

**BYLAWS
OF
SL 12 Lofts Association**

WHEREAS, SL 12 Lofts Association (the "Association") was incorporated as a nonprofit corporation in the State of Arizona on July 2, 2007;

WHEREAS, Arizona Revised Statutes § 10-3101, et seq. vests the authority to adopt initial bylaws in the Board of Directors; and

WHEREAS, at a meeting of the Board of Directors duly called and held on _____, 2015, a majority of the Directors present voted in favor of adopting these Bylaws as set forth herein.

NOW THEREFORE, the Bylaws of the Association are hereby adopted in their entirety as follows:

**ARTICLE I
NAME AND LOCATION OF ASSOCIATION**

Section 1.1 Name. The name of the Association is SL 12 Lofts Association.

Section 1.2 Principal Office. The principal office of the Association in the State of Arizona is currently located at 16441 N. 91st Street, #104, Scottsdale, Arizona 85260. The Association may change the location of its principal office as the Board of Directors may determine or as the affairs of the Association may require.

**ARTICLE II
REFERENCE TO DECLARATION**

Section 2.1 Reference to Declaration. Reference is made to the certain Condominium Declaration for SL 12 Lofts Association, recorded on July 8, 2008 as instrument No. 2008-0598136, in the Official Records of Maricopa County, Arizona. The Declaration was later amended and an addendum to the Declaration was later recorded. Collectively, the Declaration, all amendments and addendums thereto are referred to herein as the "Declaration." Unless otherwise defined in these Bylaws, all capitalized words and phrases shall have the meanings set forth in the Declaration.

**ARTICLE III
PURPOSE**

Section 3.1 Purpose. The primary purpose of the Association is to serve as the governing body for the Owners of Units and to fulfill such obligations and exercise such rights as

are given by statute and the Association's Condominium Documents, as they may hereafter be amended.

ARTICLE IV MEMBERSHIP

Section 4.1 Qualification. Membership in the Association shall be limited to Owners of Units.

Section 4.2 Voting Rights. The Association shall have one class of voting membership which shall consist of all Owners of Units. The total votes in the Association shall be 12. The votes in the Association shall be allocated among the Units in accordance with each Unit's percentage of undivided interests in the Common Elements and shall be rounded up or down to the nearest full vote. The votes allocated to each Unit are set forth on Exhibit B to the Declaration. In the event that a Unit is owned by two (2) or more Persons, the joint or common owners shall designate to the Association in writing one of their number who shall have the right to cast votes with respect to such Unit. If multiple Persons own a Unit and are unable to agree upon how their vote(s) shall be cast, they shall lose their right to vote on the matter in question. If any Member casts a vote(s) representing a certain Unit, it will thereafter be conclusively presumed that he was acting with the authority and consent of all other owners of the same Unit unless objection thereto is made at the time the vote is cast.

Section 4.3 Good Standing. If a Member otherwise entitled to vote is delinquent in the payment of periodic or special assessments, fines, penalties, interest, late charges, transfer fees, refinance fees, costs of collection, lien fees, attorneys' fees or other monies owed to the Association or is not in compliance with the terms of the Association's Condominium Documents, the Bylaws or the Rules and Regulations of the Association, the Board of Directors may, in its sole discretion, certify that such Member is not in good standing and such Member's right to vote shall be suspended until the delinquency, breach or violation is paid in full, cured or corrected.

Section 4.4 Transfer of Membership. Membership in the Association is inextricably and irrevocably connected with ownership of a Unit and may not be transferred independently of such ownership.

ARTICLE V MEETINGS OF MEMBERS

Section 5.1 Annual Meeting. An annual meeting of the Members of the Association shall be held at least once every twelve (12) months at a date and time determined by the Board of Directors for the purpose of electing or announcing the results of the election of Directors and transacting such other business as may properly come before the meeting.

Section 5.2 Special Meetings. Special meetings of the Members may be called by the

President, the Board of Directors, or by the written request signed by Members having at least one-fourth (1/4th) of the total authorized votes in the Association.

Section 5.3 Record Date. For any meeting of the Members, the Board of Directors may fix a date not more than fifty (50) nor less than ten (10) days before the date of such meeting, as a record date for the determination of the Members of record entitled to vote at such meeting. If a record date has not been fixed in advance of a meeting as provided herein, the time of commencement of the meeting shall be deemed the record date.

Section 5.4 Place of Meeting. Meetings of the Members shall be held in Maricopa County, Arizona, at a suitable place designated by the Board of Directors.

Section 5.5 Notice of Meetings. Written notice stating the place, day and hour of the annual meeting of Members or a special meeting of Members shall be hand delivered or delivered by first-class U.S. Mail to all Members, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the Secretary. The notice of the meeting shall be deemed to be delivered when left with a person of suitable age and discretion at the address that appears on the records of the Association or when deposited, postage prepaid, in the United States Mail and addressed to the Member at the address that appears on the records of the Association. In the case of special meetings, the purpose for which the special meeting is called shall be stated in the notice and no business shall be transacted at such special meeting except as stated in the notice.

Section 5.6 Quorum. The presence of 10% of the Members in person or by proxy at a properly noticed meeting of Members shall constitute a quorum at all meetings of the Members.

Section 5.7 Manner of Acting. A majority of the votes entitled to be cast on a matter to be voted upon by the Members present or represented by proxy at a meeting at which a quorum is present shall be necessary for the adoption thereof unless a greater proportion is required by statute, the Declaration or these Bylaws.

Section 5.8 Minutes. Minutes shall be taken at all meeting of Members. Copies of the minutes shall be available for inspection at the office of the Association by Members and Directors at all reasonable times.

Section 5.9 Voting by Mail. When Directors are to be elected or any other matter is submitted to a vote of the Members, such vote may be conducted by mail in such manner as the Board of Directors shall determine. Unless otherwise required by statute, the Declaration or these Bylaws, the vote of Members to which at least fifty-one percent (51%) of the votes in the Association are allocated shall be sufficient to elect Directors or carry a matter put to such a vote.

Section 5.10 Non-cumulative Voting. All voting shall be done on a non-cumulative basis.

ARTICLE VI BOARD OF DIRECTORS

Section 6.1 Powers and Duties. The affairs of the Association shall be managed by its Board of Directors. The Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things that are not required by the Declaration, statute or these Bylaws to be exercised or done by the Members. In addition to the powers and duties granted and imposed by statute and the Condominium Documents, the powers and duties of the Board of Directors shall include, but are not limited to, the following:

- (A) Open bank accounts on behalf of the Association and designate the signatories thereon;
- (B) Make, or contract for the making, of repairs, additions to, improvements to or alterations of the Condominium and repairs to the Common Elements, in accordance with the Condominium Documents, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;
- (C) In the exercise of its discretion, enforce by legal means the provisions of the Condominium Documents;
- (D) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair, replacement of the Common Elements and provide services for the Condominium, and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties;
- (E) Provide for the operation, care, upkeep and maintenance of all of the Common Elements and services of the Condominium and borrow money on behalf of the Association when required in connection with any one instance relating to the operation, upkeep and maintenance for the Common Elements;
- (F) Prepare and adopt an annual budget for the Association prior to the commencement of each fiscal year,
- (G) Adopt and publish rules and regulations governing the use of the Common Elements and facilities and the personal conduct of the Members and their guests, lessees, invitees and family members thereon and establish penalties for the infraction thereof,
- (H) Suspend the voting rights and the right to use of the Common Elements of a Member;
- (I) Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of the Condominium Documents;
- (J) Declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

- (K) Employ, hire and dismiss such employees as they deem necessary and to prescribe their duties and their compensation;
- (L) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by any Member entitled to vote;
- (M) Supervise all officers, agents and employees of the Association and see that their duties are properly performed;
- (N) Levy Assessments in accordance with the Declaration and take all necessary action to collect such Assessments;
- (O) As required by the Declaration, issue, or cause an appropriate officer to issue upon demand to any person, a certificate setting forth whether or not any Assessment has been paid;
- (P) Procure and maintain adequate property liability and other insurance as required by the Declaration;
- (Q) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and
- (R) Cause the Common Elements to be maintained, as more fully set forth in the Declaration.
- (S) To establish, levy, collect and enforce by any lawful means a schedule of fines, penalties, transfer fees, refinance fees, administrative charges, late charges, interest, and costs of collection;
- (T) To do all other acts and things required by applicable law or statute or authorized in the Declaration but not explicitly set out above;
- (U) In general to do and perform such acts and things and to transact such business in connection with the foregoing objects and purposes as may be necessary or appropriate.

Section 6.2 Number and Qualifications of Directors. During the Period of Declarant Control, the number of Directors constituting the Initial Board of Directors shall be one (1). Subsequent to the Period of Declarant Control, the number of Directors of the Association shall be three (3). All Directors must be Members in good standing of the Association in accordance with the provisions of Section 4.3, but need not be residents of the State of Arizona. If an Owner is a corporation, partnership or trust, an officer, partner, trustee or beneficiary of such owner may serve as a Director. If a Director shall fail to meet the qualifications of good standing or Membership at any time during his term, he or she will thereupon cease to be a Director and his or her place on the Board shall be deemed vacant.

Section 6.3 Terms and Term Limitation. Directors shall be elected to and shall serve staggered two-year terms as follows: One-half of the number of Directors (or as close to one-half as is possible if there are an uneven number of Directors) shall be elected at each annual meeting, or each year if voting is conducted by mail, for two-year terms. At the first meeting, one-half will be elected to a one-year term. All elections and appointments of Directors under these Bylaws shall be made in a manner to preserve the staggering of terms contemplated hereby.

Section 6.4 Regular Meetings. A regular annual meeting of the Board of Directors shall be held without other notice than this bylaw, immediately after, and at the same place as, the annual meeting of Members. The Board of Directors may provide by resolution the time and place for additional regular meetings of the Board.

Section 6.5 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two (2) Directors. The person or persons authorized to call special meetings of the Board of Directors may fix any convenient place and time as the place and time for holding any special meeting of the Board of Directors called by them.

Section 6.6 Notice. Notice of any special meeting of the Board of Directors shall be given to Directors at least three (3) days prior thereto by written notice delivered personally or sent by mail, facsimile, or electronic email to each Director at his address, facsimile number, or email address as shown on the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited, postage prepaid, in the United States Mail in a sealed envelope so addressed. If notice is given by facsimile, such notice shall be deemed to be delivered when the notice is transmitted to a telecopier to which the sender has reason to believe the Director has access. If notice is given by electronic mail, such notice shall be deemed to be delivered when the electronic mail is addressed to an email address which the sender has reason to believe the Director has access and the sender selects the send button. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by statute or by these Bylaws.

Section 6.7 Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors; but if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice. A director may vote in person or by proxy. If a director appoints a proxy to vote or otherwise act for the director, an appointment form must be completed and is only effective when received by the secretary. Unless otherwise expressly provided in the appointment form, an appointment is valid for one month.

Section 6.8 Manner of Acting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless a greater number is required by law or by the Declaration, the Articles of Incorporation or these Bylaws.

Section 6.9 Removal. The Members may remove any Director through the process set forth in Arizona Revised Statutes §33-1243, as may be amended. A successor may be elected at a subsequent meeting of the members called for that purpose to fill the vacancy thereby created. A

Director so elected shall be elected for the full unexpired term of the Director removed. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting prior to the vote for removal.

Section 6.10 Vacancies. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of Directors shall be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum, at the next regular or special meeting of the Board. A Director appointed to fill a vacancy shall be appointed for the full unexpired term of his predecessor in office.

Section 6.11 Compensation. Directors shall not receive any compensation for their services as such. However, any Director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties. Nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving compensation therefor.

Section 6.12 Open Meetings. Notice of the time and place of all meetings of the Directors shall be given to all members by mail, hand delivery, posting in a conspicuous place, publishing in a newsletter of general circulation to all Members, or by any other reasonable means as determined by the Board of Directors. Except as otherwise provided herein or by statute, all meetings of the Directors shall be open to all Members of the Association and Members shall be permitted to attend and listen to the deliberations and proceedings; provided, however, that Members who are not Directors may not participate in any deliberation or discussion unless expressly authorized to do so by a vote of the majority of the Directors present or by law. The foregoing notwithstanding, any meeting or portion of a meeting of the Board of Directors may be closed if, and only if, the closed meeting or portion thereof is limited to consideration of the following:

- (A) Employment or personnel matters for employees of the Boards of Directors or the Association;
- (B) Legal advice from an attorney for the Board of Directors or the Association;
- (C) Pending or contemplated litigation; or
- (D) Pending or contemplated matters relating to enforcement of the Association's Condominium Documents.
- (E) Discussion of a Unit Owner's appeal of any violation cited or penalty imposed by the Association, except on request of the affected Unit Owner that the meeting be held in open session.

**ARTICLE VII
OFFICERS AND EXECUTIVE DIRECTOR OR MANAGING AGENT**

Section 7.1 Officers. The officers of the Association shall be a President, one (1) or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary, a Treasurer and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority to perform the duties prescribed, from time to time, by the Board of Directors. All officers of the Association must be Members in good standing of the Association. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

Section 7.2 Election and Term of Office. The officers of the Association shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and qualified.

Section 7.3 Removal or Disqualification. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Association would be served thereby. Any officer who ceases to be a Member of the Association or who ceases to be in good standing in accordance with the provisions of Section 4.3 shall be automatically removed from office.

Section 7.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 7.5 President. The President shall be the principal executive officer of the Association and shall, in general, supervise and control all of the business and affairs of the Association. The President shall preside at all meetings of the Members and of the Board of Directors. The President may sign, with the Secretary or any other proper officer of the Association authorized by the Board of Directors, any deeds, leases, mortgages, bonds, contracts, or other instruments that the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by the Declaration, these Bylaws or by statute to some other officer or agent of the Association.

Section 7.6 Vice President. In the absence of the President or in the event of the President's inability or refusal to act, the Vice President (or in the event there be more than one (1) Vice President, the Vice Presidents in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be delegated or assigned by the President or by the Board of Directors.

Section 7.7 Treasurer. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws; and, in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be delegated or assigned by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give, at the Association's expense, a bond for the faithful discharge of his/her duties in such sum and with such surety or sureties as the Board of Directors shall determine.

Section 7.8 Secretary. The Secretary shall keep the minutes of the meetings of the Members and of the Board of Directors in one (1) or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be custodian of the Association records; keep a register of the post-office addresses of each Member which shall be furnished to the Secretary by such Member; and, in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be delegated or assigned by the President or by the Board of Directors.

Section 7.9 Compensation. No officer shall receive any compensation from the corporation for acting as such. However, any officer may be reimbursed for his or her actual expenses incurred in the performance of his or her duties. Nothing contained herein shall be construed to preclude an officer from serving the corporation in any other capacity, and receiving compensation therefor.

Section 7.10 Managing Agent. The Board of Directors may hire a managing agent at a compensation established by the Board of Directors. The managing agent may either be an employee of the Association, an independent professional management company, or an independent contractor. The managing agent shall perform such duties and services as the Board of Directors shall authorize. The Board of Directors may, but is not obligated to, delegate to the managing agent all of the powers granted to the Board of Directors or the officers of the Association by these Bylaws; provided, however, that the following powers may not be delegated to the managing agent:

- (A) To adopt the annual budget, any amendment thereto or to levy Assessments;
- (B) To adopt, repeal or amend Association Rules;
- (C) To designate signatories on Association bank accounts;
- (D) To borrow or lend money on behalf of the Association;

ARTICLE IX BUDGET AND ANNUAL ASSESSMENTS

Section 9.1 Annual Budget. Not later than thirty (30) days prior to the beginning of each fiscal year, the Board shall cause to be prepared an estimated annual budget for the upcoming fiscal year of the Association. Such budget shall take into account the estimated income and expenses and cash requirements for the year. To the extent that Assessment and other cash income collected from the Members during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, shall be taken into account.

Section 9.2 Collection of Assessments and Other Charges. The Association shall collect Assessments, fees, charges, fines and penalties, together with interest, late charges and all costs, including but not limited to reasonable attorneys' fees, incurred by the Association in collecting or attempting to collect delinquent Assessments, fees, charges, fines or penalties, whether or not suit is filed, as provided in the Declaration.

ARTICLE XI RECORDS

Section 11.1 Records. The manager, managing agent, and Board of Directors will keep records of all actions of the manager, managing agent, and Board of Directors, as well as minutes of the meetings of the Board of Directors, minutes of the meetings of the Members, and financial records and books of account for the Association, including a record of all receipts and disbursements. A separate account will also be kept for each Member containing, among other things, the amount of each Assessment, the date when due, amounts paid thereon, the balance remaining due, and any other fees, charges, fines and penalties, together with interest, late charges and all costs, including but not limited to reasonable attorneys' fees, incurred by the Association in collecting or attempting to collect delinquent Assessments, fees, charges, fines or penalties, whether or not suit is filed.

Section 11.2 Access to Records. The Association shall make the financial and other records of the Association reasonably available for examination and copying by a Member and his authorized agents. The Association may charge a reasonable fee for the time and costs of copying Association records. Association records may be withheld from disclosure to the extent that the portion withheld is permitted to be withheld by law.

ARTICLE XIII MISCELLANEOUS

Section 13.1 Amendments. These Bylaws may be amended; however, the power to amend these Bylaws is reserved to the Members, except that during the Period of Declarant Control, the Declarant, without the consent of any Unit Owner, may amend the Bylaws in order to: (A) comply with the Condominium Act or any other applicable law if the amendment does not adversely affect the rights of any Unit Owner; (B) correct any error or inconsistency in the Bylaws if the amendment does not adversely affect any Unit Owner; or (C) comply with the regulations or guidelines in effect from time to time of any governmental or quasi-governmental entity or federal corporation guaranteeing or insuring mortgage loans or governing transactions involving mortgage instruments.

Any amendment (other than those amendments that may be adopted by the Declarant as described in this Section) to be adopted shall be approved by two-thirds (2/3rds) of the votes cast or a majority of the voting power, whichever is less.

Section 13.2 Notices. All notices required or permitted to be sent to the Board of Directors will be sent by first-class mail, postage prepaid, in care of the manager or managing agent, or if there is no manager or managing agent, to the office of the Association as set forth herein, or to such other address as the Board may, from time to time, designate. All notices required or permitted to be sent to any Member will be sent first-class U.S. mail, postage prepaid, to such address as the Member may have designated in writing to the Board of Directors. All notices will be deemed to have been given when mailed, except notices of change of address which will be deemed to have been given when received.

Section 13.3 Waiver. No restriction, condition, obligation, or provision contained in these Bylaws will be deemed to have been abrogated or waived by reason of any failure to enforce it, irrespective of the number of violations and failures to enforce that may occur.

Section 13.4 Invalidity. If any provision or provisions of these Bylaws is or are declared invalid, the invalidity will in no way impair or affect the validity, enforceability, or effect of the remaining provisions of these Bylaws.

Section 13.5 Captions. Captions are inserted in these bylaws for convenience and reference only, and will not be taken in any way to limit or describe the scope of these Bylaws or any provision thereof.

ARTICLE XIV CONFLICTS

Section 14.1 Conflicts. In case of a conflict between these Bylaws and the Articles of Incorporation, the Articles shall control. In case of a conflict with these Bylaws and the Declaration, the Declaration shall control. If any provision of these Bylaws is less restrictive than the Declaration or the Articles of Incorporation when dealing with the same subject, the more restrictive provisions of the Declaration and Articles of Incorporation shall be applicable in the same manner as if included in the provisions of these Bylaws.

ARTICLE XV DISSOLUTION

Section 15.1 Dissolution. If there are Members entitled to vote on dissolution, the Board of Directors shall adopt a resolution recommending that the corporation be dissolved and directing that the question of such dissolution be submitted to a vote at a meeting of those Members, which may be either an annual or a special meeting. Written notice stating that the purpose, or one of the purposes, of such meeting is to consider the advisability of dissolving the corporation shall be given to each Member entitled to vote at such meeting of Members. A resolution to dissolve the corporation may be adopted only by act of the Members. If there are no

Members, or no Members entitled to vote on dissolution, the dissolution of the corporation may be authorized by act of the Board of Directors. Voluntary dissolution shall comply in all respects with Arizona Revised Statutes § 10-2045.

IN WITNESS WHEREOF, these Bylaws of the SL 12 Lofts Association are adopted as set forth above.

President

SECRETARY'S CERTIFICATE

The undersigned does hereby certify that:

He/She is the duly elected Secretary of the SL 12 Lofts Association, an Arizona nonprofit corporation; and

The foregoing Bylaws constitute the Bylaws of the SL 12 Lofts Association as adopted by a majority of the Directors present at a meeting duly called and held on _____, 2015.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of this _____ day of _____, 2015.

Secretary