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MEMORANDUM

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DATE: January 21, 2026
TO: ANTHEM.0001
FROM: Michelle Taylor
RE: Bylaws and Code of Conduct

We have been asked to provide guidance on the Anthem Community Council's ("ACC") Bylaws and Code of Conduct for the Board of Directors ("Board"). Specifically, we have been asked to explain what the Bylaws and Code of Conduct currently state as to Board qualifications, expectations, and polices; what action the Board may take in response to violations of either the Bylaws or Code of Conduct; and how to amend either governing document.

The Code of Conduct

The ACC Board's Code of Conduct is currently set forth in Part 3, Section 3.1.2 of the Board Policy Manual, updated June 1, 2020. All members of the Board are subject to and required to abide by the provisions outlined in the Code of Conduct. Specifically, within ten (10) days upon election to the Board, each Director is required to sign and provide to the Executive Director a statement which affirms that said Director has: (a) received a copy of Code of Conduct; (2) read and understands the Code of Conduct; and (c) agreed to comply with the Code of Conduct.

Part 3, Sections 3.1.2.1-20 list the specific tenets of the Code of Conduct that Director shall comply with once on the Board. It is worth noting that the tenets of the Code of Conduct are policies of the Board that Directors are required to comply with once they have been elected to the Board – they are not qualifications that a candidate must meet to run for the Board. Board eligibility qualifications are provided for in the Bylaws (see below for further analysis).

THIS MEMORANDUM IS CONFIDENTIAL AND MAY BE PROTECTED BY THE ATTORNEY-CLIENT PRIVILEGE. IF THE READER OF THIS MESSAGE IS NOT THE INTENDED RECIPIENT, OR AN AGENT OF THE INTENDED RECIPIENT, EXAMINATION OR DISSEMINATION OF ITS MESSAGE IS PROHIBITED. IF YOU HAVE RECEIVED THIS MEMORANDUM IN ERROR, PLEASE NOTIFY THE SENDER IMMEDIATELY BY CALLING 1-800-743-9324 AND RETURN THE MEMORANDUM TO THE SENDER VIA THE U.S. MAIL.

This firm may act as a debt collector. Any information obtained will be used for that purpose.

Board Action in Response to a Violation

In the event a Director violates any of the tenets set forth in Part 3, Sections 3.1.2.1-20, Part 3, Section 3.1.2.21 describes the Board's authority and the action the Board may take in response as follows:

21. Violation of Code of Conduct. If the Board (Director or Directors) has reasonable cause to believe a Director has violated a tenet of this policy, it shall inform that Director at a Council open meeting of the basis for such belief and afford that Director an opportunity to explain the alleged failure to comply. After hearing the Director's response, the Board can take the following actions as it deems appropriate:

- a. The Board can take immediate action as defined in Section M below; or
- b. The Board can form a Hearing Board, which shall be comprised of designated Board Directors and, if the Board so chooses, the Council attorney.
- c. Any Board Director who violates this Code of Conduct agrees that the Board may pursue all legal remedies against him/her, following a hearing before the Hearing Board. Such Board Director may be required to pay the attorney's fees incurred by the Board in any enforcement effort. The Hearing Board shall conduct its investigation and make recommendations for response via a report of its findings to the full Board of Directors at an open meeting within 30 days of the Hearing Board's formation.
- d. Sanctions. After pursuing one of the options, above, including conducting further investigation as warranted by the circumstances, if the Board determines the Director has failed to comply with this Code of Conduct, it shall take appropriate action, in open session, which may include the following:
 - i. The Board may wish to make a formal statement acknowledging the violation and resulting actions.
 - ii. Acknowledgement of the violation will be included on the Council web site for a 30 day time frame.
 - iii. The Board may issue a letter of warning to the Interested Director.
 - iv. Other action as deemed appropriate by the Board, including public censure, suspension from the Board, legal action, or removal from the Board.

How to Amend

To amend the Code of Conduct, the Board would simply need to adopt a resolution approved by a majority of quorum of the Board.

The Bylaws

As mentioned above, Article IV, Section 4.3 of the Bylaws identify the qualifications that both a Board candidate must meet to be eligible to run for the Board and an elected Director must maintain while on the Board. Those qualifications are as follows:

1. Each Director shall be natural person of at least 18 years of age.
2. Each Director shall be either: (1) an Owner of a Residential Lot, or (2) a person residing in a Residential Lot with the Owner who has the written consent of the Owner to serve as a director.
3. No Owner, resident, or occupant representing the same Lot may serve on the Council Board at the same time, and no Person simultaneously may hold two or more director positions on the Council Board.
4. Each Director shall not be delinquent in an assessment or other charge due the Council or an Association.
5. Each Director shall not otherwise be deemed by the Board to be in violation of the Council Documents or an Association Declaration.
6. Each Director shall complete such training requirements as the Council Board may establish.
7. Each Director shall execute, agree to and adhere to the Conflict of Interest policy in place at the time a candidate runs for office, is seated, or sits as a director of the council.
8. Each Director shall not have three consecutive unexcused absences from ACC Board meetings. *See* Article IV, Section 4.5.

Board Action in Response to a Violation

Any Director who, at any time, ceases to meet any of the qualifications set forth above for a period in excess of thirty (30) consecutive days may be removed from the Board with a two-thirds (2/3rds) vote of the Board at a meeting where a quorum or more of the Directors are present. The Director whose qualification is before the Board shall not be eligible to vote or participate in the deliberations. If present at the Board's meeting to consider the matter, the Director whose qualification is before the Board shall not count toward the quorum requirement or the vote on the matter of the Director's qualification to serve.

How to Amend

The ACC's amendment provisions are set forth in Article VII, Section 7.6 of the Bylaws which provides that the Bylaws may be amended "upon Council Board resolution approved by a two-thirds majority of the directors."¹ Upon a resolution by the Board to amend the Bylaws, "[a]ny procedural challenge to an amendment must be made within 90 days of the effective date of such amendment, or such amendment shall be presumed to have been validly adopted."

¹ Article VII, Section 7.6 contains amendment provisions considering the Community Developer's involvement if it owns property described in the Community Covenant for Anthem. However, the Community Developer no longer owns any such property and therefore does not need to be considered for the Board to amend the Bylaws moving forward.