

OVERVIEW OF RECOMMENDED CHANGES TO THE SUN CITY GRAND COMMUNITY ASSOCIATION CC&RS AND BYLAWS JUNE 2018



Here you will find a summary of the most significant changes proposed to the CC&Rs (Covenants, Conditions, & Restrictions) and Bylaws. These changes were recommended by the Consent Committee and approved by the Board of Directors.

The impact of the changes can be summarized as follows:

- Harmful provisions in our current documents have been modified or eliminated and desirable provisions added.
- Outdated and unnecessary language relating to Del Webb Corporation (described as the “Declarant” and “Class B”) has been removed.
- Ambiguous language has been clarified or eliminated.
- Provisions in conflict with current Arizona law have been amended.
- Many other small, but important, changes are being recommended.
- The lengths of the documents are reduced by nearly half.

The following pages include brief descriptions of the most important changes along with reasons where appropriate.

Proposed Major CC&Rs Changes

Article I – Definitions

- Simplifies the definition of a legal resident of Sun City Grand by replacing the concept of “age-qualified occupant” with “qualified occupant.”
- Eliminates the notion of “Community-wide standard.”

REASON: This term is impossible to define. The Residential Design Guidelines (RDGS) will reflect our community standards.

- “Design Guidelines” changed to “Residential Design Guidelines” for clarity.
- Uses “Community Association Management” (CAM) to identify the entity that manages our property.

(current) Article 3.4(b) – Neighborhood Representatives

- Removes the details regarding the Neighborhood Rep program and moves the requirement to have a program to the Bylaws Article 3.18.

REASON: The current CC&Rs impose many constraints and requirements on our Neighborhood Rep program which we do not comply with. This will allow us to implement a more effective program designed by the Board, staff, and the Neighborhood Reps.

Article 4.2 – Enforcement

- Added the Rules and Regulations (which was omitted) to the list of documents with which compliance may be enforced.

Article 4.10 – Change of Use and Modification of Common Area

- Gives the Board exclusive jurisdiction over the Common Area.

REASON: It is appropriate for the elected board to make decisions regarding the Common Area rather than an appointed Architectural Review Committee (ARC).

Article 6.4 (b) – Damage and Destruction

- The requirement that 75% of Members approve repairing or reconstructing damage or destruction to the Common Area is replaced with Board approval.

REASON: Approval of 75% of members would be a nearly impossible requirement to meet in a timely fashion given the size of our Association.

Article VIII – Condemnation

- Deletes the requirement that 2/3 of Members approve the condemnation of any part of the Common Area.

REASON: This is something over which the Association has no control.

Article 9.3 – Base Assessment

- Removes outdated and incorrect language regarding base assessments.

Article 9.5 – Reserves and Reserve Funds

- Defines the Reserve Fund, which is undefined in our current documents.

Article 9.6 – Capital Expenditures

- Defines capital expenditures, a major component of our budget undefined in our current documents.

Article 9.13 – CARE Fee

- Clarifies who qualifies for an exemption to the CARE fee when they purchase a lot.
- Expands the use of CARE funds to include capital projects.
- The CARE fee will be set by the Board but not less than the amount of the current base assessment.

REASON: To clarify and expand the permissible uses of the CARE Fund and to give the Board the flexibility to increase the CARE fee if deemed necessary or appropriate.

Article X – Residential Architectural and Design Standards

- Article X now pertains only to activity on residential Lots. ARC retains exclusive jurisdiction over activity on Lots.

REASON: To remove the conflict in the document between the Board and ARC regarding jurisdiction over the Common Area.

Article 10.2 – Residential Architectural and Design Review

- Allows the Board to intervene if, in its judgment, actions taken or proposed by the ARC could be detrimental to the Association.

Article 10.3 – Residential design guidelines or RDGs

- Allows the Board to initiate changes to the RDGs.

Article 11.2 – Authority to Promulgate Use Restrictions and Rules

- Deleted the ability of Members to amend the Use Restrictions or adopt rules, which modify, cancel, limit, create exceptions to, or expand the Use Restrictions by a vote of 67% of the total Members, since this is impossible to achieve in a timely fashion.

Article XV – General Provisions

- Replaces a bizarre reference to the Queen of England with the stipulation that the documents will survive in perpetuity unless action is taken by the Members.
- Changed the requirement to amend from 67% to 2/3.

(current) Article XVI – Dispute Resolution

- Removed on the advice of our attorney.

REASON: The Association will be better served by the flexibility to set dispute resolution rules based on circumstances.

Exhibit A – Legal Description

- Several changes were made to the Neighborhoods that the developer did not include.
- Lago Vista I, II, and III and Tranquil Canyon were added during the transition but were not changed in this exhibit.

Proposed Major Bylaws Changes

Article 2.5 – Association Membership, Meetings, Quorum, Voting

- Clarified when and how notices of Membership Meetings will be sent, including electronic notices.

Current Article 2.12 – Video or Telephonic Participation

- Deleted, since there is no way to certify that a quorum is present. This type of participation is not required for a membership meeting under the nonprofit or HOA provisions of Arizona law.

Current Article 2.13 – Action Without a Meeting

- Deleted, since this required all 9,802 Members to consent.

Article 3.2 – Number of Directors

- Changes the size of the Board from a range of 3 to 7 to 5 to 7 and requires a minimum of 3 directors to function as a Board. (The exception is when a vacancy occurs with less than one year remaining in the vacated term.)

REASON: To give Homeowners more control over the Board and to reduce the concentration of power.

Article 3.3 – Election of Directors

- Removed description of the Election Committee as a “nominating” committee.

REASON: Del Webb used a nominating committee to present candidates for the Board. Sun City Grand uses a self-nominating process by individual application.

Article 3.4 – Election and Term of Office

- Removed the requirement to hold a membership vote if there are not more candidates than available positions.
- Clarifies that Board members may serve up to three consecutive two year terms and must wait one year before serving again.
- Defines partial terms.

Article 3.5 – Removal of Directors and Vacancies

- Modified removal of a director by Members of the Association in accordance with Arizona law.
- Specifies how Board vacancies will be filled under all foreseeable circumstances.
- The Board may choose to leave open a vacant director's position if less than one year remains in the vacant term and the Board has at least five members, otherwise the Board must appoint a successor to complete that term.

Article 3.18 – Duties

- Adds the requirements to maintain a strategic plan and a Neighborhood Rep program.

Article 3.20 – Accounts and Reports

- This section required many specific financial reports and has been replaced by a single requirement to follow current Generally Accepted Accounting Principles (GAAP).

REASON: Allows flexibility for the Board and staff to determine what information is needed to run the Association and to evolve with changing GAAP Standards.

Article 3.25 – Enforcement

- Deleted and will be moved to Sun City Grand's Rules and Regulations.

Article 4.1 – Officers

- Requires Board officers to be current Board members.

Article 4.2 – Election and Term of Office

- Board officers' terms expire at the next organizational meeting.

REASON: In the current Bylaws Board Officers automatically retain their positions unless removed by a 2/3 vote of the Board. Every Board should be able to choose its own officers by majority vote.

Article 4.6 – Agreements, Contracts, Deeds, Leases, Etc.

- Requires two officer signatures on all instruments of the Association.

Article 4.7 (new) – Checks

- Requires two signatures on all checks.

Article 5.2 – Other Committees

- Clarifies the difference between standing and ad hoc committees.
- Requires that standing committees be comprised of Members or Qualified Occupants.
- Board representatives on standing committees shall be non-voting.
- Structure and members of ad hoc committees are left undefined for maximum flexibility. The purpose and composition of an ad hoc committee to be defined by Board resolution.

Article 5.3 – Covenants and Code of Conduct Committees

- Added Code of Conduct committee.

Article 6.4 – Books and Records

- Deleted, as Arizona law sets the requirements for inspection and copies of documents.

Article 6.6 – Amendment

- Changes requirement for amending Bylaws from 51% of the lots to 50% plus 1 (a simple majority).