc. as a
4 condition of purchasing or owning real property in Sun City.

5 2. Defendant Recreation Centers of Sun City, Inc. (“RCSC”) is a nonprofit
6 corporation licensed to conduct business in Arizona that owns and operates various properties in
7 Sun City, Maricopa County, Arizona.

8 3. Defendant is located in Maricopa County and otherwise caused events to occur
9 and committed actions in Maricopa County, Arizona that are the subject of this Complaint.

10 4. Jurisdiction and venue are proper in this Court.

11 **GENERAL ALLEGATIONS**

12 **A. Background of the RCSC.**

13 5. Sun City is an adult retirement planned community. It was created pursuant to
14 documents establishing a planned community.

15 6. RCSC owns and operates all recreational properties in Sun City for the benefit of
16 Sun City owners and residents.

17 7. RCSC was formerly known as Sun City Community Association (“SCCA”).

18 8. SCCA was formed as a result of a consolidation in 1968 between two entities, Sun
19 City Town Hall Center and Sun City Civic Association.

20 9. The Articles of Incorporation of SCCA provided that SCCA had the power to,
21 among other things, “establish and conduct a general social, cultural, recreational and
22 amusement enterprise for the benefit of its members.” The Articles further provided that:

23 The by-laws of the corporation shall prescribe the qualifications of members and
24 the terms of admission to membership, provided that the voting rights of all
25 members shall be equal and all members shall have equal rights and privileges and
26 be subject to equal responsibilities. Such bylaws shall also provide the method for
determining assessments to be paid by the members.

1 10. The original 1968 Articles of Incorporation for SCCA, which were recorded with
2 the Maricopa County Recorder’s Office at Fee Number 1968-0189565, provided that members
3 of SCCA “shall be residents and/or home owners of Sun City....” The 1968 Amendment to the
4 Articles of Incorporation, which was recorded with the Maricopa County Recorder’s Office at
5 Fee Number 1968-0107495, also provided that “Members of the corporation shall be residents
6 and/or home owners of Sun City, Arizona....”

7 11. The Consolidation Agreement between Sun City Town Hall Center and Sun City
8 Civic Association provided, among other things, that all assessments of new members of SCCA
9 shall be on the same basis as for Town Hall members.

10 12. SCCA and its merged predecessors were created and existed for the purpose of
11 managing, maintaining or improving the recreational property within Sun City for the benefit of
12 property owners in Sun City, Maricopa County, Arizona.

13 13. On or about May 15, 1972, SCCA changed its name to RCSC.

14 14. According to a 1972 Amendment to RCSC’s Articles of Incorporation, which was
15 recorded with the Maricopa County Recorder’s Office at Fee Number 1972-0259274, its
16 members “shall be limited to residents or home owners of Sun City, Arizona” and provide that
17 the bylaws “shall prescribe the qualifications of members and the terms of admission to
18 membership, provided that the voting rights of all members shall be equal and all members shall
19 have equal rights and privileges and be subject to equal responsibilities. Such bylaws shall also
20 provide the method for determining assessments to be paid by the members.”

21 15. Sun City’s developer, Del E. Webb Development Company (“Webb”), included
22 various recreational facilities as part of the development for the benefit of Sun City property
23 owners. Webb would convey the recreation properties to SCCA, and later RCSC, as phases of
24 the development were completed. Some examples of the conveyances of these recreational
25 properties to SCCA and later RCSC are recorded with the Maricopa County Recorder’s Office
26 at Recorder No. 1971-0051191, 1973-000049, 1976-126724, and 1979-0362978.

1 16. The warranty deeds from Webb to SCCA and later RCSC included provisions that
2 the property “shall be used for the purpose of operating and maintaining a community center
3 and recreational facilities without pecuniary gain or profit, for the benefit of property owners in
4 Sun City, Maricopa County, Arizona.”

5 17. RCSC owns and operates all improvements on the recreation properties that it
6 owns for the common benefit of owners or residents, including recreation center complexes
7 (consisting of swimming pools, social and meeting halls, auditoriums, craft rooms, and other
8 facilities), golf courses with pro shops, and two bowling alleys, and is responsible for managing,
9 maintaining or improving these common community recreational properties and facilities within
10 Sun City for the benefit of all owners of real property or residents in Sun City.

11 18. RCSC’s Restated Articles of Incorporation, as amended November 20, 2003, gave
12 RCSC the power to “establish and conduct a general social, cultural, recreational and
13 amusement enterprise for the benefit of its Members” and to “promote cooperation in all matters
14 of interest and benefit to the residents and/or homeowners...who become and remain Members
15 of this Corporation.” A true and correct copy of RCSC’s Restated Articles of Incorporation is
16 attached as Exhibit 1.

17 **B. The Rights and Responsibilities of Sun City Owners.**

18 19. All owners of real property in Sun City are obligated to pay annual assessments to
19 RCSC in the amounts set by the RCSC Board of Directors pursuant to the recorded Sun City’s
20 Declaration of Covenants, Conditions and Restrictions, as Amended and Restated, a true and
21 correct copy of which is attached as Exhibit 2, establishing a planned community providing as
22 follows:

23 Each Owner of a lot shall execute a Recreation Facilities Agreement in favor of
24 Recreation Centers of Sun City, Inc., in the form adopted from time to time by
25 Recreation Centers of Sun City, Inc., and such Recreation Facilities Agreement,
26 including the obligation to pay the annual homeowner fee and special assessments
imposed from time to time, shall be binding upon and inure to each Owner’s
assigns and successors, shall be a lien on such lot, subordinate only to a first

1 mortgage or first deed of trust on such lot, and may be foreclosed in the same
2 manner as a mortgage under Arizona law. Each Owner and all persons residing on
3 said lot shall abide by the Articles of Incorporation and Bylaws of Recreation
4 Centers of Sun City, and any amendments thereto.

5 20. All owners of real property in Sun City are mandated to pay the annual
6 homeowner fee and any special assessments to RCSC regardless whether they use the
7 improvements on the recreation properties and facilities or even if RCSC considers them not to
8 be “Members” and affords them no membership rights in RCSC. RCSC asserts the right to
9 foreclose in the same manner as a mortgage under Arizona law for non-payment of the annual
10 homeowner fee and any special assessments.

11 21. All owners are entitled to vote pursuant to the terms of the Declaration.

12 22. RCSC regularly initiates foreclosure actions against owners for non-payment of
13 the annual homeowner fees and/or special assessments expressly invoking the provisions of the
14 Planned Community Act.

15 23. The obligation to pay assessments and fees is further established in RCSC’s
16 Amended Bylaws, a true and correct copy of which is attached as Exhibit 3.

17 **C. RCSC’s Compulsory Recreation Facilities Agreements.**

18 24. Under the Amended Bylaws, the execution of a Recreation Facilities Agreements
19 “in the form required by the [RCSC]” and the payment of assessments and fees to RCSC is
20 mandatory for all Owners of properties within Sun City “whether or not Owners occupy the
21 property or use RCSC facilities.”

22 25. RCSC unilaterally determines the terms of the Recreation Facilities Agreements,
23 including the basis on which assessments shall be imposed.

24 26. The Recreation Facilities Agreements generally provide that the assessments are
25 to cover the costs of maintaining, operating, and developing the common community
26 recreational facilities at Sun City.

1 27. RCSC sets the rate that each Owner must pay in the Facilities Agreement provided
2 to the Owner and the Owner is forced to pay it under threat of foreclosure. Owners do not have
3 the ability or right to negotiate, change, or alter the rate at which RCSC decides to charge the
4 owners, are required to accept RCSC's rate terms on a "take-it-or-leave-it" basis as a condition
5 of completing the purchase of the property. RCSC requires each owner as a compulsion of
6 owning a home in Sun City to execute a Facilities Agreement. The terms of the Facilities
7 Agreements provided to Owners are not negotiable.

8 28. Moreover, RCSC rarely, if ever, provides a copy of the Facilities Agreement to
9 prospective buyers with sufficient time for them to back out of the purchase should they not
10 agree with the terms. In many cases, prospective owners are not provided with a copy of the
11 Facilities Agreement until it is too late for them to cancel their purchase, the close of escrow,
12 and in some cases even after they have completed the purchase of their properties.

13 29. The rates set forth in the Recreation Facilities Agreements are either a "per
14 person" rate or "per lot" rate. The "per person" rate imposes an annual assessment for "each
15 person or entity...named in the deed to the residential real property," or similar language,
16 whereas the "per lot" assessment imposes an annual assessment "for each Lot."

17 30. Generally, the "per person" rate is one-half the "per lot" charge. Consequently,
18 members charged at the "per person" rate who live alone pay an assessment that is half of the
19 assessment charged to members at the "per lot" rate who live alone. In addition, members who
20 are married or live together and charged at the "per lot" rate are charged, on a pro rata basis, in
21 an amount one-half of their unmarried counterparts who are charged at a "per lot" rate. In
22 addition, those owners who are married who are charged at a "per lot" rate pay an assessment
23 that is greater than other members when their spouses pass away.

24 31. As a result of the different rates at which RCSC sets assessments, Owners often
25 pay assessments at unequal and non-uniform rates. For example, the "per person" assessment
26 was \$228.00 and the "per lot" assessment was \$456.00 in 2015. Thus, an Owner who is the only

1 person or entity named on a deed who is assessed at a “per lot” rate can pay twice as much as an
2 Owner whose Recreation Facilities Agreement imposes assessments on a “per person” basis.
3 Moreover, where two Owners are named on the deed and one of the Owners dies, the surviving
4 Owner continues to pay a “per lot” rate in an amount at double the rate of an Owner who pays at
5 the “per person” basis.

6 32. RCSC charges some single Owners who reside alone at a “per lot” rate but others
7 at the double, “per person” assessment rate.

8 33. Upon information and belief, RCSC regularly disregards Owners’ contracts that
9 are on a “per person” basis and instead charges them at the “per lot” basis, resulting in those
10 Owners paying increased assessments, or forces Owners under threat of foreclosure who are
11 charged on a “per person” basis to execute contracts at a “per lot” basis for the sole purpose of
12 increasing its revenues.

13 34. Upon information and belief, the change from “per person” to “per lot”
14 assessments was part of a property owner reconciliation that RCSC conducted in 2013 or 2014
15 and RCSC unilaterally decided to change the assessment rate to the higher “per lot” basis and, in
16 many cases, forced Owners to sign new Facilities Agreements under threat of foreclosure and
17 denial of all membership rights and privileges until the Owners signed new Facilities
18 Agreements and without the receipt of any consideration.

19 35. The annual homeowner fee is not equally imposed on Members or Owners.

20 **D. The Capital Preservation/Improvement Fee.**

21 36. Upon information and belief, RCSC began imposing additional assessments in the
22 form of a Capital Preservation/Improvement Fee (“PIF”), on new Owners or old Owners who
23 RCSC has forced to enter into new Facilities Agreements starting in late 1999 or early 2000.
24 Owners who bought their properties prior to this date were not charged PIF and have no
25 obligation to pay PIF.

26

1 37. Pursuant to RCSC's Facilities Agreements, RCSC charges PIF "on the purchase/
2 acquisition/transfer/inheritance of residential property in Sun City." However, RCSC generally
3 charges PIF for various non-resale transactions including properties conveyed into a trust,
4 properties conveyed to a marital community by virtue of a marriage, and other types of non-
5 resale transactions.

6 38. PIF is a transfer fee that is imposed on all Owners starting in or about 1999 or
7 2000.

8 39. RCSC also charges a separate transfer fee of \$300 to all Owners.

9 40. PIF charges were initially \$700 in 2000 but have steadily and unilaterally
10 increased over the years. In or about 2004 through 2006, for example, RCSC charged a PIF fee
11 of \$1,600.00. In or about 2009, PIF fee was increased again to \$3,000.00. Not all Facilities
12 Agreements after 1999 or 2000, however, impose PIF charges. The Facilities Agreements that
13 do purport to impose obligations to pay PIF are inconsistent and arbitrary. Although some
14 Facilities Agreements purport to impose the obligation to pay PIF in a specific amount, other
15 Facilities Agreements do not specify the amount that will be charged to the Owner.

16 41. Although PIF charges purport to compensate RCSC for costs incurred in
17 connection with an Owner's sale, the charges are significantly in excess of the statutory
18 maximum rate of \$400 pursuant to A.R.S. § 33-1806(C). In addition, RCSC also imposes a
19 universal transfer fee of \$300 on all owners.

20 42. Upon information and belief, PIF charges are often imposed arbitrarily and
21 randomly, with some owners exempt from paying PIF and other owners force to pay PIF several
22 times.

23 43. RCSC's Facilities Agreements generally provide that PIF charges can be
24 reimbursed or waived from purchasers "who have, within the previous twelve (12) month
25 period, owned and resided...in Sun City, Arizona, as their personal residences and have been
26

1 members of the [RCSC].” However, RCSC has failed to follow this provision uniformly and
2 otherwise fails to reimburse Owners who meet this qualification.

3 **E. The Qualifications of “Membership.”**

4 44. RCSC consistently has taken the position in prior judicial actions that an Owner’s
5 membership in the RCSC is automatic, “transferred from a member to a new owner upon the
6 sale of the home.” In other words, ownership equals membership.

7 45. RCSC’s Restated Articles of Incorporation provide that Members “shall be limited
8 to homeowners or residents of Sun City, Arizona.”

9 46. The Restated Articles of Incorporation further provide:

10 The Bylaws of the Corporation shall prescribe the qualifications of Members and
11 the terms of admission to membership, provided that the voting rights of all
12 Members shall be equal and all Members shall have equal rights and privileges,
and be subject to equal responsibilities. Such Bylaws shall also provide the
method for determining assessments to be paid by the Members.

13 47. The Restated Articles of Incorporation further state that any indebtedness or
14 liability, direct or contingent, shall be limited to \$750,000 absent the authorization of “three-
15 fourths of the Members present at a duly called and noticed meeting of the membership.”

16 48. The Restated Articles of Incorporation state that “Members of the Corporation
17 shall be provided with the opportunity to vote by proxy in any amendments of the Articles of
18 Incorporation, member amendments to the Bylaws of the Corporation, election of Directors, and
19 any other matters requiring an act of the members.”

20 49. RCSC’s original Bylaws provided that: “Members shall be homeowners of
21 property located in [Sun City].” RCSC further provides:

22 To qualify for a membership card, a member must be 55 years of age or older. If
23 under 55 years of age, he/she must not be under 19 years of age, and must reside
24 in Sun City, and provided further that at least one person 55 years of age or older
occupies the property at the same time.

25 50. In other words, RCSC’s original Bylaws provided that all Owners were Members
26 so long as they either were age 55 years or older. If they were younger than 55 years of age, a

1 property owner was a member so long as they were at least 19 years old, resided in Sun City,
2 and at least one person 55 years of age or older occupied the property at the same time. This
3 included Owners who resided in Sun City but also had another residence within seventy-five
4 (75) miles of Sun City.

5 51. RCSC's Amended Bylaws, as amended in 2014, provide that members of RCSC
6 "shall be Deeded Real Estate Owners" in Sun City. RCSC's Amended Bylaws further state that
7 "Owners who meet the following qualifications shall be entitled to a Member Card and therefore
8 considered as the Membership of the Corporation, as long as they are Members in good
9 standing." Generally:

10 A Member must be an Owner 55 years of age or older and occupy the Sun City
11 property as his/her primary Arizona residence unless his/her other Arizona
12 residence is farther than seventy-five (75) miles from Sun City in which case the
Owner(s) must provide proof that he/she occupies the Sun City residence as well.

13 52. Although all Owners may not necessarily qualify for Membership under the
14 Amended Bylaws, all Owners still must enter into Recreation Facilities Agreements with RCSC
15 as a condition of purchasing property and must pay assessments and fees to RCSC under threat
16 of foreclosure for non-payment for each property they purchase. All owners are also obligated to
17 pay annual assessments in amounts set by the RCSC Board of Directors.

18 53. RCSC's Amended Bylaws further provide that "a spousal Owner [who] is under
19 55 years of age may be a Member" so long as he or she is not under 19 years of age and
20 occupies the Sun City property as his or her primary Arizona residence "unless his/her other
21 Arizona residence is farther than seventy-five (75) miles from Sun City in which case the
22 Owner(s) must provide proof that he/she occupies the Sun City residence as well."

23 54. Upon RCSC's adoption of the 75-mile rule, Owners who occupied a second
24 residence within seventy-five (75) mile radius ceased to be Members of RCSC. Those Owners
25 remained obligated to pay assessments to RCSC.

1 55. RCSC’s Amended Bylaws further provide that there can only be two Members per
2 property regardless of the number of Owners or the nature of the entity of the Owner (*e.g.*, trust,
3 corporation, partnerships). Additional Owners who otherwise meet the qualifications for
4 Membership “must purchase a Privilege Card in order to use RCSC facilities.”

5 56. RCSC’s Amended Bylaws also limit an Owner to a single Member Card
6 “regardless of whether more than one Sun City property is owned and assessments and fees are
7 paid” and that, regardless of the number of properties owned, “[e]ach individual qualified as a
8 Member is entitled to only one vote on each matter voted on by the Members.”

9 57. Non-Owner occupants, such as renters, occupants, or life estate tenants, do not
10 qualify for Membership, but may be eligible for an annual “Privilege Card” to use RCSC
11 facilities under certain circumstances as specified in the Amended Bylaws.

12 58. Certain Owners do not qualify for Membership under any circumstance per the
13 Amended Bylaws, including but not limited to Owners who own other property within seventy-
14 five miles of Sun City and do not occupy the Sun City property as their primary Arizona
15 residence.

16 59. The Amended Bylaws unlawfully increased quorum requirements for Membership
17 meeting from 100 Members to 1,250 Members in good standing.

18 60. RCSC does not impose equal responsibilities on Owners or Members. Some
19 Members pay a “per person” rate for assessments whereas others who pay a “per lot”
20 assessment pay twice as much even if they live alone. RCSC has also adopted arbitrary and
21 unreasonable rules regarding the issuance of membership cards that results in unequal rights and
22 responsibilities among Members. With respect to owners that RCSC charges a “per lot”
23 assessment, for example, RCSC refuses to issue membership cards to occupants unless they are
24 named in the deed and requires owners who have not named these other occupants, including
25 spouses or other family members, to purchase a “privilege card” at an additional cost.

26

1 Consequently, owners who pay the “per lot” assessment but do not include all occupants on the
2 deed are denied the same rights and privileges as owners who pay at a “per person” assessment.

3 61. Although all Owners are obligated to pay assessments to RCSC, some Owners get
4 two votes, other Owners get only one vote, and still other Owners do not get any vote.

5 62. RCSC has failed to honor Facilities Agreements with Plaintiffs and those
6 similarly-situated and/or otherwise taken action to concern Plaintiffs and those similarly-situated
7 that their agreements will not be honored.

8 63. RCSC has a documented history of refusing to honor, unilaterally ignoring, or
9 changing the terms of Facilities Agreements and/or compelling Owners and Members to sign
10 new agreements when RCSC seeks to change terms. RCSC has threatened and coerced Owners
11 to sign new Facilities Agreements changing the rates from a “per person” to “per lot” rate,
12 adding PIF charges, and otherwise change the terms of the Facilities Agreements.

13 **ALLEGATIONS COMMON TO ALL CLASS MEMBERS**

14 64. Plaintiffs bring this action on behalf of themselves and others similarly situated.
15 Specifically, Plaintiffs seek to represent the following classes of individuals:

- 16 A. **The Ownership Class**: All current Owners of Sun City properties
17 who signed Facilities Agreements with RCSC regardless whether
18 RCSC considers them to be “Members.”
- 19 B. **The Annual Assessment Class**: All Owners who have paid annual
20 assessments in an amount greater than the “per person” rate charged
21 to single owners in the six years preceding the commencement of
22 this action.
- 23 C. **The PIF Class**. All Owners who have paid PIF in the six years
24 preceding the commencement of this action.

25 65. Plaintiffs allege that the putative members of the above classes are so numerous
26 that joinder is impracticable and that the exact number of class members is unknown to them
and can only be reasonably ascertained through an examination of Defendant’s business records.

1 66. Common questions of law and fact predominate in this case. Those common
2 questions of law and fact include, but are not necessarily limited to whether the Planned
3 Community Act applies to RCSC, whether RCSC has acted validly and lawfully with respect to
4 certain corporate act, whether the Amended Bylaws are invalid, whether RCSC can charge
5 assessments at different rates and in different amounts to Owners and Members, and whether
6 RCSC can impose PIF charges on Owners and, if so, in what amount.

7 67. Common questions of law and facts among the class members clearly predominate
8 over questions that may affect individual class members such that each class member's claims
9 arise from the same unlawful conduct, practices, and procedures and involve a consideration of
10 principally the same evidence.

11 68. Plaintiffs share the same interests and have suffered the same injuries as each class
12 member. Plaintiffs assert identical claims and seeks identical relief on behalf of the unnamed
13 class members. Plaintiffs' claims are, therefore, typical of the class members' claims, and they
14 will fairly and adequately protect the absent class members' claims and serve as a class
15 representative.

16 69. Plaintiffs are prepared to serve as the named class representatives for each of the
17 above classes. Plaintiffs have also retained counsel that are experienced in similar types of
18 claims, have class action experience, and will diligently pursue this action on behalf of the
19 absent class members.

20 70. A class action is superior to individual actions because, inter alia, (a) the
21 prosecution of separate actions by individual class members presents a risk of inconsistent
22 outcomes based on the same facts and law; (b) individual claims by the absent class members is
23 impracticable; (c) many absent class members are unaware of their potential claims – or even of
24 the underlying facts giving rise to each violation; and (d) a class action promotes judicial
25 economy.

26 71. Class certification is appropriate under Ariz. R. Civ. P. 23(b).

ALLEGATIONS SPECIFIC TO THE NAMED PLAINTIFFS

1
2 72. Plaintiffs Bolton and Florence Anderson purchased Sun City property in 2003 and
3 signed a “per lot” Facilities Agreement that included a defined-PIF of \$700, but were later
4 required to sign a new Facilities Agreement that did not delineate any PIF amounts when they
5 transferred the property into a trust for estate planning purposes.

6 73. Plaintiff Sharon Atwood purchased her Sun City property in 2002. Her Facilities
7 Agreement imposes an annual assessment on her on a “per person” basis and imposes PIF in the
8 amount of \$700.

9 74. Plaintiff Michael Baker purchased his Sun City property in 1990. His Facilities
10 Agreement imposes an annual assessment on a “per person” basis and does not charge PIF.

11 75. Plaintiffs David and Dawnna Barnes purchased their Sun City property in 2006.
12 Their Facilities Agreement imposes an annual “per lot” assessment and purports to obligate the
13 payment of PIF in an undefined amount. Because there are three individuals on the deed,
14 however, they are forced to pay an extra fee for a privilege card.

15 76. Plaintiff Jean Battista purchased a Sun City property in 2004 and, although she
16 lived alone and was the only owner of record, she was assessed on a “per lot” basis and
17 subjected to a PIF fee in an undefined amount. She bought a second Sun City property in 2007
18 and was again assessed on a “per lot” basis and subject to a PIF charge. Plaintiff Battista paid
19 PIF charges on both properties.

20 77. Plaintiff Virginia Baughman purchased a Sun City home in 1999 in which she
21 resides and pays a “per person” assessment rate for that property. Plaintiff Baughman owns
22 another property that she purchased in 1994 and the Facilities Agreement assessment for that
23 property was also at a “per person” rate. In 2012, RCSC unilaterally changed the rate for the
24 latter property from a “per person” assessment to a “per lot” assessment, thereby doubling the
25 annual assessment she was paying for the second property. Neither of the Facilities Agreements
26 for these two properties has PIF. Plaintiff Baughman bought a third Sun City property in 2007.

1 The assessment on her third Sun City property was a “per lot” assessment. Although the third
2 property’s Facilities Agreement imposes PIF, it does not specify the amount of the charge.
3 However, Plaintiff Baughman was charged \$2,500 for PIF at the time she purchased the
4 property. Despite the fact that Plaintiff Baughman pays a “per lot” assessment for the third
5 property, her renters are forced to pay for Privilege Cards.

6 78. Plaintiff Edward Berger purchased his Sun City property in 2010. He lives alone
7 but pays assessments on a “per lot” basis and was charged a \$3,000 PIF when he closed escrow
8 even though the Facilities Agreement does not specify a specific charge.

9 79. Plaintiff Olga Carlson purchased her Sun City property in 2003, is supposed to
10 pay assessments at a “per lot” basis, and PIF charge is specified in the original agreement as
11 \$700. Plaintiff Carlson was subsequently instructed to sign a second Facilities Agreement in
12 2004 that continues to impose an obligation to pay PIF but eliminates the specific reference to a
13 PIF charge of \$700.

14 80. Plaintiff Lavina Dawson owns two Sun City properties. She bought the first
15 property in 2006 and, though she lived alone and was the only owner of record, the Facilities
16 Agreement charged assessments on a “per lot” basis and does not specify a specific PIF charge.
17 She bought the second property in 2012 and it is assessed on a “per lot” basis and also does
18 specify a specific PIF charge. She paid \$3,000 PIF on the second property.

19 81. Plaintiff Catherine Fuller purchased her Sun City property in 2008. Plaintiff Fuller
20 lives alone but pays the double “per lot” assessment and was charged PIF at the rate of \$2,500
21 even though the Facilities Agreement does not specify a precise amount for this charge.

22 82. Plaintiff Kenneth Gegg purchased Sun City properties in 1992 and 1998 and
23 presently is charged on a “per person” assessment basis. Neither Facilities Agreement includes
24 an obligation to pay PIF.

25

26

1 83. Plaintiff Mary Gransden purchased her Sun City property in 2007. She lives alone
2 but pays the double “per lot” assessment and was charged PIF in the amount of \$2,500 even
3 though the Facilities Agreement does not specify a precise amount for this charge.

4 84. Plaintiff Joanne Greathouse purchased her Sun City property in 2007 and is
5 assessed on a “per lot” basis. Although her Facilities Agreement does not specify a specific PIF
6 charge, she was charged PIF in the amount of \$2,500 when she purchase the property.

7 85. Plaintiff Regina Heck purchased her Sun City property in 2005. Her Facilities
8 Agreement was not recorded with the Maricopa County Recorder, but she is presently charged
9 at the “per lot” rate even though she is the sole owner of the property. She was charged a \$1,600
10 PIF charge.

11 86. Plaintiffs Ray and Linda Hicks purchased a condo in Sun City in 2012 but their
12 primary residence is in Sun City West. Although they pay a “per lot” annual assessment and
13 were charged \$3,000 for PIF, they are prohibited from using any RCSC facilities under the 75-
14 mile rule.

15 87. Plaintiff Sherry Johnson-Traver, as trustee of the Sherry Sue Johnson-Traver
16 Trust, owns two Sun City properties. Both properties are assessed on a “per person” basis but
17 only one of the properties purports to impose an obligation to pay PIF. RCSC unilaterally
18 altered Plaintiff Johnson-Traver’s assessment from a “per person” to a “per lot” basis in 2012,
19 doubling her assessments in violation of the terms of the Facilities Agreement.

20 88. Plaintiff Shirley Koers was named in a beneficiary deed on a Sun City property
21 that her mother, Anne K. Schmidt, purchased in or about 1999. Although Ms. Schmidt’s “Per
22 Person” Facilities Agreement did not provide for the payment of PIF, RCSC required Plaintiff
23 Koers to enter into a new “per lot” agreement upon Ms. Schmidt’s death and charged her \$3,000
24 in PIF fees.

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1 89. Plaintiff Susan Marsh purchased her Sun City property in 2012. She lives alone
2 but pays the double “per lot” assessment and was charged PIF in the amount of \$3,000 even
3 though the Facilities Agreement did not specify a precise amount for this charge.

4 90. Plaintiffs George and Sheryl McClain purchased their Sun City property in 2006.
5 They pay assessments at a “per lot” basis.

6 91. Plaintiff Elizabeth Mercer, as trustee of The Elizabeth Scott Mercer Trust, owns
7 two Sun City properties. Although both properties were assessed at a “per person” rate, RCSC
8 unilaterally changed the rate for the second property from a “per person” assessment to a “per
9 lot” assessment, thereby doubling the annual assessment she was paying for the second
10 property.

11 92. Plaintiff Arlef Moyer purchased a Sun City Property via a family trust in 2003. He
12 remarried several years after the death of his wife and presently lives with his wife in the Sun
13 City property. During the interim, he paid a “per lot” assessment even though he was living
14 alone. After he remarried, RCSC refused to issue his new wife a membership card and forced
15 him to pay an additional fee for a privilege card.

16 93. Plaintiff James Napier inherited a property in Sun City in or about 1997. He has a
17 “per person” Facilities Agreement and no PIF, but is concerned given RCSC’s history of
18 refusing to honor said agreements and unilaterally changing the terms of the agreements.

19 94. Plaintiff Arthur Nealt, as trustee of The Arthur D. Neault Living Trust, purchased
20 property in Sun City in 2012. He has a “per lot” Facilities Agreement and is obligated to pay
21 PIF at an undefined rate.

22 95. Plaintiff Diane Patrakis purchased her Sun City property in 2006. She lives alone
23 but pays the double “per lot” assessment and was charged PIF in the amount of \$1,600 even
24 though the Facilities Agreement does not specify a precise amount for this charge.

25 96. Plaintiff Petunia LLC owns two properties in Sun City that he purchased in 2013.
26 Despite paying \$6,000 in PIF charges for the two properties and assessments at the “per lot”

1 rate, he was not entitled to membership for him or his renters because he lived within 75 miles
2 of Sun City. He received no benefits for the substantial payments he made.

3 97. Plaintiff Carole Poperowitz purchased a Sun City property in 2003. Although the
4 Facilities Agreement is a “per person” rate, she is charged at a “per lot” rate. Plaintiff
5 Poperowitz paid a \$700 PIF that was specified in her Facilities Agreement.

6 98. Plaintiffs Paul and Gloria Richman own property in Sun City and have a “per lot”
7 assessment that, in the event one of them dies, the surviving spouse will be paying twice the
8 amount paid by other members.

9 99. Plaintiff Donna Sies purchased a Sun City property in 2009 and is a single woman
10 who pays the double “per lot” rate. She also paid \$3,000 in PIF charges.

11 100. Plaintiff Gay Sousek owned a Sun City property that she sold in 2008. She bought
12 a second property but was not refunded PIF. She also pays the double “per lot” rate despite
13 being single.

14 101. Plaintiff Anne Randall Stewart, as trustee of The Stewart Trust, is the owner of a
15 property in Sun City that she bought in 1994. She and her husband pay at a “per person” rate
16 and receive two votes compared to other individuals who pay at a “per lot” rate and get a single
17 vote. Plaintiff Stewart remains concerned about the RCSC’s history of refusing to honor
18 Facilities Agreements and unilaterally altering the agreements to suit its own whims.

19 102. Plaintiff Therese Terris received title to a property in Sun City from her brother
20 who originally acquired the property in 1992. Although there was no PIF in her brother’s
21 Facilities Agreement, RCSC required Plaintiff Terris to execute a new agreement and pay a
22 \$3,000 PIF charge. She presently pays a “per lot” assessment.

23 103. Plaintiffs Wendy and Charles Wood own property in Sun City. Although they live
24 within 75-miles of Sun City, they wanted to use the Sun City property on weekends but have
25 been unable to do so due to the 75-mile rule. Plaintiffs Wendy and Charles Wood were initially
26 given membership cards, but those cards were rescinded after the adoption of the 75-mile rule.

1 104. Plaintiff Angelo Zappella has a “per person” assessment and no PIF, but is
2 concerned about the RCSC’s history of refusing to honor Facilities Agreements and unilaterally
3 altering the agreements to suit its own whims that it will unilaterally increase his rate and
4 demand PIF.

5
6 **COUNT ONE**
(Declaratory Judgment re Application of Planned Community Act)

7 105. Plaintiffs incorporate the foregoing allegations as if set forth fully herein.

8 106. This claim is brought pursuant to, *inter alia*, the Uniform Declaratory Judgment
9 Act, A.R.S. § 12-1831, *et seq.*, Rule 57, Arizona Rules of Civil Procedure.

10 107. An actual controversy has arisen and exists between Plaintiffs and Defendant as to
11 certain of their respective rights, status and obligations. This controversy will continue until
12 resolved by a court of competent jurisdiction.

13 108. Specifically, Defendant denies that it is an association subject to Arizona’s
14 Planned Communities Act (the “Act”), A.R.S. § 33-1801, *et seq.*, and therefore denies that it is
15 obligated to conform its actions to the requirements of the Act. Plaintiffs contend that Defendant
16 is subject to and must conform its actions to the requirements of the Act.

17 109. Plaintiffs seek a judicial determination that Defendant is subject to and must
18 conform its actions to the requirements of the Act, including but not limited to the Act’s open
19 meeting requirements, allowing for inspection of RCSC records, allowing owners to participate
20 and be heard at board meetings prior to board votes, allowing members to record meetings;
21 prohibition on the use of proxies, and the Act’s limitations on the ability to foreclose.

22 110. Plaintiffs also seek an injunction prohibiting Defendant from taking any actions,
23 including but not limited to those set forth in the preceding paragraph, in violation of the
24 Planned Community Act.

25 111. Plaintiffs are entitled to recover their costs and attorneys’ fees incurred herein,
26 pursuant to A.R.S. §§ 12-341, 12-341.01, and 12-1840.

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COUNT TWO
(Declaratory Judgment re Unlawful Corporate Acts)

112. Plaintiffs incorporate the foregoing allegations as if set forth fully herein.

113. This claim is brought pursuant to, *inter alia*, the Uniform Declaratory Judgment Act, A.R.S. § 12-1831, *et seq.*, Rule 57, Arizona Rules of Civil Procedure.

114. An actual controversy has arisen and exists between Plaintiffs and Defendant as to certain of their respective rights, status and obligations. This controversy will continue until resolved by a court of competent jurisdiction.

115. Specifically, Defendant has taken various actions that are in violation of or otherwise inconsistent with state law, its articles of incorporation, and its bylaws.

116. Plaintiffs seek a judicial determination that Defendant (a) unlawfully increased the quorum requirement from 100 members to 1,250 members in violation of A.R.S. § 10-11023 without a member vote or approval; (b) has incurred indebtedness or liability in excess of \$750,000 without the authorization of three-fourths (3/4) of members present at a duly called and noticed meeting of the membership in violation of Article X of its Articles of Incorporation; and (c) conveyed amenities and real property of assessed value for tax purposes exceeding \$50,000 in violation of Article VIII, Section 7, of its Articles of Incorporation.

117. Plaintiffs also seek an injunction prohibiting Defendant from taking any actions, including but not limited to those set forth in the preceding paragraph, in violation of the state law or its governing documents.

118. Plaintiffs are entitled to recover their costs and attorneys' fees incurred herein, pursuant to A.R.S. §§ 12-341, 12-341.01, and 12-1840.

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COUNT THREE
(Declaratory Judgment re Amended Bylaws)

119. Plaintiffs incorporate the foregoing allegations as if set forth fully herein.

1 120. This claim is brought pursuant to, *inter alia*, the Uniform Declaratory Judgment
2 Act, A.R.S. § 12-1831, *et seq.*, Rule 57, Arizona Rules of Civil Procedure.

3 121. An actual controversy has arisen and exists between Plaintiffs and Defendant as to
4 certain of their respective rights, status and obligations. This controversy will continue until
5 resolved by a court of competent jurisdiction.

6 122. Specifically, Defendant has adopted Bylaws that conflict with and are otherwise
7 inconsistent with the Declaration and Articles of Incorporation, fail to afford equal rights and
8 privileges to members, and fail to impose equal responsibilities on members. By virtue of the
9 inconsistent and unequal treatment of owners and members, all members must pay assessments
10 but some members pay assessments at different rates, some members who pay assessments are
11 prohibited from using the facilities, and some members are required to pay additional amounts
12 in order to use the facilities whereas others are not. Although all owners are mandatory members
13 in RCSC pursuant to the Declaration, Defendant has improperly limited, or attempted to limit,
14 “Membership” in violation of its articles of incorporation, denied certain members the right to
15 vote, and denied members’ equal rights and privileges. Defendant has also created different
16 classes of “Membership” in violation of its governing documents and applicable law.

17 123. In addition, Defendant has also amended its Bylaws in such a manner to take away
18 or deny membership rights to owners who were members under previous Bylaws.

19 124. Plaintiffs seek a judicial determination that Defendant’s Bylaws, as amended and
20 restated, are invalid because they do not treat owners equally with respect to rights, privileges,
21 and responsibilities.

22 125. Plaintiffs also seek an injunction prohibiting Defendant from violating the
23 Declaration and/or Articles of Incorporation, enforcing the Bylaws to the extent they conflict
24 with the Declaration and/or Articles of Incorporation, or adopting or enforcing any Bylaws or
25 other rules that do not afford equal rights, privileges, and responsibilities on members.

1 126. Plaintiffs are entitled to recover their costs and attorneys' fees incurred herein,
2 pursuant to A.R.S. §§ 12-341, 12-341.01, and 12-1840.

3
4 **COUNT FOUR**
(Declaratory Judgment re RCSC Membership)

5 127. Plaintiffs incorporate the foregoing allegations as if set forth fully herein.

6 128. This claim is brought pursuant to, inter alia, the Uniform Declaratory Judgment
7 Act, A.R.S. § 12-1831, et seq., Rule 57, Arizona Rules of Civil Procedure.

8 129. An actual controversy has arisen and exists between Plaintiffs and Defendant as to
9 certain of their respective rights, status and obligations. This controversy will continue until
10 resolved by a court of competent jurisdiction.

11 130. Plaintiffs seeks a judicial declaration that all Owners of Sun City properties are
12 members of RCSC. The Declaration provides that all Owners must pay the annual homeowner
13 fee and enter into Facilities Agreements and "shall abide by the Articles of Incorporation and
14 Bylaws of Recreation Centers of Sun City, and any amendments thereto." The Declaration, as
15 amended and restated, further establishes all Owners' right to vote.

16 131. The Declaration, Articles of Incorporation, Bylaws, and Facilities Agreements are
17 contracts of adhesion. When considered in context of the Owners' reasonable expectations, the
18 Facilities Agreements are unconscionable and unduly oppressive. By requiring all Owners to
19 sign Facilities Agreements and explicitly making all Owners pay annual assessments and
20 subjecting them to the Articles of Incorporation and Bylaws, RCSC has created the reasonable
21 expectation that Owners are members of RCSC.

22 132. If Owners are not members of RCSC, then the Facilities Agreements are illusory
23 and lacking in consideration insofar as an Owner would be obligated to pay the annual
24 homeowner fee and other assessments, be subject to the Articles of Incorporation and Bylaws,
25 but receive no benefits in exchange for the payment of the substantial fees and assessments.

1 133. Upon information and belief, Defendants deny that all Owners of Sun City
2 properties are RCSC members.

3 134. Plaintiffs are entitled to recover their costs and attorneys' fees incurred herein,
4 pursuant to A.R.S. §§ 12-341, 12-341.01, and 12-1840.

5
6 **COUNT FIVE**
(Breach of Contract – Annual Assessments)

7 135. Plaintiffs incorporate the foregoing allegations as if set forth fully herein.

8 136. RCSC's governing documents, including its Declaration, Bylaws, and Articles of
9 Incorporation, as well as the Facilities Agreements purport to constitute a contract between
10 RCSC and the Owners. RCSC's governing documents and the Facilities Agreements likewise
11 purport to constitute a contract between RCSC and the members.

12 137. The general terms of these contracts require all Owners and Members to be treated
13 equally with respect to their rights, privileges, and responsibilities. By way of example, the
14 Declaration provides for a single annual "homeowner fee" by all Owners and the Articles of
15 Incorporation, as amended and restated, provide that Members shall have equal voting rights,
16 equal rights and privileges, and equal responsibilities.

17 138. The reasonable expectation of homeowners purchasing property in Sun City who
18 is agreeing to be bound by the Declaration, Articles of Incorporation of RCSC, and Bylaws of
19 RCSC is that all homeowners would pay the same assessment and that their annual assessments
20 would not be any greater than the annual assessments of any other Owners or members. Thus,
21 the reasonable expectation is that all Owners would be charged at the lower "per person" rate.

22 139. RCSC has breached its contractual obligation to treat Owners and Members
23 equally by, among other things, charging assessments at different rates. RCSC does not have a
24 single "annual homeowner fee" that the Declaration suggests, but rather RCSC charges some at
25 a "per person" rate that is one-half the "per lot" rate charged to others.

26

1 140. RCSC has also breached its contractual obligation to certain Owners and Members
2 by unilaterally increasing their assessment rate from a “per person” rate to a “per lot” rate and
3 demanding the payment of the increased assessments under threat of lien and foreclosure.

4 141. RCSC has further breached its contractual obligation to certain Owners and
5 Members by requiring them to enter into new Facilities Agreements under threat of foreclosure,
6 without any additional consideration, to change their assessment rate from a “per person” rate to
7 a “per lot” rate.

8 142. RCSC has further breached its contractual obligation to certain Owners by
9 charging assessments without providing any benefits to those Owners (*i.e.*, those individuals
10 who reside within 75-miles of Sun City).

11 143. Plaintiffs and those similarly-situated have been damaged in an amount to be
12 proven at trial because they are charged annual assessments on their properties at a rate that is
13 double the assessments charged to other Owners, have had their rates doubled, and/or are
14 charged annual assessments on their properties but provided no benefits in exchange for the
15 payments. Plaintiffs seek to recover as damages for themselves and those similarly-situated all
16 assessments overcharged or overpaid for at least the six years preceding the commencement of
17 this action.

18 144. Alternatively, RCSC has been unjustly enriched based on payments from Owners
19 who have either paid assessments in an amount double the rate of other Owners or paid
20 assessments without receiving any corresponding benefits.

21 145. Plaintiffs also seek a judicial declaration and mandatory injunction that all annual
22 assessments charged on Owners must be at an equal rate for all Owners and that the rate must be
23 at the lowest rate charged to Owners.

24 146. Plaintiffs are entitled to recover their costs and attorneys’ fees incurred herein,
25 pursuant to A.R.S. §§ 12-341, 12-341.01, and the terms of any contract between the parties.

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1 varying-PIF, result in Owners being treated differently and subject to significantly different
2 rights and responsibilities. Whereas a no-PIF Owner would be free to convey his or her property
3 into a trust or to a partner without any charges, for example, a defined-PIF or varying-PIF
4 Owner could face charges anywhere from \$700 to \$3,000, or more, for the same non-resale
5 transaction.

6 155. RCSC's imposition of PIF charges constitutes a breach of contract.

7 156. Plaintiffs and those similarly-situated have been damaged in an amount to be
8 proven at trial in the amount of all PIF charges that RCSC has charged and collected for at least
9 the six years preceding the commencement of this action.

10 157. Alternatively, RCSC has been unjustly enriched based on payments from Owners
11 who have paid PIF.

12 158. Plaintiffs also seek a judicial declaration and mandatory injunction that it cannot
13 charge PIF to Owners or, alternatively, that PIF charges cannot exceed the sum of \$400.

14 159. Plaintiffs are entitled to recover their costs and attorneys' fees incurred herein,
15 pursuant to A.R.S. §§ 12-341, 12-341.01, and the terms of any contract between the parties.

16
17 **COUNT EIGHT**
(Breach of Covenant of Good Faith and Fair Dealing – PIF)

18 160. Plaintiffs incorporate the foregoing allegations as if set forth fully herein

19 161. The contracts between Plaintiffs and those similarly-situated, on the one hand, and
20 RCSC, on the other, contain an implied covenant of good faith and fair dealing.

21 162. RCSC breached the covenant of good faith and fair dealing by, among other
22 things, charging PIF to some, but not all, Owners, charging PIF at varying rates, and imposing
23 PIF charges for non-resale events.

24 163. Plaintiffs and those similarly-situated have been damaged in an amount to be
25 proven at trial.

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**COUNT NINE
(Violation of Statute – PIF)**

164. Plaintiffs incorporate the foregoing allegations as if set forth fully herein

165. PIF that RCSC charges is an unlawful and invalid transfer fee under A.R.S. § 33-442 and A.R.S. § 33-1806. Pursuant to A.R.S. § 33-1806, for example, RCSC is not entitled to charge fees relating to the transfer of the property in excess of \$400.

166. When PIF charges are combined with the standard \$300 “transfer fee” that RCSC charges all Owners, the transfer fees that PIF charges range from \$1,000 to \$3,300.00. RCSC’s imposition of PIF charges, therefore, violates Arizona law.

167. Each Plaintiff and class member who has paid PIF charges, in addition to the civil damages and remedies requested above, are entitled to recover civil penalties pursuant to A.R.S. § 33-1806(D) in an amount of no more than one thousand two hundred dollars each for each time that a PIF charge was assessed in excess of \$100.00.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs demand and pray for judgment as follows:

(A) The entry of judgment in Plaintiffs’ favor and against Defendant;

(B) A judicial declaration and permanent injunction that Defendant is subject to and must conform its actions to the requirements of the Planned Communities Act, including but not limited to the Planned Community Act’s open meeting requirements, allowing for the inspection of RCSC records, allowing owners to participate and be heard at board meetings prior to board votes, allowing members to record meetings; prohibition on the use of proxies, and the Act’s limitations on the ability to foreclose;

(C) A judicial declaration and permanent injunction that Defendant unlawfully increased the quorum requirement from 100 members to 1,250 members in violation of A.R.S. § 10-11023 without a member vote or approval; has incurred indebtedness or liability in excess of \$750,000 without the authorization of three-fourths (3/4) of members present at a duly called

1 and noticed meeting of the membership in violation of Article X of its Articles of Incorporation;
2 and conveyed amenities and real property of assessed value for tax purposes exceeding \$50,000
3 in violation of Article VIII, Section 7, of its Articles of Incorporation;

4 (D) A judicial declaration and permanent injunction that Defendant's Bylaws,
5 as amended and restated, are invalid because they do not treat owners equally with respect to
6 rights, privileges, and responsibilities;

7 (E) A judicial declaration and permanent injunction that all Owners of Sun City
8 properties are members of RCSC or, in the alternative, that the Facilities Agreements for non-
9 members are lacking in consideration, illusory, unconscionable, unduly oppressive, and an
10 unenforceable contract of adhesion;

11 (F) An award of damages for all annual assessments charged to and paid by
12 named plaintiffs and class members at a rate in excess of the "per person" assessment;

13 (G) An award of damages for all PIF charges charged to and paid by named
14 plaintiffs and class members;

15 (H) An award to Plaintiffs for their costs of suit and reasonable attorneys' fees
16 pursuant to A.R.S. §§ 12-341, 12-341.01, 12-1840 and the terms of the contract;

17 (I) An award to Plaintiffs for all other damages as proven at trial; and

18 (J) Such further relief as this Court deems just and proper.

19 DATED this 26th day of May 2016.

20
21 DESSAULES LAW GROUP

22
23 By: /s/ Jonathan A. Dessaulles

Jonathan A. Dessaulles

Ashley C. Hill

Attorneys for Plaintiffs

1 COPY of the foregoing emailed/mailed
2 on this 26th day of May 2016 to:

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4 Nora L. Jones
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11 *Attorneys for Defendant*

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/s/ Hilary Peters _____

EXHIBIT 1

RECREATION CENTERS OF SUN CITY, INC.

RESTATED ARTICLES OF INCORPORATION

REVISED DECEMBER, 1990

AMENDED NOVEMBER 20, 2003

ARTICLE I

The name of this Corporation shall be Recreation Centers of Sun City, Inc., hereinafter referred to as "Corporation", and its principal place of business is located in Sun City, Maricopa County, Arizona.

Members of the Corporation shall be limited to homeowners or residents of Sun City, Arizona.

Sun City is all of the area shown on the plan titled "Sun City General Plan, Maricopa County, Arizona" as prepared by the Del E. Webb Development Company and dated July 1972, with subsequent amendments thereto.

ARTICLE II

The names, residences and post office addresses of the incorporators are as follows:

<u>Name</u>	<u>Residence & Post Office Addresses</u>
Lin Price	10716 Abbott Avenue, Sun City, AZ
George C. Wilson	10201 105 th Drive, Sun City, AZ
James M. Cullum	11001 Sun City Blvd., Sun City, AZ
Esther R. Morris	10315 Corte Del Sol Este, Sun City, AZ
Bertha M. Cox	10720 Crosby Drive, Sun City, AZ
Alfred R. Voelker	10824 Crosby Drive, Sun City, AZ
John W. Prather	10144 Pinehurst Drive, Sun City, AZ
Gerald W. McCarty	11609 Balboa Drive, Sun City, AZ
John R. Mead	10413 Clair Drive, Sun City, AZ
Leo J. Wilson	11807 Hacienda Drive, Sun City, AZ
Walter F. Schott	12045 Cherry Hills Drive, Sun City, AZ
Phil T. Ewan	12451 Augusta Drive, Sun City, AZ

ARTICLE III

The general nature of the business in which the Corporation is engaged is as follows:

To do anything and everything lawfully necessary in the interest of the Members of the Corporation, including, without limitation, the following:

1. To establish and conduct a general social, cultural, recreational and amusement enterprise for the benefit of its Members and do anything lawfully necessary or convenient to accomplish such purpose, including, but not by way of limitation, to purchase, acquire, develop, sell, lease, own, operate, and manage theaters, playhouses, agricultural projects, riding stables and corrals, libraries, opera houses, golf courses, baseball and football games, tennis courts, dancing facilities, lawn bowling rinks, horseshoe pits, croquet courts, travel clubs, card games, shuffleboard, swimming pools, skating rinks, lecture and conference rooms, and facilities and equipment for such arts and crafts as ceramic work, sewing, woodworking, leathercraft, lapidary, photography, fine arts, jewelry, shellcraft, mosaics, etc., and any and all facilities necessary or incidental to accomplish the general purposes of the Corporation.
2. To coordinate, implement, and aid the various recreational and social clubs which are now or which may become duly recognized as such by this Corporation.
3. To promote cooperation in all matters of interest and benefit to the residents and/or homeowners of the area within the bounds set out in Article I, who become and remain Members of this Corporation.
4. To contract, coordinate or operate, with other organizations, associations, corporations, or individuals in carrying out and conducting the activities and endeavors for which this Corporation is formed and in effecting the benefits and results sought to be gained.
5. To purchase, lease, option, contract for or otherwise acquire, take, own, hold, exchange, sell, or otherwise dispose of, pledge, mortgage, hypothecate, encumber any and all classes of property necessary to the fulfillment and furtherance of the objects and purposes of the Corporation within the limits prescribed by law.
6. To issue such notes, bonds, debentures, contracts, or other security or evidence of indebtedness upon such terms and conditions and in such manner and form as may be prescribed or determined by the Board of Directors, within the limitations prescribed by Article X hereof.
7. To purchase, acquire, own, hold, sell, assign, transfer, mortgage, pledge or otherwise acquire, dispose of, hold or deal in the shares of stocks, bonds, debentures, notes or other security or evidence of indebtedness of this or any other corporation, association or individual, and to exercise all the rights, powers and privileges of ownership, including the right to vote thereon, to the same extent as a natural person might or could do.

8. To lend or invest its funds, with or without security, upon such terms and conditions as shall be prescribed or determined by the Board of Directors in accordance with Article VIII, Section 7, of these Articles of Incorporation.
9. To borrow money and to issue bonds, debentures, notes, contracts, and other evidences of indebtedness or obligation, and from time to time for any lawful purpose to mortgage, pledge, and otherwise charge any or all of its properties, property rights and assets to secure the payment thereof.
10. To act as surety or guarantor, agent, trustee, broker, or in any other fiduciary capacity.
11. To make and to perform contracts of every kind and description, and in carrying on its business, or for the purpose of attaining and furthering any of its objects, to do any and all things which a natural person might or could do, and which now or hereafter may be authorized by law, and in general, to do and perform such acts and things, and to have and exercise all the powers and to transact such business in connection with the foregoing objects as may be necessary and required.
12. To do all and everything necessary, suitable, or proper for the accomplishment of any of the purposes or attainment of any of the objects hereinabove enumerated, either alone or in association or partnership with other corporations, firms, and individuals, as principals, agents, brokers, contractors, trustees, or otherwise, and, in general, to engage in any and all lawful business that may be necessary or convenient in carrying on the business of said Corporation and for the purposes pertaining thereto, and to do any and every other act or acts, thing or things, incidental to, growing out of, or connected with said business, or any part or parts thereof; the designation of any object or purpose therein shall not be construed to be a limitation for qualifications or in any manner to limit or restrict the purpose and objects of the Corporation.
13. To transact any or all lawful business for which non-profit corporations may be incorporated under the laws of the State of Arizona and in pursuance thereof to exercise any or all powers granted to corporations in general under the laws of the State of Arizona.

The foregoing purposes shall be construed as both objects and powers and the foregoing enumeration of specific purposes shall not be held to limit or restrict in any manner the powers of the Corporation.

ARTICLE IV

This Corporation shall have no power to issue capital stock, and no dividends or pecuniary profits shall be declared or inure to any Member, Director, Officer of the Corporation, or any private individual (except that reasonable compensation may be paid for services rendered to or for the Corporation affecting one or more of its purposes), and no Member, Director, Officer of the Corporation, or any private individual, shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation.

ARTICLE V

This Corporation shall have perpetual succession by its corporate name.

ARTICLE VI

Indemnification of present and former Members, Directors, Officers and employees, and agents of this Corporation shall be governed in accordance with Title 10, Chapter 5, Section 10-1005, Sub-Section B of the Revised Arizona Statutes. The provisions therein set forth are incorporated herein by reference and made a part hereof with the same force and effect as though set forth herein in full.

ARTICLE VII

No membership or certificate of membership shall be transferable and no assignee or transferee thereof, whether by operation of law or otherwise, shall be entitled to membership in this Corporation or to any property rights or interest therein, except as shall be provided in the Bylaws of this Corporation. Any person ceasing to be a Member shall forfeit all rights and privileges of membership and all rights or interest in the Corporation absolutely, except as shall be provided in the Bylaws of the Corporation.

ARTICLE VIII

1. The affairs of the Corporation shall be conducted by a Board of Directors and such Officers as the Board may elect or appoint. The Board shall select from its own members a president, one or more vice-presidents, a secretary, and a treasurer. It may select an assistant treasurer who is not required to be a member of the Board. All Officers shall be elected at the first meeting of the Board of Directors in January of each year and shall hold office for a period of one (1) year and until their successors are elected and installed. The number of Directors shall be nine (9). Directors shall be elected by the Members at an annual election in the manner prescribed in the Bylaws.
2. Three (3) Directors in a manner set forth in the Corporate Bylaws, shall be elected each year to serve for a term of three (3) years and shall serve until their successors are installed. A Member/Director may be elected to a maximum of two (2) three-year terms, six (6) years total, on the Board of Directors. **(Approved by the membership on Nov. 20, 2003)**
3. The Directors shall have the power to adopt Bylaws not in conflict with the Articles of Incorporation.

4. The Bylaws may be amended, modified, revised, or revoked by the Directors or by the Members. In the event of conflict concerning the Bylaws as amended, modified, revised, or revoked by the Directors, the action of the Members shall prevail.
5. The Bylaws of the Corporation shall prescribe the qualifications of Members and the terms of admission to membership, provided that the voting rights of all Members shall be equal and all Members shall have equal rights and privileges, and be subject to equal responsibilities. Such Bylaws shall also provide the method for determining assessments to be paid by the Members.
6. The Board of Directors shall have power to fill vacancies occurring on the Board or in any Office. Any Director or Officer so chosen shall hold such position until the next election when a successor is elected, qualified, and assumes such position.
7. The Corporation shall not convey any substantial part of its assets, or any real property of assessed value for tax purposes exceeding \$50,000, without affirmative vote of a majority of its membership entitled to vote thereon.

ARTICLE IX

Removal of any elected or appointed Director may be done in either of the following ways:

- A. By a vote of two-thirds (2/3) of the members of the Board of Directors after a member of the Board is absent from three (3) or more consecutive regular meetings of the Board or who, in the opinion of such two-thirds (2/3) of the Board members, is unwilling or incapable of performing his or her share of the duties and responsibilities of a Director.
- B. The Members may remove any elected or appointed Director in the following manner, and any vacancy so created may be filled in the following manner:
 1. A petition for a removal election of one or more Directors, specifying by name or names the occupants of the seats whose removal is desired, signed by not less than ten percent (10%) of the voting Members of the Corporation as of the preceding July 1st, may be filed with the Secretary of the Corporation not less than ten (10) days preceding a regularly scheduled meeting of the Board of Directors. At such meeting, the Board shall then schedule an election for the purpose of voting on the removal and replacement of any Directors whose removal is sought, said election to be held not later than forty-five (45) days and not less than thirty-five (35) days after such aforesaid meeting, and said election shall be conducted in accordance with the Bylaws of the Corporation regarding election of Directors. Appropriate announcement thereof shall be made by the Board of Directors on the bulletin boards of the Corporation.

2. Balloting at such removal elections shall proceed in the same manner as specified in Article X of the Bylaws, except that at least fifty percent (50%) of the members of the Balloting Committee shall be selected from those signing the removal petition.
3. Any member of the Corporation in good standing and who is qualified under Article IV, Section 2, of the Bylaws may become a candidate for election to the Board to fill the position of a specified Director whose removal is being sought, by filing a petition signed by not less than one hundred (100) of the voting Members in good standing, and such petition and other material, as required by Article IX of the Corporate Bylaws, shall be filed with the Chairman of the Elections Committee not later than fifteen (15) days preceding the date set for the election.

ARTICLE X

The highest amount of indebtedness or liability, direct or contingent, to which the Corporation may at any time subject itself shall be limited to \$750,000 or any greater amount which may be authorized by three-fourths (3/4) of the Members present at a duly called and noticed meeting of the membership, or in such amounts as may be authorized by the Arizona Corporation Commission.

ARTICLE XI

The private property of the Members, Directors, and Officers of this Corporation shall be forever exempt from the debts and obligations of the Corporation.

ARTICLE XII

In the event of the dissolution or winding up of the Corporation, all assets not otherwise disposed of and not subject to any trust, shall be transferred as the Board of Directors may then decide for carrying out the purposes or similar purposes of this Corporation.

ARTICLE XIII

The Members of the Corporation shall be provided with the opportunity to vote by proxy in:

- a. Amending the Articles of Incorporation
- b. Members amending the Bylaws of the Corporation
- c. The election of Directors*
- d. Any other matter requiring an act of the members

*If the Bylaws provide for voting by mail in the election of Directors, the above-stated

Proxy vote will not apply to the election of Directors.

ARTICLE XIV

An amendment to the Restated Articles of Incorporation may be proposed by resolution of the Board of Directors or by petition signed by at least ten percent (10%) of the total membership of the Corporation as of the first day of the preceding July. The proposed amendment shall be submitted to a vote of the Members at a regular or special meeting called pursuant to the provisions of the Bylaws.

The proposed amendment shall be adopted or rejected by a majority vote of the Members, present or represented by proxy at such meeting or adjourned meeting.

Written notice setting forth the proposed amendments or a summary thereof shall be given to each Member entitled to vote at the meeting within the time and in the manner provided in the Bylaws for the giving of notice of meeting to Members.

ARTICLE XV

These Restated Articles of Incorporation set forth the provisions of the Articles of Incorporation as amended and the Restated Articles of Incorporation supersede the original Articles of Incorporation and all amendments thereto.

ARTICLE XVI

Richard H. Whitney, of the law firm of Gust, Rosenfeld, Divelbess & Henderson, whose business address is in Phoenix, Arizona, and who has been a bona fide resident of the State of Arizona for more than three (3) years last past, is hereby appointed and designated Statutory Agent of the Corporation for the State of Arizona, upon whom service of process may be had. This appointment may be revoked at any time by filing the appointment of another agent.

Rev. 7/81; 6/84; 12/88; 12/90, 11/03

EXHIBIT 2



Sun City Home Owners Association

Conditions, Covenants and Restrictions

April 25, 2014

City of Volunteers

10401 W. Coggins Drive, Sun City, AZ 85351 • Telephone: 623.974.4718 • Fax: 623.977.7095
www.suncityhoa.org

AMENDED AND RESTATED

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

RECITALS

This Amended and Restated Covenants, Conditions, and Restrictions (the "Declaration") is made as of May 12, 1998.

A. By that certain Declaration of Covenants, Conditions and Restrictions recorded in the official records of Maricopa County, Arizona, (the "Original Declaration"), the then owner imposed certain conditions, covenants, restrictions and created other property and contract rights burdening and benefiting the real property described in the Declaration (the "Property").

B. The Original Declaration provided for the amendment of the Original Declaration by a majority vote of the then owners of the lots covered by the Declaration.

C. By not less than a majority vote, the owners of the lots constituting the Property ("Owners") have approved this Restated Declaration of Covenants, Conditions and Restrictions.

D. The Owners desire that all of the Property subject hereto be held, conveyed, hypothecated, encumbered, leased, occupied, built upon and otherwise used, improved or transferred in whole or in part, subject to this Declaration, as amended or modified from time to time.

NOW THEREFORE, the Prior Declaration is hereby amended and revoked in its entirety and the provisions of this restated Declaration are hereby imposed upon the Property.

1. The Sun City Home Owners Association. The Sun City Home Owners Association (the "Association") is a nonprofit Arizona corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws, and this Declaration. In the event of any conflict or inconsistency between this Declaration and the Articles, Bylaws, or Association rules, this Declaration shall control. The Association shall have the right and authority to enforce the restriction contained in this Declaration and to do such things as are expressly authorized in the Declaration for the Association to perform, as well as such things as are reasonably necessary or proper for, or incidental to, the exercise of such express powers and duties.

APR 25 2014

2. Housing for Older Persons; Age Restriction. The Property is intended to constitute housing intended and operated for occupancy by at least one person fifty-five (55) years of age or older per unit under the Fair Housing Amendments Act of 1988, U.S.C. § 3600, et seq., and the Arizona Fair Housing Act, A.R.S. § 44-1491; et seq., (collectively, the "Fair Housing Acts"). Except as provided below, at least one occupant of each residential unit must be 55 years of age or older, and no person under nineteen (19) years of age shall occupy or reside in a residential unit for more than ninety (90) days in any twelve (12) month period.

a) The Association may grant variances from the above restrictions, unless the granting of a variance would result in less than eighty percent (80%) of the residential units being occupied by one person fifty-five (55) years of age or older or would otherwise jeopardize the Property's status as housing for older persons under the Fair Housing Acts. Any request for a variance submitted to the Association pursuant to this subsection shall set forth the names and ages of all proposed residents of the residential unit, the reason for the request and such other information as the Association may reasonably require.

(b) The Board shall adopt, publish and enforce such policies and procedures and rules and regulations as are deemed necessary by the Board in order to demonstrate an intent to provide housing for occupancy by at least one person fifty-five (55) years of age or older per unit and to maintain the status of the Property as housing for older persons under the Fair Housing Acts. Such policies and procedures shall provide for verification of the age of the residents by reliable surveys and affidavits, and each resident, if requested to do so by the Association, shall furnish the Association with the names and ages of all occupants of the residential unit and such affidavits and other documents as the Association may request to verify the ages of such occupants.

3. Single Family Dwellings. No building except a single family residential dwelling and a private garage, carport or servants quarters for use in connection with such dwelling shall be erected, maintained or permitted on any lot or portion thereof. No dwelling shall be used except as a single family dwelling. No residential unit, building or structure on any lot shall be permitted to fall into disrepair and each residential unit,

building and structure shall at all times be kept in good condition and repair and adequately painted and otherwise finished. In the event any residential unit, building or structure is damaged or destroyed, it shall be expeditiously repaired or rebuilt or shall be demolished.

4. Construction Standards. No dwelling shall be erected upon any of said lots unless such dwelling contains at least eight hundred (800) square feet of enclosed living area floor space. The term "living area floor space" is exclusive of floor space in porches, pergolas, garages, carports and servants quarters. All buildings shall be constructed of brick, cement

block, or other substantial masonry construction, or insulated frame construction. No more than one dwelling shall be built on any one lot.

5. Setback Requirements. The front line of any building erected upon any lot shall not be closer than twenty (20) feet to the front lot line, and the side walls of any building shall not be closer than five (5) feet to the side lot line, and not closer than ten (10) feet to the side lot line if such lot line is adjacent to a street, except that any garage or carport detached from the dwelling may be erected on either side or back lot line if such garage or carport is located entirely within the rear one-half of said lot.

The carport and store room attached to the walls of the dwelling may be placed not closer than five (5) feet to an interior side lot line and not closer than ten (10) feet to a side lot line adjacent to a street. In the event an Owner acquires all or a portion of any adjoining lot or lots, the foregoing measurements shall be made from such Owner's side property lines rather than from the side lot lines indicated on said recorded map or plat. No portion of the buildings erected on lots bordering a golf course shall be placed closer than twenty-five (25) feet to the boundary line of said golf course.

6. Vehicle Restrictions. No vehicles, including without limitation cars, trucks, commercial vehicles, motor homes, mobile homes, trailers (including but not limited to travel trailers, tent trailers and boat trailers), camper shells, detached campers, recreational vehicles, boats, motorcycles, motorbikes, all-terrain vehicles, golf carts, and off-road vehicles, shall be parked or maintained on any portion of a lot (except in a garage), or on public streets, in excess of 72 hours. Notwithstanding the foregoing, cars, light trucks (having a one-ton rating or less), passenger vans and golf cars may be parked in garages, carports or driveways at any time without violating this provision. The Association shall have the right to have any vehicle parked, kept, maintained, constructed, reconstructed or repaired in violation of this provision towed away at the sole cost and expense of the Owner of the vehicle or equipment.

7. Commercial Use Restrictions. All residential units shall be used, improved and devoted exclusively to residential use by a single family. No trade or business may be conducted on any lot, in or from any residential unit, except that an Owner or other resident of a residential unit may conduct business activities within a residential unit so long as (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the residential unit, (ii) the business activity conforms to all applicable laws and zoning ordinances or requirements (iii) the business activity does not involve persons coming onto the lot or door to door solicitation of Owners or other residents in the community; (iv) the business activity is consistent with the residential character of the community and does not constitute a nuisance or a hazardous or offensive use that would threaten security of other residents in the community; (v) the business actually conducted on a lot or from a residential unit does not involve any employees except family members living in the residential unit.

The terms "business" and "trade" as used in this section shall be construed to have ordinary, generally accepted meanings and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods and services to person other than the provider's family and for which the provider receives a fee, compensation or other form of consideration regardless of whether (a) such activity is engaged in full or part time (b) such activity is intended to or does generate a profit; or (c) a license is required for such activity.

The sale or lease of a residential unit by the Owner shall not be considered a trade or business within the meaning of this section.

8. Animal Restrictions. No swine, horses, cows or other livestock, no pigeons, chickens, ducks, turkeys or other poultry shall ever be kept upon any lot. Owners agree (i) to maintain pets in such a manner that the pets do not make an unreasonable amount of noise; (ii) keep the animal fenced or on a proper leash at all times the pet is outside the residential unit; (iii) clean up after the pet when the pet is outside of a residential unit; and (iv) otherwise maintain the pet so that at no time does the pet create a health or safety hazard or unreasonably interfere with the quiet of other Owners or residents.

9. Wall and Fence Restrictions. No solid wall, fence or hedge shall be erected or maintained nearer to the front lot line than the walls of the dwelling erected on such lot except when hedge or fence is purely decorative in nature and shall not exceed twenty-four inches in height. In the case of any lots on which no residence has been erected, no solid wall, fence or hedge shall be constructed or maintained closer than twenty (20) feet to the front lot line of any lot. No side or rear fence or hedge and no side or rear wall other than the wall of a building constructed on any lots shall be more than six (6) feet in height, provided that on lots bordering the golf courses, no fence, wall, rail or hedge shall be constructed or maintained at a greater height than six (6) feet within twenty-five (25) feet of the rear property line, with any portion thereof in excess of three (3) feet in height limited to wrought iron construction with posts of concrete block or similar material. Landscaping shall be planned for lots bordering the golf course so as to avoid undue obstruction of the view of the golf course from said lots.

10. Detached or Temporary Structures. No detached or prefabricated building or structure of any nature whatsoever, permanent or temporary, shall be moved or placed upon or assembled or otherwise maintained on any lot. No Machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any lot except that which is usual and customary during construction or remodeling and shall be removed immediately upon completion.

11. Condition of Property. All equipment, service yards, wood piles, storage piles or clotheslines shall be kept screened by adequate planting so as to conceal them from view of neighboring lots, streets or golf course property. No garbage or trash shall be placed or kept on any

lot or other property, except in covered containers, not to exceed 30 gallon size. In no event shall containers be maintained so as to be visible from neighboring property, street or golf course except to make same available for collection and then only for the shortest time reasonably necessary to effect such collection. All rubbish, trash, or garbage shall be removed from the lots and other property and shall not be allowed to accumulate thereon. All lots shall be maintained in a weed free and attractive manner.

No person shall permit any thing or condition to exist upon any lot or other property which shall induce, breed or harbor infectious diseases or noxious plants or insects. In the event any portion of any lot is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding lots or other areas of the community which are substantially affected thereby or related thereto, or in the event any portion of a lot is being used in a manner which violates this Declaration; or in the event any Owner of any lot is failing to perform any of the Owner's obligations under this Declaration, the Association may make a finding to such effect, specifying the conditions or conditions which exist, and pursuant thereto give notice thereof to the offending Owner that unless corrective action is taken within thirty (30) days, the Association may cause such action to be taken at said Owners' cost. If at the expiration of said thirty (30) day period of time the requisite corrective action has not been taken the Association shall be authorized and empowered to take such action on behalf of the Owner and at the Owner's cost and expense.

12. Continuing Lien on Lot. Each Owner, by becoming the Owner of a lot, is deemed to covenant and agree to pay all costs incurred by the Association in connection with enforcing or curing any violations of this Declaration, and all such costs and expenses, including but not limited to reasonable attorneys' fees, incurred by the Association in enforcing this Declaration, whether or not suit is filed, shall be a charge on the Owner's lot and shall be a continuing lien upon the lot against which each such enforcement action is taken. Such costs and expenses, including but not limited to reasonable attorneys' fees incurred by the Association in enforcing this Declaration, whether or not suit is filed, shall also be the personal obligation of the person who was the Owner of the lot at the time when the costs and expenses were incurred by the Association. The personal obligation for such costs and expenses shall pass to the successors in title of the owner, except such successors in title who acquire title pursuant to a trustee's sale, judicial foreclosure, deed-in-lieu of foreclosure, or similar action of a first position mortgage or deed of trust.

13. Leases. No Owner shall allow that Owners' lot to be occupied by persons other than the Owner and the Owners' immediate family, without first notifying the proposed Lessee or occupant in writing that the use of the premises is subject to this Declaration. The Owner shall secure from the Lessee a written agreement to abide by all of the covenants, conditions and restrictions contained in this Declaration and the Owner

shall furnish the Association an executed copy of such written agreement upon written request. Costs to enforce to be paid by Owner.

14. Existing Conditions; Limited Grandfathering. Any constructed improvements in existence on any lot on January 1, 1998, shall not be in violation of this Declaration until such time as the title to the lot is transferred, except for such conditions for which the Owner of a lot has received prior written notice of violation from the Association. Any replacement of the items shall be required to conform with this Declaration. This paragraph does not affect the requirement that all Owners comply with all city, county, state or federal laws or codes. All improvements, structures and fences not in compliance with this Declaration at the time of transfer of Deed shall be brought into compliance prior to transfer of title to lot.

15. Variances. Provided that it does not conflict with County ordinances, the Association may, at its option, grant variances from restrictions set forth in the Declaration if the Association determines in its discretion:

(a) That either (i) a restriction would create an unreasonable hardship or burden on an Owner, lessee or resident, or (ii) a change of circumstances since the recordation of this Declaration has rendered such restrictions obsolete; and

(b) That the activity permitted under the variance will not have any substantial adverse effect on the Owners, lessees and residents of the community and is consistent with the high quality of life intended for the residents of the community.

16. Recreation Centers Facilities Agreement. Each Owner of a lot shall execute a Recreation Facilities Agreement in favor of Recreation Centers of Sun City, Inc., in the form adopted from time to time by Recreation Centers of Sun City, Inc., and such Recreation Facilities Agreement, including the obligation to pay the annual homeowner fee and special assessments imposed from time to time, shall be binding upon and inure to each Owner's assigns and successors, shall be a lien on such lot subordinate only to a first mortgage or first deed of trust on such lot, and may be foreclosed in the same manner as a mortgage under Arizona law.

Each Owner and all persons residing on said lot shall abide by the Articles of Incorporation and Bylaws of Recreation Centers of Sun City, and any amendments thereto.

17. Covenants Run With Land. The foregoing restrictions and covenants run with the land, and shall be binding on all persons owning any of said lots or any part or parcel thereof for a period of thirty (30) years following the date these restrictions are recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years each.

18. Amendments. These restrictions and covenants may be amended, in whole or in part, at any time by a majority vote of the then Owners of the lots covered hereby. Deeds of conveyance of said property,

or any part thereof, may contain the above restrictive covenants by reference to this document, but whether or not such reference is made in such deeds or any part thereof, each and all of such restrictive covenants shall be valid and binding upon the respective grantees.

19. **Remedies.** In addition to the continuing lien against a lot, violations of any one or more of this Declaration may be restrained by any court of competent jurisdiction, and damages awarded against such violator; provided, however, that a violation of these restrictive covenants, or any one or more of them, shall not affect the lien of any mortgage now of record, or which hereafter may be placed of record, upon said lot or any part thereof.

20. **Severability.** Should any of these restrictive covenants be invalidated by law, regulation or court decree, such invalidity of any such restrictive covenant shall in no way affect the validity of the remainder of the restrictive covenants.

Unofficial 20 Document

When recorded, return to:

Ekmark & Ekmark, L.L.C.
6720 N. Scottsdale Road, Suite 261
Scottsdale, AZ 85253

01
Re

Board Resolution

Sun City Home Owners Association, Inc.

WHEREAS, Sun City Home Owners Association ("Association") is a nonprofit corporation that governs the property legally described on Exhibit "A" attached hereto and incorporated herein by reference, and any other property governed by the Association, which property is governed, in whole or in part, by the Declarations of Covenants, Conditions and Restrictions described on Exhibit "B" attached hereto and incorporated herein by reference (collectively, the "Declarations");

WHEREAS, Paragraph 1 of the Declarations states, "The Association shall have the right and authority to enforce the restrictions contained in this Declaration";

WHEREAS, the Sun City Home Owners Association wishes to interpret certain provisions of the Declarations to clarify any ambiguity regarding how the Declarations will be enforced;

NOW, THEREFORE, the Association, by and through its Board of Directors, interprets the following provisions of the Declarations:

1. Paragraph 2 - For the purpose of clarifying the term "at least one occupant of each residential unit must be 55 years of age or older:" An age qualified (55+) "permanent resident" must occupy the residence when there is an underage (19 to 55) person residing at the address. Any occupancy period shorter than six (6) months in any twelve (12) month period by the age-qualified individual will require the residence to be "vacant" in their absence.

2. Paragraph 6 - For the purpose of clarifying the term "camper:" The definition of a "camper" is any vehicle or trailer which has a kitchen, bath, hook-ups for incoming water and/or outgoing sewage.

3. Paragraph 6 - For the purpose of clarifying the term "in excess of 72 hours:" The seventy-two (72) hour rule is determined to be "in any calendar month" for prohibited vehicles.

4. Paragraph 6 - For the purpose of clarifying the term "driveways:" In no instances is parking on the landscaped portion of the lot (yard) allowed, for any length of time. A driveway, by definition, when extended, must match the existing driveway (usually concrete), thereby

disallowing rows of paving bricks or stones for just the tires of any vehicle.

5. Paragraph 8 - For the purpose of clarifying the term "kept:" The prohibition on "keeping" certain fowl/animals shall include the feeding of birds and any other animals/wild life of any kind, which advertently or inadvertently results in the feeding and/or presence of pigeons.

6. Paragraph 10 - For the purpose of clarifying the term "No detached or prefabricated building:" No sheds or storage structures shall be allowed unless they are attached to the residence as an addition. Such structures require a Maricopa County Building Permit, and must be constructed in accordance with the standards in Paragraph 4 of the Declaration. This restriction, therefore, prohibits all plastic, fiberglass, or metal storage sheds and cabinets.

7. Paragraph 10 - For the purpose of clarifying the restriction regarding "machinery or equipment" kept on lots during construction: Dumpsters used for repairs/renovations shall be permitted for a period not to exceed ninety (90) days in any twelve (12) month period and must not have any garbage/refuse overflowing in the container. Any extension of this initial time frame must be approved by the Compliance Committee at SCHOA.

The Board of Directors adopted this resolution at the Board meeting of the Association held on February 13, 2007.

Dated this 20th day of February, 2007.

Unofficial Document

Ben Roloff

President

Sun City Home Owners Association

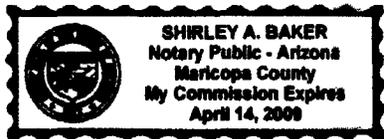
STATE OF ARIZONA)
) ss.
County of Maricopa)

On this 20th day of February, 2007, before me personally appeared Ben Roloff, whose identify was proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to this document, and who acknowledged that he/she signed the above/attached document.

Shirley A. Baker

Notary Public

Notary Seal:



When recorded, return to:

Ekmark & Ekmark, L.L.C.
6720 N. Scottsdale Road, Suite 261
Scottsdale, AZ 85253

01
Re

Board Resolution

Sun City Home Owners Association, Inc.

WHEREAS, Sun City Home Owners Association ("Association") is a nonprofit corporation that governs the property legally described on Exhibit "A" attached hereto and incorporated herein by reference, and any other property governed by the Association, which property is governed, in whole or in part, by the Declarations of Covenants, Conditions and Restrictions described on Exhibit "B" attached hereto and incorporated herein by reference (collectively, the "Declarations");

WHEREAS, Paragraph 1 of the Declarations states, "The Association shall have the right and authority to enforce the restrictions contained in this Declaration";

WHEREAS, the Sun City Home Owners Association wishes to interpret certain provisions of the Declarations to clarify any ambiguity regarding how the Declarations will be enforced;

NOW, THEREFORE, the Association, by and through its Board of Directors, interprets the following provisions of the Declarations:

1. Paragraph 2 - For the purpose of clarifying the term "at least one occupant of each residential unit must be 55 years of age or older:" An age qualified (55+) "permanent resident" must occupy the residence when there is an underage (19 to 55) person residing at the address. Any occupancy period shorter than six (6) months in any twelve (12) month period by the age-qualified individual will require the residence to be "vacant" in their absence.

2. Paragraph 6 - For the purpose of clarifying the term "camper:" The definition of a "camper" is any vehicle or trailer which has a kitchen, bath, hook-ups for incoming water and/or outgoing sewage.

3. Paragraph 6 - For the purpose of clarifying the term "in excess of 72 hours:" The seventy-two (72) hour rule is determined to be "in any calendar month" for prohibited vehicles.

4. Paragraph 6 - For the purpose of clarifying the term "driveways:" In no instances is parking on the landscaped portion of the lot (yard) allowed, for any length of time. A driveway, by definition, when extended, must match the existing driveway (usually concrete), thereby

When recorded, return to:

Sun City Home Owners Association, Inc.
10401 W. Coggins Drive
Sun City, AZ 85351

**Amended and Restated
Board Resolution**

Sun City Home Owners Association, Inc.

WHEREAS, Sun City Home Owners Association ("Association") is a nonprofit corporation that governs the property legally described on Exhibit "A" attached hereto and incorporated herein by reference, and any other property governed by the Association, which property is governed, in whole or in part, by the Declarations of Covenants, Conditions and Restrictions described on Exhibit "B" attached hereto and incorporated herein by reference (collectively, the "Declarations");

WHEREAS, Paragraph 1 of the Declarations states, "The Association shall have the right and authority to enforce the restrictions contained in this Declaration";

WHEREAS, the Sun City Home Owners Association recorded a Board Resolution interpreting certain provisions of the Declarations at Recording Number 2007-0257240, Official Records, Maricopa County Recorder ("Original Resolution");

WHEREAS, the Sun City Home Owners Association wishes to completely amend and restate the Original Resolution to interpret certain provisions of the Declarations to clarify any ambiguity regarding how the Declarations will be enforced;

NOW, THEREFORE, the Association, by and through its Board of Directors, interprets the following provisions of the Declarations:

1. Paragraph 2 - For the purpose of clarifying the term "at least one occupant of each residential unit must be 55 years of age or older:" An age-qualified (55+) "permanent resident" must occupy the residence when there is an underage (19 to 54) person residing at the address. Any occupancy period shorter than ten (10) months in any twelve (12) month period by the age-qualified individual will require the residence to be "vacant" in their absence.

2. Paragraph 2(a) – For the purpose of clarifying the power of the Association to "grant variances from the above [age] restrictions:" A variance will be granted from the age restrictions for a spouse under age 55 in the following situations unless the granting of such variance would result in less than eighty percent (80%) of the residential units being occupied by one person 55 years of age or older: (i) when an age-qualified spouse dies, the surviving spouse may continue to live in the residence even if the surviving spouse is under age 55, (ii) when an age-qualified spouse must be relocated for medical reasons, the remaining spouse may continue

to live in the residence even if the remaining spouse is under age 55. This variance does not exempt the residence and its occupants from complying with any applicable federal, state, or local law regarding age restrictions. No other person under age 55 may reside with the surviving or remaining spouse in the residence for more than ninety (90) days in any twelve (12) month period unless an age-qualified permanent resident also occupies the residence. This clarification applies to spouses in a union recognized by the State of Arizona and applies only in the event of the death or medical relocation of one spouse and not in the case of divorce or other separation.

3. Paragraph 5 - For the purpose of clarifying the term "garage or carport detached from the dwelling." A detached garage or carport must have a concrete driveway going from the structure to the street. A detached garage or carport must be a standard size; it must be large enough to park at least one (1) standard size, licensed, passenger vehicle. A passenger vehicle includes a car or light truck, but does not include a golf cart, motor home, mobile home, or RV. A garage or carport must be designed and painted or finished to match the residence and the roof line of the garage or carport may not exceed the roof line of the residence.

4. Paragraph 6 - For the purpose of clarifying the term "camper:" The definition of a "camper" is any vehicle or trailer which has a kitchen, bath, hook-ups for incoming water and/or outgoing sewage, regardless of how the camper is registered.

5. Paragraph 6 - For the purpose of clarifying the term "recreational vehicles:" The definition of a "recreational vehicle" is any vehicle designed to provide temporary living quarters for recreational camping or travel use with sleeping, cooking and sanitary facilities, regardless of how the recreational vehicle is registered.

6. Paragraph 6 - For the purpose of clarifying the term "commercial vehicles." A commercial vehicle is any vehicle that meets one of the following criteria: any type of signage, design or lettering for advertising; commercial utility racks located on the vehicle, or work equipment stored on the vehicle that is visible from outside of the vehicle, regardless of whether the vehicle is registered as a commercial vehicle.

7. Paragraph 6 - For the purpose of clarifying the term "in excess of 72 hours:" The seventy-two (72) hour rule is determined to be "in any calendar month" for prohibited vehicles.

8. Paragraph 6 - For the purpose of clarifying the term "driveways:" In no instances is parking or driving on the landscaped portion of the lot (yard) allowed, for any length of time. A driveway, by definition, when extended, must match the existing driveway (usually concrete), thereby disallowing rows of paving bricks or stones for just the tires of any vehicle.

9. Paragraph 8 - For the purpose of clarifying the term "kept:" The prohibition on "keeping" certain fowl/animals shall include the feeding of birds and any other animals/wild life of any kind, which advertently or inadvertently results in the feeding and/or presence of pigeons.

10. Paragraph 9 - For the purpose of clarifying the term "hedge:" A bush is a single plant. A hedge is a row of multiple bushes which have grown together with intermingling

branches, forming a barrier or boundary. Trees that have grown together do not constitute a hedge.

11 Paragraph 9 - For the purpose of clarifying the restriction, "on lots bordering the golf courses, no fence, wall, rail or hedge shall be constructed or maintained at a greater height than six (6) feet within twenty-five (25) feet of the rear property line, with any portion thereof in excess of three (3) feet in height limited to wrought iron construction." Hedges may not exceed three (3) feet in height within twenty-five (25) feet of the rear property line of lots bordering the golf courses.

12. Paragraph 10 - For the purpose of clarifying the term "No detached or prefabricated building or structure:" No sheds or storage structures shall be allowed unless they are attached to the residence as an addition. Such structures require a Maricopa County Building Permit, and must be constructed in accordance with the standards in Paragraph 4 of the Declaration. This restriction, therefore, prohibits all plastic, fiberglass, or metal storage sheds and cabinets.

13. Paragraph 10 - For the purpose of clarifying the restriction regarding "machinery or equipment" kept on lots during construction: Dumpsters used for repairs/renovations shall be permitted for a period not to exceed ninety (90) days in any twelve (12) month period and must not have any garbage, refuse, or debris overflowing in the container. Any extension of this initial time frame must be approved by the Compliance Committee at SCHOA.

14. Paragraph 11 - For the purpose of clarifying the requirement "No person shall permit any thing or condition to exist upon any lot or other property which shall induce, breed or harbor infectious diseases or noxious plants or insects." Limbs and branches of trees must not touch the ground and must be trimmed to twelve inches (12") above the ground in order to allow for the cleaning of fruit, leaves, and other debris and so not to provide a haven for rodents. Bushes and hedges must be trimmed and maintained so as not to grow onto neighboring properties, gather clutter, or provide a haven for rodents.

15. Paragraph 11 - For the purpose of clarifying the phrase "any lot is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding lot or other areas of the community which are substantially affected thereby." Inoperable or unsightly vehicles are not permitted to park on streets, driveways, and carports. For purposes of this clarification, an inoperable vehicle is a vehicle that is not running, has a flat tire for ten (10) or more days, is up on blocks, or is not properly licensed or registered and an unsightly vehicle is a vehicle that has large dents or excessive rust, as determined by the Board.

This resolution was adopted by the Board of Directors of the Association on May 25, 2011.

Dated this 26 day of May, 2011.

Linda S. Lindquist
President
Sun City Home Owners Association

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this 26th day of May, 2011, before me personally appeared LINDA LINDQUIST, whose identity was proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to this document, and who acknowledged that he/she signed the above/attached document.

Debora J. Foster
Notary Public

Notary Seal:

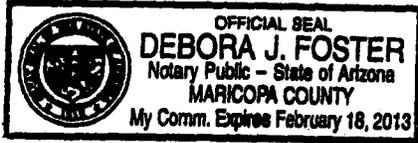


EXHIBIT 3

RECREATION CENTERS OF SUN CITY, INC.

CORPORATE BYLAWS

Amended March 27, 2014

WHEREAS Article VIII, Section 3 of the Restated Articles of Incorporation (“Articles”) provides that the Board of Directors (“Board” or “Director(s)”) of the Recreation Centers of Sun City, Inc. (“RCSC” or “Corporation”) may adopt Corporate Bylaws (“Bylaws”) not in conflict with the Restated Articles of Incorporation.

NOW, THEREFORE, BE IT RESOLVED the Corporation shall adhere to the follow Bylaws:

ARTICLE I – OFFICE AND RCSC FACILITIES

The principal Corporate office for the transaction of business of the Recreation Centers of Sun City, Inc. is located in Sun City, Maricopa County, Arizona.

Smoking shall be prohibited and banned inside all buildings of the Recreation Centers of Sun City, Inc. and also throughout and around RCSC facilities and per Federal and Arizona State law. Electronic cigarettes are not permitted within and on RCSC facilities except in designated smoking areas.

ARTICLE II – MEMBERSHIP, CARDHOLDERS, ASSESSMENTS AND FEES

For purposes of clarification, the following definition shall be used: (a) Property: Any land, building or structure or portion of any building or structure which is, has been or is intended to be, for use and occupancy as a dwelling unit, real property in Sun City, Arizona as defined by these Corporate Bylaws; and (b) Deeded Real Estate Owner(s): Any individual or entity holding or owning a current ownership interest in Property as defined in these Corporate Bylaws.

SECTION 1: MEMBERS, MEMBERSHIP AND MEMBER CARDS

Members shall be Deeded Real Estate Owners (“Owner(s)”) of property located in the area entitled "Sun City General Plan, Maricopa County, Arizona," as prepared by the Del E. Webb Development Company and dated July 1972, November 1974, August 1975, and September 1978 with subsequent amendments thereto. Owners who meet the following qualifications shall be entitled to a Member Card and therefore considered as the Membership of the Corporation, as long as they are Members in good standing:

- A. A Member must be an Owner 55 years of age or older and occupy the Sun City property as his/her primary Arizona residence unless his/her other Arizona residence is farther than seventy-five (75) miles from Sun City in which case the Owner(s) must provide proof that he/she occupies the Sun City residence as well.
- B. If a spousal Owner is under 55 years of age, he/she may be a Member, provided:
 - (i) he/she is not under 19 years of age;
 - (ii) he/she occupies the Sun City property as his/her primary Arizona residence unless his/her other Arizona residence is farther than seventy-five (75) miles from Sun City in which case the Owner(s) must provide proof that he/she occupies the Sun City residence as well; and

ARTICLE II – MEMBERSHIP, CARDHOLDERS, ASSESSMENTS AND FEES (Cont.)

SECTION 1: MEMBERS, MEMBERSHIP AND MEMBER CARDS (Cont.)

- (iii) that one spousal Owner is 55 years of age or older and occupies the property at the same time.

Continued Membership by an underage spousal Owner, because of the death or long term medical relocation of the Owner meeting the age requirement, shall continue only as long as the spousal Owner does not change the ownership and his/her occupancy status of the property.

- C. If there are more than two Deeded Real Estate Owners per property who meet the above qualifications for Membership and a Member Card, such Owners must decide which two of the Deeded Real Estate Owners shall be classified as Members. Up to two Member Cards may be provided for each property, provided there are two persons who meet the qualifications of Article II, Sections 1.A and 1.B of these Corporate Bylaws. Additional Owners who meet the above qualifications must purchase a Privilege Card in order to use RCSC facilities. An Owner who does not occupy a Sun City property may purchase a Host Punch Card. The Host Punch Card gives such Owner the privilege of using the RCSC facilities while temporarily in Sun City, subject to being signed in by a valid Member or Privilege Cardholder.
- D. If the Deeded Real Estate Owner is a Trust, no more than two of the Grantors / Trustors / Settlers, or if deceased, no more than two remainder beneficiaries of the Trust may be deemed to be Members, provided that they meet the individual Member qualifications of Article II, Sections 1.A and 1.B of these Corporate Bylaws. If none of the above meet said qualifications, no person(s) will be eligible for a Member Card. Remainder, contingent or non-vested beneficiaries of a trust will not be considered Owner(s) and are not eligible to be Members, unless the Grantors / Trustors / Settlers are deceased. Those granted lifetime use of a property are not eligible to be Members.
- E. If the Deeded Real Estate Owner is a Corporation, LLC, Partnership, LLP, or any other entity (“Company”) that may represent non-individual ownership other than Trusts, the Company may select two of its shareholders or partners to be Members, provided that they meet the individual Member qualifications of Article II, Sections 1.A and 1.B of these Corporate Bylaws; and further provided that said individuals have an ownership interest in said Company. If none of the individuals meet said qualifications, no person(s) will be eligible for a Member Card.
- F. Each individual qualified as a Member shall be issued no more than one Member Card, regardless of whether more than one Sun City property is owned and assessments and fees are paid. A multiple property Owner is not considered to occupy more than one property at a time. Each individual qualified as a Member is entitled to only one vote on each matter voted on by the Members.
- G. Member Cardholders in good standing may vote, serve on the Board or Committees, and use all available RCSC facilities, subject to the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs. A Member whose annual property assessments are not paid in full is not considered a Member in good standing.

ARTICLE II – MEMBERSHIP, CARDHOLDERS, ASSESSMENTS AND FEES (Cont.)

SECTION 1: MEMBERS, MEMBERSHIP AND MEMBER CARDS (Cont.)

- H. Member Cardholders in good standing may become members of the Chartered Clubs and participate in the activities of said Clubs, subject to the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs.
- I. Member Cardholders in good standing may participate in Board/Member exchanges and speak at Board meetings, subject to the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs.
- J. Guests of Members in good standing may use RCSC facilities for a fee, as determined by the Board, and subject to the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs and guests must be signed in by a valid Member or Privilege Cardholder.
- K. No Member may be denied the use of any RCSC facilities furnished by the Corporation as long as he/she is in compliance with the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders Guest Code of Conduct, any Rules and Regulations of the Corporation and Chartered Clubs and is a Member in good standing. A Member whose annual property assessments are not paid in full is not considered a Member in good standing.
- L. A Member or group of Members, whether or not sponsored by a Chartered Club, or any other person or persons, must not behave in a manner which jeopardizes the rights and privileges of other Cardholders, their guests or any other person or persons. A Cease and Desist Order may be issued by the Board or Management against said Member(s) for such behavior and, upon failure of said Member(s) to comply with said Order, denial of the future use of RCSC facilities by said Member(s) may be ordered by the Board, which may include denied attendance at any and all Corporate meetings.
- M. A Member may be suspended or expelled from RCSC facilities or property by the Board, after a hearing by the Board, for non-compliance by said Member within the provisions of the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs. Any Member who is suspended or expelled is not considered to be a Member in good standing.
- N. Written application for reinstatement may be filed with the Board after the suspension or expulsion has been in effect for a minimum of thirty (30) days. During the period of suspension or expulsion, said Member shall not be entitled to any privileges of Membership or use of RCSC facilities or property and shall remain obligated to pay assessments and fees.

ARTICLE II – MEMBERSHIP, CARDHOLDERS, ASSESSMENTS AND FEES (Cont.)

SECTION 2: UNDERAGE DEEDED REAL ESTATE OWNERS

Underage Deeded Real Estate Owners (“Owner(s)”) of property located in the area entitled "Sun City General Plan, Maricopa County, Arizona," as prepared by the Del E. Webb Development Company and dated July 1972, November 1974, August 1975, and September 1978 with subsequent amendments thereto, are subject to the following:

- A. An Owner under 55 years of age, who is not eligible for the spousal Owner exemption as stated in Article II, Section 1.B of these Corporate Bylaws, may be issued an annual Privilege Card for a fee, as determined by the Board, provided the Owner, who is under 55 years of age:
 - (i) is not under 19 years of age, and;
 - (ii) occupies a Sun City property as his/her primary Arizona residence unless his/her other Arizona residence is farther than seventy-five (75) miles from Sun City in which case the Owner(s) must provide proof that he/she occupies the Sun City residence as well; and
 - (iii) provided further that there is verifiable proof of at least one person 55 years of age or older occupying the property at the same time.

- B. An Owner, who is under the age of 55, but over the age of 19, and who does not occupy a Sun City property as his/her primary Arizona residence, is entitled to purchase a Host Punch Card. The Host Punch Card gives such Owner the privilege of using the RCSC facilities while temporarily in Sun City, subject to being signed in by a valid Member or Privilege Cardholder.

SECTION 3: NON-OWNERS AND PRIVILEGE CARDHOLDERS

Non-Owners, renters, tenants, lessees, occupants, those granted lifetime use (“Non-Owner(s)”) of property located in the area entitled "Sun City General Plan, Maricopa County, Arizona," as prepared by the Del E. Webb Development Company and dated July 1972, November 1974, August 1975, and September 1978 with subsequent amendments thereto and who meet the following qualifications may be entitled to a Privilege Card:

- A. A Non-Owner may be issued an annual Privilege Card for a fee, as determined by the Board, provided:
 - (i) at least one Owner or Non-Owner who occupies the property is 55 years of age or older;
 - (ii) the Non-Owner occupies the Sun City property as his/her primary Arizona residence unless his/her other Arizona residence is farther than seventy-five (75) miles from Sun City in which case the Non-Owner(s) must provide proof that he/she occupies the Sun City residence as well;
 - (iii) the Non-Owner is not under 19 years of age, and;
 - (iv) the property assessments and fees, where such Non-Owner resides, are current.

ARTICLE II – MEMBERSHIP, CARDHOLDERS, ASSESSMENTS AND FEES (Cont.)

SECTION 3: NON-OWNERS AND PRIVILEGE CARDHOLDERS (Cont.)

- B. Annual Privilege Card fees are not refundable except:
- (i) in the event of death of the Privilege Cardholder, or;
 - (ii) upon the acquisition of a Sun City, Arizona property, by the Privilege Cardholder, provided the Privilege Cardholder has met the related Facilities Agreement obligations.
 - (iii) All refunds shall be on a pro-rata basis and may be subject to a service charge.
 - (iv) Refunds shall not be issued if the property assessments and fees, where such Privilege Cardholders occupied, are not current.
 - (v) Refunds shall not be issued on privilege cards that were issued for a term of less than one year.
- C. Privilege Cardholders in good standing may use all available RCSC facilities, subject to the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs. If the annual property assessments are not current on the property the Privilege Cardholder occupies, they will be denied use of RCSC facilities. Privilege Cardholders cannot vote or hold Corporate office and may not be entitled to participate in corporate meetings.
- D. Privilege Cardholders in good standing may become members of the Chartered Clubs and participate in the activities of said Clubs, subject to the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs.
- E. Guests of Privilege Cardholders in good standing may use RCSC facilities for a fee, as determined by the Board, and subject to the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs and guests must be signed in by a valid Member or Privilege Cardholder.
- F. No Privilege Cardholder may be denied the use of any RCSC facilities furnished by the Corporation as long as he/she is in compliance with the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs and is a Cardholder in good standing except if the annual property assessments are not current on the property the Privilege Cardholder occupies.
- G. A Privilege Cardholder or group of Privilege Cardholders, whether or not sponsored by a Chartered Club, or any other person or persons, must not behave in a manner which jeopardizes the rights and privileges of other Cardholders, their guests or any other person or persons. A Cease and Desist Order may be issued by the Board or Management against said Privilege Cardholder(s) for such behavior and, upon failure of said Privilege Cardholder(s) compliance with said Order, denial of the future use of RCSC facilities or property by said Privilege Cardholder(s) may be ordered by the Board.

ARTICLE II – MEMBERSHIP, CARDHOLDERS, ASSESSMENTS AND FEES (Cont.)

SECTION 3: NON-OWNERS AND PRIVILEGE CARDHOLDERS (Cont.)

- H. A Privilege Cardholder may be suspended or expelled from RCSC facilities or property by the Board, after a hearing by the Board, for non-compliance by said Privilege Cardholder with the provisions of the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs. Any Cardholder who is suspended or expelled is not considered to be a Cardholder in good standing.
- I. Written application for reinstatement may be filed with the Board after the suspension or expulsion has been in effect for a minimum of thirty (30) days. During the period of suspension or expulsion, said Privilege Cardholder shall not be entitled to any privileges or use of RCSC facilities or property, nor receive any reimbursement of Privilege Card fees.

SECTION 4: ASSESSMENTS AND FEES

Each and every Deeded Real Estate Owners (“Owner(s)”) of property located in the area entitled "Sun City General Plan, Maricopa County, Arizona," as prepared by the Del E. Webb Development Company and dated July 1972, November 1974, August 1975, and September 1978 with subsequent amendments thereto shall join in a Facilities Agreement. Each Owner shall be responsible for the payment of assessments and fees.

- A. Owners must execute a Facilities Agreement in the form required by the Corporation, obligating property Owners to pay property assessments when due. The Facilities Agreement shall obligate Owners to pay assessments whether or not Owners occupy the property or use RCSC facilities.
- B. Assessments and fees shall be determined by the Board and shall be payable by property Owners pursuant to the Facilities Agreement.
- C. Late fees and penalties, as determined by the Board, shall be imposed on all property assessments and fees which are in arrears. Legal action to secure payment may be taken, as authorized by Arizona State Law, including but not limited to additional fees, liens and the enforcement of the same. Any Owner whose assessments and/or fees are in arrears is not considered a Member in good standing.
- D. Property assessments are not refundable except:
 - (i) in the event of death of an Owner, or;
 - (ii) upon the sale of the Owner’s Sun City, Arizona property, provided the Owner has met the obligations as described in the Facilities Agreement and the purchaser(s) have executed said Facilities Agreement, or;

ARTICLE II – MEMBERSHIP, CARDHOLDERS, ASSESSMENTS AND FEES (Cont.)

SECTION 4: ASSESSMENTS AND FEES (Cont.)

- (iii) in the event of death of an Owner resulting in an estate property; however, no refund shall be issued until the sale of such Sun City, Arizona estate property, provided all annual assessments and fees are then current.
 - (iv) All refunds shall be on a pro-rata basis and may be subject to a service charge.
- E. A Preservation and Improvement Fee, as determined by the Board, shall be imposed on the purchase, acquisition, transfer, inheritance, gift or any change in ownership of legal or beneficial interest in the title to Property located in Sun City, Arizona (a) pursuant to any deed, contract for sale, will or other instrument or document transferring an interest in such property, so long as the original payor of said Preservation and Improvement Fee no longer retains a majority ownership interest in the property; or (b) following the death of the last original Grantor / Trustor / Settlor under a Trust which holds title to the Property.
- F. A Transfer Fee, as determined by the Board, shall be imposed on the purchase, acquisition, transfer, inheritance, gift or any change in ownership of legal or beneficial interest in the title to Property located in Sun City, Arizona (a) pursuant to any deed, contract for sale, will or other instrument or document transferring an interest in such property, so long as the original payer of said Transfer Fee no longer retains a majority ownership interest in the property; or (b) following the death of the last original Grantor / Trustor / Settlor under a Trust which holds title to the Property.
- G. A onetime Access Fee per property, as determined by the Board, shall be paid by the builder, owner or developer desiring to have access to the RCSC facilities for future property owners. Said builder/owner/developer must execute a Facilities Agreement with the Corporation. Purchasers of individual properties are also required to execute a Facilities Agreement and pay a Preservation and Improvement Fee.

ARTICLE III - MEETINGS

SECTION 1: ANNUAL MEMBERSHIP MEETING

An annual meeting of the Members shall be held each year.

Written notice stating the place, day and hour of the annual meeting of the Members shall be posted in RCSC facilities and/or published in the RCSC newsletter (*SunViews*) and/or on the RCSC website (*www.sunaz.com*), not less than ten (10) days, nor more than fifty (50) days before the date of the meeting.

With respect to amendments to the Corporate Bylaws, notice of any proposed amendment shall be given by written notice to the Board of Directors and posted in RCSC facilities and/or on the RCSC website (*www.sunaz.com*) at least ten (10) days prior to a Board meeting at which these changes shall be considered.

ARTICLE III – MEETINGS (Cont.)

SECTION 1: ANNUAL MEMBERSHIP MEETING (Cont.)

With respect to amendments to the Restated Articles of Incorporation, notice of any proposed amendment shall be posted in RCSC facilities and published in the RCSC (*SunViews*) newsletter and/or on the RCSC website (*www.sunaz.com*) at least thirty (30) days prior to a Membership meeting at which these changes shall be considered. Such notice shall include the proposed changes to the Restated Articles of Incorporation.

SECTION 2: SPECIAL MEMBERSHIP MEETINGS

Special meetings of the Members may be called by the Board of Directors, President of the Corporation or by petition of the Members having at least one-tenth (1/10) of the votes entitled to be cast according to the Corporation's records as of the preceding July 1. The reason for the meeting shall be stated in such call and petition. After receiving the petition and validating the signatures thereon, the President shall set a date for such meeting, which shall be held within sixty (60) days after validation of the signatures is completed.

With respect to a special meeting called by petition of the Members for the purpose of amending the Restated Articles of Incorporation or the Corporate Bylaws, the Board, after validation of the petition, shall set a special meeting. A written notice shall be posted in RCSC facilities and published in the RCSC newsletter (*SunViews*) and/or on the RCSC website (*www.sunaz.com*) not less than ten (10) days, nor more than fifty (50) days before the date of the meeting.

With respect to a special meeting of the Members called by the Board of Directors or the President of the Corporation, a written notice shall be posted in RCSC facilities and published in the RCSC newsletter (*SunViews*) and/or on the RCSC website (*www.sunaz.com*) not less than ten (10) days, nor more than fifty (50) days before the date of the meeting. Notice shall include information concerning the purpose for the special meeting.

SECTION 3: MEMBERSHIP QUORUM

A quorum for any Membership meeting shall consist of not less than one thousand two hundred fifty (1,250) Members in good standing. A quorum shall be presumed in the absence of a challenge. If, however, such quorum shall not be present or represented at any meeting of the Members, the Members entitled to vote at such meeting shall have the power to adjourn the meeting without notice other than announcement at the meeting, until a quorum is present.

Once a quorum has been established for any meeting, appropriate business may be conducted and decided by a majority vote of Members present unless otherwise required by the Restated Articles of Incorporation or the Arizona Revised Statutes.

SECTION 4: MEMBERSHIP MEETING RULES AND REGULATIONS

The laws of the State of Arizona, the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs shall govern procedure at all meetings of the Corporation, and

ARTICLE III – MEETINGS (Cont.)

SECTION 4: MEMBERSHIP MEETING RULES AND REGULATIONS (Cont.)

Robert's Rules of Order, when applicable, shall apply, provided they are not inconsistent with the aforementioned. The President may appoint a parliamentarian to serve during his/her term of office.

Proposals or matters relating to the conduct of the business affairs of the Corporation, if brought before a Membership meeting shall be referred to the Board for study. Such matters, being solely within the powers delegated to the Board in accordance with the laws of the State of Arizona, the Restated Articles of Incorporation, and these Corporate Bylaws will be considered only as a recommendation to the Board.

If the disposition of these proposals or matters is determined by the Board not to be in the best interest of the Corporation, the Board shall announce its decision and such proposal or matter shall not be considered further. The Members may, by petition signed by at least ten percent (10%) of the total membership of the Corporation as of the first day of the preceding July, bring the proposal or matter before the Membership for a majority vote of the Members present at a duly called and noticed Annual or Special Membership meeting.

ARTICLE IV - BOARD OF DIRECTORS

SECTION 1: FISCAL YEAR

For all purposes, financial and otherwise, the calendar year January 1 - December 31, shall be synonymous with the term "fiscal year" of the Recreation Centers of Sun City, Inc. (RCSC).

SECTION 2: COMPENSATION OF DIRECTORS

The Board of Directors ("Board") shall receive no compensation of any kind for his/her service as a Board of Director ("Director") or Officer or from any group using RCSC facilities. Furthermore, a Director cannot serve on any Chartered Club Boards during their term in office.

SECTION 3: INSTALLATION OF DIRECTORS

At the first regular Board meeting after a Director has been newly-elected or newly-appointed, the President of the Corporation shall formally install the new Director(s) specifying when their term of office commences.

SECTION 4: ELECTION OF OFFICERS

The Board shall meet on the first business day after January 1 for election of Officers. At this organizational meeting, the Board shall select from their own number, by ballot, the Officers listed in Article V of these Corporate Bylaws who shall serve for the term of one year, to end at the election of Officers in the following year.

A Director may be re-elected to consecutive terms as an Officer if he/she receives the majority approval of the Board of Directors.

ARTICLE IV - BOARD OF DIRECTORS (Cont.)

SECTION 5: LENGTH OF TERMS AND VACANCIES

The term of office for an elected Director shall be three (3) years. At the annual election, three (3) Directors shall be elected. One, two or three-year elected terms enter into the six (6) year limit set forth in the Restated Articles of Incorporation. In the event more than three (3) vacancies exist as of the deadline for turning in the petitions, those vacancies shall also be filled at the annual election as follows:

- (i) The candidate receiving the highest number of votes, after the three (3) three-year terms are filled, shall fill the next longest vacant term.
- (ii) If a candidate is elected to a Board position and, prior to the beginning date of the term for which he/she has been elected, declines or is unable to assume the office (“declining candidate”), then the term of the declining candidate(s) shall be filled with the unsuccessful candidate(s) receiving the next highest number of votes, based on the vote totals of the candidates in the last annual Directors’ election. A candidate receiving less than one hundred (100) votes shall not be eligible to fill any vacancies.
- (iii) The Balloting Committee (hereinafter referred to as the “Election Committee”) will determine the order of placement in the event of a tie vote. The method shall be a simple drawing of the names of the candidates involved in the tie vote.
- (iv) Vacancies occurring on the Board during the year (January 1 through December 31) may be filled by appointment of the Board. A majority vote of the Board is required for said appointment. An appointment ends on December 31 of the year appointed. An appointed term does not enter in the six-year limit set forth in the Restated Articles of Incorporation.

SECTION 6: MEETINGS OF THE BOARD

Regular monthly meetings of the Board of Directors shall be held on the day or days as designated by the Board. The Board may elect to delete summer meetings. The President or his/her appointee shall preside at all meetings. Six (6) Board of Directors shall constitute a quorum.

The regular meetings of the Board of Directors, with a prepared agenda, shall be open to the Members and the press. At each of these meetings, a specified time may be allotted for the Members to make comments in regards to corporate matters.

Special meetings of the Board of Directors may be called by the President or upon the written request of three (3) or more of the Board of Directors. The purpose of the meeting shall be stated in the call. Except in cases of emergency, at least seventy-two (72) hours notice shall be given.

The Board may meet in an Executive Session (closed meeting) to discuss confidential matters such as; litigation; matters relating to formation of contracts with third parties; Member or Privilege Cardholder discipline and personnel matters. Before going into Executive Session,

ARTICLE IV - BOARD OF DIRECTORS (Cont.)

SECTION 6: MEETINGS OF THE BOARD (Cont.)

the Chair must state such and all matters discussed thereafter shall remain confidential. Executive Sessions may be called during any work session or regular, special or emergency meeting of the Board and/or the Membership. The Board has the authority to take final action in Executive Session and is not required to make public those decisions that are of a confidential nature. Minutes may or may not be taken of Executive Sessions. If they are recorded, they are retained as a part of the confidential records of the Corporation.

SECTION 7: BOARD AUTHORITY

The Board of Directors shall have the authority to employ the General Manager; to hold and administer corporate assets, and direct, control, manage, and supervise the business and financial affairs of the Corporation without limitation, except as set forth in the Restated Articles of Incorporation.

The Board of Directors shall have authority to establish, change, and/or delete Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation as deemed necessary and within the authority as outlined in the Restated Articles of Incorporation and these Corporate Bylaws.

ARTICLE V – OFFICERS

SECTION 1: OFFICERS OF THE CORPORATION

The Officers of the Corporation shall be President, Vice-President, Secretary, and Treasurer and shall be elected pursuant to Article IV, Section 4 of these Corporate Bylaws.

SECTION 2: PRESIDENT

The President shall be Chair and shall preside at and conduct all meetings by a formal order of business. The President shall have general supervision and direction of the affairs of the Corporation in accordance with the Restated Articles of Incorporation, these Corporate Bylaws, Board Policies, and any Rules and Regulations of the Corporation. The President shall have authority to administer all matters not otherwise expressly delegated, and shall call special meetings of the Membership and/or Board.

After approval by the Board, he/she may execute bonds, investments, debts, and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed, and except where the signing and execution thereof may be expressly delegated by the Board to some other Officer or Agent of the Corporation.

SECTION 3: VICE-PRESIDENT

The Vice-President shall perform such duties as assigned by the President and in the absence or incapacity of the President; shall perform the duties of the President.

ARTICLE V – OFFICERS (Cont.)

SECTION 4: SECRETARY

The Secretary shall adhere to the duties of the Secretary as outlined in Robert's Rules of Order and shall assure that the Corporate Board of Directors records of the Corporation are maintained and in order.

SECTION 5: TREASURER AND ASSISTANT TREASURER

The Treasurer shall issue financial statements when required and perform such other duties as ordinarily pertain to that office. The Treasurer shall ensure that financial records and cash/investment handling procedures are audited after the close of each fiscal year by a Certified Public Accountant, as selected by the Board. The Treasurer shall make certain that annual income tax returns and other required corporate filings have been filed as required. The Treasurer shall require safeguards to protect corporate assets. Any indebtedness issued in the name of the Corporation shall be signed by the Treasurer after such indebtedness is approved by a majority of the Board of Directors.

The Board of Directors may appoint an Assistant Treasurer and who shall in the absence or incapacity of the Treasurer, have the duties and the responsibilities of the Treasurer, but shall receive no compensation therefor. An appointed Assistant Treasurer must be a Member in good standing. In the event of the absence of the Treasurer, any appointee who has been designated by the Board to countersign checks may become a signatory.

SECTION 6: THEFT, DISHONESTY AND LIABILITY INSURANCE

The Officers of the Corporation shall ensure that an Employee Dishonesty Insurance Policy, as determined by the Board, is in place to insure the Corporation against losses relating to theft or mishandling of assets by Employees, Directors or Corporate Agents. The Corporation shall provide Directors and Officers liability insurance for all Directors and Officers and their spouses.

SECTION 7: REMOVAL OF BOARD OFFICERS

A Board Officer who is unwilling or incapable of satisfactorily performing the responsibilities of his/her office, may be removed from his/her office by a ballot vote of a majority of the Board of Directors. An Officer so removed shall be eligible to continue as a Director. The Restated Articles of Incorporation addresses removal of any elected or appointed Director from the Board.

A new election of the Officer by the Board of Directors for the vacated position(s) shall be held within fifteen (15) days after removal. In the case of a vacancy in the President's office, the Vice President will perform the duties of the President until a new President is elected.

SECTION 8: INDEMNIFICATION

Recreation Centers of Sun City, Inc., its successors and assigns, hereby agree to protect, defend, indemnify and hold harmless its Directors and their spouses, Officers, Management and Employees ("Agents") from and against any and all claims, demands, actions, damages, loss, and judgments arising out of or occurring in connection with any act or omission of such, including reasonable attorney fees and court costs. Such indemnification of said Agents of the Recreation Centers of Sun City, Inc. shall exclude any such liability caused by gross negligence or willful misconduct.

ARTICLE VI – COMMITTEES

The Board shall be empowered to create or eliminate committees as they may deem necessary to properly and effectively carry on the affairs of the Corporation. A standing committee is a small group of Members, subordinate to the Board of Directors, which is organized to assist the Board in specific areas as assigned. Adhoc committees are formed for a specific task or objective and dissolved after the completion of the task or achievement of the objective. RCSC Cardholders may present specific concerns and issues to the appropriate committee for review and recommendation to the Board. Committees have no decision making authority and are limited to presenting ideas and recommendations to the Board of Directors and Management. All committees shall have a Board of Director as Chair and Co-Chair who shall be appointed by the Board President in January each year. A Board Chair or Co-Chair who is unwilling or incapable of satisfactorily performing the responsibilities may be removed from his/her position as Chair or Co-Chair by a ballot vote of a majority of the Board of Directors. All committees shall attempt to have no less than five (5) members. Members of committees shall be selected from the Membership at large who must meet the following requirements: (a) Must be an RCSC Member Cardholder in good standing; (b) Must not be related to any other member of the committee by marriage or birth; and (c) Must agree to adhere to RCSC's Articles, Bylaws, Board Policies, and any and all rules and regulations of the Corporation.

Standing committee members shall serve a term of not more than three (3) years. Upon expiration of each term, the Board of Directors shall post notice to the Membership at large all vacancies and accept applications/requests for service. The Board of Directors shall review each application/request and select by majority vote of the Board of Directors the RCSC Member(s) to serve on each committee.

Committee members are expected to attend all committee meetings, review materials in advance of the meetings, participate in meetings, and meet as frequently as necessary to discharge properly the committee's responsibilities. Committee members may be suspended or expelled by a majority vote of the Board of Directors for the following reasons: (a) Failure to adhere to RCSC's Articles, Bylaws, Board Policies, or any rules and regulations of the Corporation; (b) For any good and sufficient cause which is contrary to the highest moral or sportsman like principles; (c) For being unwilling or incapable of satisfactorily performing the responsibilities of a committee member; or (d) Failure to attend three (3) committee meetings in a row.

ARTICLE VII - CHARTERED CLUBS

A group of Cardholders interested in a particular hobby, avocation or field of interest may join together for the purpose of pursuing said interest and may request the Board to certify them as a Chartered Club. Duties, responsibilities and requirements of such Clubs are outlined in the Board Policies. The Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation shall take precedence over any and all Chartered Club or individual club rules and regulations. The Chartered Club facilities are to be used solely for the purpose of leisure recreational hobbies and not as a profit making endeavor.

ARTICLE VIII - NOMINATION AND APPOINTMENT PROCEDURES

SECTION 1: PRESENTATION OF CANDIDATES

The Chair of the Elections Committee shall present to the Board, at a Board meeting no later than October 31 of each year, a list of candidates for Director position(s) to be filled at the coming annual election. The election shall be held in accordance with Article IX of these Corporate Bylaws.

SECTION 2: RECRUITMENT OF CANDIDATES

On or before July 1 each year, by appropriate notice to the Membership at large, Members shall be invited to become candidates. In the event additional candidates are needed, the Elections Committee shall begin recruiting to provide the required number.

If a member of the Election Committee desires to become a Board of Director candidate, he/she must resign from the Committee prior to becoming a candidate.

SECTION 3: PETITION AND APPLICATION OF CANDIDATES

A Member who is eligible, as per Article VIII, Section 4 of these Corporate Bylaws, to become a candidate for election to the Board of Directors shall provide to the Chairperson of the Election Committee on any date specified or no later than October 15 the following:

- (i) A written petition on the official form required with valid signatures from at least one-hundred (100) Member Cardholders in good standing;
- (ii) An application on the official form required, to include a resume and list of goals; and
- (iii) Nominee shall make himself/herself available to RCSC for a photograph.

SECTION 4: CANDIDATE REQUIREMENTS

An eligible candidate for election to the Board of Directors shall satisfy all the following requirements and a candidate for appointment to the Board shall satisfy all except number seven (vii) below:

- (i) Must be at least fifty-five (55) years of age;
- (ii) Must not be related by marriage or birth to any other member of the Board, Sr. Management Staff, or Board Candidate;
- (iii) Must be a Deeded Real Estate Owner of property in Sun City, Maricopa County, Arizona as well as a resident of Sun City;
- (iv) Must be a Member in good standing;
- (v) Must reside in Sun City, Arizona and be available at least ten (10) months of the year;

ARTICLE VIII - NOMINATION AND APPOINTMENT PROCEDURES (Cont.)

SECTION 4: CANDIDATE REQUIREMENTS (Cont.)

- (vi) Must meet the requirement to hold an Arizona liquor license;
- (vii) Must be eligible and available to serve a three (3) year term; and
- (viii) Must attend Board Candidate Orientation(s).

A Board Candidate that withdraws from his/her candidacy for any or no reason may not elect to reestablish candidacy in the same election year.

ARTICLE IX - ELECTION OF DIRECTORS

SECTION 1: POLLING PLACES, TIMES AND DATES

- (i) Election of Directors shall be held on the second Tuesday in December each year.
- (ii) The Board may schedule earlier voting dates.
- (iii) The Board shall select the number of polling places, their locations and times of operation for voting within Sun City, Maricopa County, Arizona.

SECTION 2: VOTES

The person or persons receiving the highest number of votes shall be elected to the vacancy or vacancies for which the election is held.

SECTION 3: RECALL ELECTION

- (i) In a recall election, a Director shall be deemed recalled if a majority of the votes cast by Membership ballots are for his/her removal, provided further that the total number of votes received for the recall is not less than one hundred (100).
- (ii) The person receiving the highest number of votes cast by Membership ballots to replace the recalled Director shall be deemed elected to fill the unexpired term of said Director.
- (iii) The Board, or its designated representative, may use the services of a neutral entity such as the Maricopa County Election staff and adopt their procedures, as desired, to ensure a fair election process.
- (iv) The Board, or its designated representative, may exercise the flexibility to negotiate technical and routine matters with the neutral entity conducting the election at the Board's request and to make any necessary arrangements or revisions, as the need arises.

ARTICLE X –VOTING PROCEDURES AT MEMBERSHIP MEETINGS

SECTION 1: NON-BALLOT VOTING

Voting shall be by ballot of the eligible Members present at any meeting of the Members.

ARTICLE X – VOTING PROCEDURES AT MEMBERSHIP MEETINGS (Cont.)

SECTION 2: BALLOT VOTING

The following procedures shall apply for ballot voting:

- (i) Voting shall proceed under supervision of the Election Committee;
- (ii) At least two (2) members of the Election Committee shall be in attendance at all times during voting and they shall determine eligibility of all voters, issue all official ballots, and witness the casting of the ballots; and
- (iii) Ballot boxes shall remain sealed until all votes are cast. Votes shall be tabulated in the presence of at least three (3) members of the Election Committee. Any Member may be present as an observer at the tabulation of the votes. Upon completion of the tabulation of ballots, the results shall be certified by the Election Committee Chairperson to the Board and posted on the Corporate website (www.sunaz.com) and in RCSC facilities.

SECTION 3: LIMITATION PERIOD

No Membership election or vote, initiated by petition of the members, shall be held on an issue which is the same as, or substantially similar to, any issue which has been voted upon by the Membership within the current calendar year or any of the past three (3) calendar years (hereinafter referred to as the "Limitation Period"). The Board of Directors shall determine, in its sole discretion, whether the issue proposed to be voted upon by the Membership is the same as, or substantially similar to, an issue previously voted upon by the Membership during the Limitation Period. In the event a Membership election or vote is not required to be held due to the provisions of this section, then the Board of Directors shall not set, call, notice or post the proposed Membership election or vote or any Membership meeting in connection therewith, or take any other action normally associated with a Membership election or vote or a Membership meeting. This section shall not apply to the election or removal of Directors.

BE IT FURTHER RESOLVED that a copy of these Corporate Bylaws shall be posted on the RCSC website for members and shall be made available to members upon request at no cost.

Adopted and signed this 27th day of March, 2014 at a duly called Board meeting by a majority (5) of the Recreation Centers of Sun City, Inc. Board of Directors.

ATTEST:

/s/ _____
W James Brasher, President

/s/ _____
Carole Martinez, Secretary