

BY-LAWS

BYLAWS OF

HALLCRAFT VILLAS EAST FOUR
HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

GENERAL

1.1 Name. The name of the homeowners association (hereinafter the "Association") is HALLCRAFT VILLAS EAST FOUR HOMEOWNERS ASSOCIATION, INC.

1.2 Office. The principal office of the Association shall be at Post Office Box 11289, Phoenix, Maricopa County, Arizona 85061. The Association may also have offices at such other places within and without the State of Arizona as the Board of Directors may from time to time determine or the business of the Association may require.

1.3 References to Articles. Any reference made herein to the Articles will be deemed to refer to the Association's Articles of Incorporation and all amendments thereto which are on file with the Arizona Association Commission at any given time, together with any and all certificates theretofore filed by the Association with the Arizona Association Commission pursuant to A.R.S. §10-1029.

ARTICLE II

DEFINITIONS

2.1 Declaration. "Declaration" shall mean and refer to that certain Declaration of Restrictions applicable to the Property recorded in the Office of the County Recorder of Maricopa County, Arizona, on September 27, 1972, in Docket 9721, Pages 587 through 592, inclusive, as same may be amended from time to time in accordance with the terms thereof. The term "Declaration" shall be deemed to include those certain Rules and Regulations dated September 26, 1973. Such Rules and Regulations shall be incorporated herein as if fully set forth herein.

2.2 General Definitions. The definitions contained in the Declaration are incorporated in these Bylaws by reference.

ARTICLE III

MEETINGS OF MEMBERS AND VOTING RIGHTS

3.1 Place of Meeting. All meetings of Members shall be held at such reasonable place as may be fixed from time to time by

the Board of Directors, by the President or Secretary of the Association, as shall be stated in the Notice of Meeting or in a duly executed Waiver of Notice; provided, however, that such meeting shall be held within Maricopa County, Arizona.

3.2 Annual Meetings. The annual meeting of the Members shall be held on the last Monday in November of each year, at the hour of 7:30 o'clock p.m., or at such other reasonable date and time (not more than 30 days before or after such date) as shall be designated from time to time by the Board of Directors and stated in the Notice of Meeting. At the annual meeting of the Members, the same shall elect a Board of Directors and transact such other business as may properly be brought before the meeting.

3.3 Special Meetings. Special meetings of the Members may be called at any time by the Declarant, the President or the Board of Directors and shall be called by the President or Secretary upon the written request of a majority of the Board of Directors or upon the written request of a quorum of the Members.

3.4 Notice of Meetings. Written notice of each meeting of the Members shall be given by mailing a copy of such notice, postage prepaid, at least 10 but not more than 50 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

3.5 Quorum. The presence at the meeting of at least 10% of the Members entitled to vote, either in person or by proxy, shall constitute a quorum at all meetings of the Members for any action except as otherwise provided by statute, the Articles of Incorporation, the Declaration, or these Bylaws. If such quorum is not present or represented, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 30 days following the preceding meeting.

3.6 Action Without a Meeting. Any action that, under the provisions of the General Non-Profit Corporation Law of Arizona, may be taken at a meeting of the Members, may be taken without a meeting if authorized by a writing signed by all of the persons who would be entitled to vote upon such an action at a meeting and filed with the Secretary of the Association.

3.7 Waiver of Notice. Attendance of a member at a meeting shall constitute waiver of notice of such meeting, except

when such attendance . the meeting is for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any member may waive notice of any annual or special meeting of Members by executing a written notice of waiver either before or after the time of the meeting.

3.8 Proxies. All the meetings of Members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his unit. No proxy shall be voted or acted upon after 25 months from its date, unless the proxy provides for a longer period.

3.9 Membership and Voting Rights.

(a) Except as otherwise required by the Declaration, each member shall be entitled to one vote.

(b) In the event any such apartment unit is owned by two or more persons, whether by joint tenancy, tenancy in common, community property or otherwise, the Membership as to each apartment unit shall be joint and a single Membership for such apartment unit shall be issued in the names of all, and they shall designate to the Association in writing at the time of issuance one of their number who shall hold the Membership and have the power to vote said Membership, and in the absence of such designation and until such designation is made, the Board of Directors of the Association shall make such designation.

3.10 Membership Book. The Secretary of the Association shall maintain a Membership book reflecting the names of the Members. Upon the transfer of any Lot, it shall be the obligation of the new owner to present to the Secretary his or her address along with evidence (a photostatic or machine copy of recorded document indicating such purchase shall be sufficient evidence), and the Secretary shall enter on the membership book the name or names and address or addresses of the new owner or owners accordingly.

3.11 Record Date. The Association or the Board may fix a time not exceeding 20 days preceding the date of any meeting as a record date for the determination of Members entitled to notice of, and to vote at, any such meeting, unless evidence is received pursuant to Section 3.12 of this Article. In the event that no such record date is fixed by the Association or Board, the record date for such determination of Members entitled to notice and to vote at any such meeting shall be the fifteenth day preceding the date of such meeting.

3.12 Eligibility to Vote. For purposes of determining the right to vote at any meeting of the Members, the information set forth in the Membership book shall be deemed conclusive except that, if any member presents evidence as to the incorrectness of the information in the Membership book, the Secretary shall correct such Membership book pursuant to the direction of the majority of Members attending or represented at the meeting, and the right to vote shall be determined from the Membership book as corrected.

3.13 Method of Voting. Unless demanded by a majority of the Members present in person or at any meeting of the Members and entitled to vote thereat or so directed by the Chairman of the meeting, the vote thereat on any other question need not be by ballot. Upon demand by such Members for a vote by ballot on any question or at the direction of the Chairman that a vote by ballot be taken on any question, such vote shall be taken. On a vote by ballot, each ballot shall be signed by the person voting.

3.14 Majority Required. When a quorum is present at any meeting, the vote of a majority present, whether in person or represented by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the statutes, Articles of Incorporation, the Declaration or these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

ARTICLE IV

BOARD OF DIRECTORS

4.1 Number and Qualification. The Association shall be governed by a Board of Directors (the "Board"), consisting of not less than four (4) Members, nor more than seven (7) Members; the number of directors serving from time to time shall be fixed by the Board, and in the absence of such determination, there shall be four (4) Members.

4.2 Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting of the Members. The Nomination Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

4.3 Election. At an election pursuant to Section 4.1 of this Article, the Members or their proxies may cast as many votes as they are entitled to exercise under the provisions of the Declaration. The candidates receiving the highest number of votes shall be deemed elected to the Board.

4.4 Removal. Any Director may be removed from the Board, with or without cause, by a vote of the Members of the Association, provided, that unless the entire Board is removed, an individual member shall not be removed, if the number of votes against his removal exceed the quotient arrived at when the total number of votes entitled to be cast is divided by one plus the authorized number of Directors. If any or all Directors are so removed, new Directors may be elected at the same meeting pursuant to the provisions of Section 4.3 of this Article.

4.5 Vacancies. Vacancies, and newly created directorships resulting from any increase in the authorized number of Directors may be filled in the manner provided by Arizona Revised Statutes, §10-1019, as amended from time to time.

4.6 Compensation. No Directors shall receive compensation for any service he may render to the Association as Director. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties. This provision shall not preclude any Director from serving the corporation in any other capacity and receiving compensation therefor. A member of a special or standing committee may be allowed like reimbursement for actual expenses incurred in the performance of his duties.

ARTICLE V

MEETINGS OF DIRECTORS

5.1 Place of Meetings. The Board of Directors of the Association may hold meetings, both regular or special, either within or without the State of Arizona.

5.2 Annual Meetings. The annual meeting of each newly elected Board of Directors shall immediately follow the annual meeting of Members in the same place as the annual meeting of Members, and no notice of such meeting to the newly elected Directors shall be necessary in order to legally hold the meeting, provided a quorum shall be present. In the event such meeting is not held, the meeting may be held at such time and place as shall be specified in the notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver by all of the Directors.

5.3 Regular Meetings. Regular meetings of the Board of Directors shall be held on the second Tuesday of each month at the hour of 7:30 p.m. without notice at such place as shall from time to time be determined by the Board.

5.4 Special Meetings. Special meetings of the Board may be called by the President or the Secretary on one day's notice to each Director, either personally, by telegram, or by telephone, or on seven days notice to each Director by mail. Special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of two Directors.

5.5 Quorum. A majority of the number of Directors then serving shall constitute a quorum. The concurrence of a majority of those present, if a quorum, shall be sufficient to conduct the business of the Board, except as may be otherwise specifically provided by statute, the Declaration or the Articles of Incorporation. If a quorum shall not be present at any meeting of the Board of Directors, the Directors then present may adjourn the meeting to another time or place, without notice other than announcement at the meeting, until a quorum shall be present.

5.6 Telephonic Meeting. One or more directors may participate in a meeting of the directors by means of a conference telephone conversation or any similar communications equipment by means of which all persons participating in the meeting may hear each other, and participate in a meeting pursuant to this Section 5.6 shall constitute attendance in person at such meeting.

5.7 Action Without Meeting. Unless otherwise restricted by the Articles of Incorporation, the Declaration or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof, may be taken without a meeting, if all Members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

5.8 Waiver of Notice. Attendance of a Director at a meeting shall constitute waiver of notice of such meeting, except when the person attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any Director may waive notice of any annual, regular or special meeting of Directors by executing a written notice of waiver either before or after the time of the meeting.

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

6.1 Powers. The business and affairs of the Association shall be managed by its Board of Directors, which may exercise all such powers of the Association and do all such lawful acts as are not, by statute, the Articles of Incorporation, the Declaration or these Bylaws, directed or required to be exercised or done by the Members, including the powers to:

(a) Adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) Suspend the voting rights and right of a member to use all or any part of the common area during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing for infraction for published rules and regulations;

(c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;

(d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from two consecutive regular meetings of the Board of Directors; and

(e) Employ a manager, an independent contractor or such other employees as it deems necessary, and to prescribe their duties.

6.2 Duties. It shall be the duty of the Board of Directors to:

(a) 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, when such statement is requested in writing by one-fourth of the Members who are entitled to vote, at any special meeting;

(b) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) Fix the amount of the annual assessment against each lot at least 30 days in advance of each annual assessment period;

(d) Send written notice of each assessment to every owner subject thereto at least 30 days in advance of the commencement date of the next annual assessment period;

(e) Enforce collection of assessment in accordance with the provisions of the Declaration;

(f) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(g) Procure and maintain adequate liability and hazard insurance on the property owned by the Association, including all insurance required by the Declaration;

(h) Require that all officers, employees and agents of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds, the premiums of which shall be paid by the Association; and

(i) Cause the Common Area to be maintained as provided in the Declaration, Articles of Incorporation and these Bylaws.

ARTICLE VII

OFFICERS AND DUTIES

7.1 Enumeration of Officers. The officers of this Association shall be a President, who shall at all times be a member of the Board of Directors, a Secretary, and a Treasurer. There may be, in addition, one or more Vice Presidents and/or such subordinate officers as the Board may from time to time, by resolution, create. Any two offices may be held by the same person except the offices of President and Secretary.

7.2 Election/Term. The officers of the Association shall be elected at the annual meeting of the Board, and each such officer shall hold office until his successor has been duly elected and qualified, or until his death, resignation or removal.

7.3 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each

of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

7.4 Resignation and Removal. Any officer of the Association may be removed from office by a majority of the Board at any time, with or without cause. Any officer may resign at any time by giving written notice of his resignation to the Board, the President or the Secretary of the Association. Unless otherwise specified, such resignation shall take effect upon delivery thereof, and no acceptance thereof shall be necessary to make it effective.

7.5 Vacancies. A vacancy in any office may be filled by the Board or by the President in accordance with Section 7.2 hereof, and the officer so elected shall hold office until his successor is duly elected and qualified, or until his death, resignation or removal.

7.6 Duties. The duties of the officers are as follows:

(a) The President shall preside at all meetings of Members and of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall co-sign all checks and promissory notes; and shall sign all deeds, conveyances, leases, mortgages, contracts, agreements, and all other written instruments requiring execution on behalf of the Association. The President shall be a member of the Board of Directors.

(b) The Vice President(s), if any, shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; keep appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as required by the Board.

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall co-sign all checks and promissory notes of the Association; keep proper books of account; cause notes of the annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and

expenditures to be presented to the Membership at its regular annual meetings, and deliver a copy of each to the Members.

ARTICLE VIII

COMMITTEES

The Board may from time to time, by resolution adopted by a majority of the whole Board, designate one or more other committees. The majority of the Members of any committee so created must be Members of the Board. Any such committee shall exercise such powers as may be assigned to it by the Board.

ARTICLE IX

BOOKS AND RECORDS

The books, records, papers and governing documents of the Association shall, at the request of any member, be subject to inspection by the member or his duly authorized representative at a reasonable time and place to be determined by the Secretary. The Secretary shall make available for purchase at a reasonable cost by any member copies of the Declaration, the Articles of Incorporation and the Bylaws of the Association.

ARTICLE X

INDEMNIFICATION OF DIRECTORS, OFFICERS EMPLOYEES, MEMBERS AND AGENTS

Each Director, officer, employee, member and agent shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him by judgment or settlement in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director, officer, employee, member and agent of the Association, except in cases of fraud, gross negligence or bad faith of the Director or officer in the performance of his duties.

ARTICLE XI

FISCAL YEAR

The fiscal year of the Association shall be determined by a resolution of the Board.

ARTICLE XII

AMENDMENTS TO BYLAWS

The power to alter, amend or repeal these Bylaws or to adopt new bylaws shall be vested in the Board of Directors, subject to repeal or change by action of at least seventy-five percent (75%) of the Members.

ARTICLE XIII

MISCELLANEOUS

13.1 Conflict. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

13.2 Compliance. These Bylaws are set forth to comply with the requirements of the statutes relating to condominium projects in Arizona, and supersede the Articles and Bylaws recorded in Docket 9721 at Page 575, records of Maricopa County, Arizona.

IN WITNESS WHEREOF, we, being all of the Directors of HALLCRAFT VILLAS EAST FOUR HOMEOWNERS ASSOCIATION, INC., have hereunto set our hands this 21 day of February, 1983.

Pat Norton
Pat Norton

Pam Gottsleben
Pam Gottsleben

Arthur Haggard
Arthur Haggard

Susan Hannan
Susan Hannan

Linda DeGrand
Linda DeGrand

ARTICLES AND BY-LAWS
OF
HALLCRAFT VILLAS EAST FOUR

ARTICLE I

PLAN OF APARTMENT OWNERSHIP

Section 1. APARTMENT OWNERSHIP. The project located at 48th Street & Maricopa Freeway, City of Phoenix, State of Arizona, known as "HALLCRAFT VILLAS EAST FOUR Condominium" is submitted to the provisions of the horizontal property regime laws of Arizona.

Section 2. BY-LAWS APPLICABILITY. The provisions of these By-Laws are applicable to the project. (The term "project" as used herein shall include the land.)

Section 3. PERSONAL APPLICATION. All present or future owners, tenants, future tenants, or their employees, or any other person that might use the facilities of the project in any manner are subject to the regulations as set forth in these By-Laws.

The mere acquisition or rental of any of the family units (hereinafter referred to as "units") of the project or the mere act of occupancy of any of said units will signify that these By-Laws are accepted, ratified, and will be complied with.

ARTICLE II

VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES

Section 1. VOTING. Voting shall be on a percentage basis and the percentage of the vote to which the owner is entitled is the percentage assigned to the family unit or units in the Declaration of Horizontal Property Regime.

Section 2. MAJORITY OF OWNERS. As used in these By-Laws the term "majority of owners" shall mean those owners holding 51% of the votes in accordance with the percentages assigned in the Declaration of Horizontal Property Regime.

Section 3. QUORUM. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a "majority of owners" as defined in Section 2 of This Article shall constitute a quorum.

Section 4. PROXIES. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

Section 5. CUMULATIVE VOTING. The provisions of Section 10-271, A.R.S., regarding cumulative voting shall apply to the Association.

ARTICLE III

ADMINISTRATION

Section 1. ASSOCIATION RESPONSIBILITIES. The owners of the units will constitute the (Association of Owners) (hereinafter referred to as "Association") who will have the responsibility of administering ~~and~~ project, approving the annual budget, establishing and collecting monthly assessments and arranging for the management of the project pursuant to an agreement, containing provisions relating to the duties, obligations, removal and compensation of the management agent. (Except as otherwise provided, decisions and resolutions of the Association shall require approval by a majority of owners.)

Section 2. PLACE OF MEETINGS. Meetings of the Association shall be held at the principal office of the project or such other suitable place convenient to the owners as may be designated by the Board of Directors.

Section 3. ANNUAL MEETINGS. The first annual meeting of the Association shall be held on November 6, 1977. Thereafter, the annual meetings of the Association shall be held on the first Monday of November each succeeding year. At such meetings there shall be elected by ballot of the owners a Board of Directors in accordance with the requirements of Section 5 of Article IV of these By-Laws. The owners may also transact such other business of the Association as may properly come before them.

Section 4. SPECIAL MEETINGS. It shall be the duty of the President to call a special meeting of the owners as directed by resolution of the Board of Directors or upon a petition signed by a majority of the owners and having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths of the owners present, either in person or by proxy.

Section 5. NOTICE OF MEETINGS. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each owner of record, at least 5 but not more than 10 days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served.

owners cannot be organized because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. ORDER OF BUSINESS. The order of business at all meetings of the owners of units shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Report of Committees.
- (f) Election of inspectors of election.
- (g) Election of directors.
- (h) Unfinished business.
- (i) New business.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. NUMBER AND QUALIFICATION. The affairs of the Association shall be governed by a Board of Directors composed of five persons, all of whom must be owners of units in the project.

Section 2. POWERS AND DUTIES. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these By-Laws directed to be exercised and done by the owners.

Section 3. OTHER DUTIES. In addition to duties imposed by these By-Laws or by resolutions of the Association, the Board of Directors shall be responsible for the following:

- (a) Care, upkeep and surveillance of the project and the common areas and facilities and the restricted common areas and facilities.
- (b) Provide exterior maintenance for each multifamily structure as follows: paint, repair, replace and care for roofs, gutters, downspouts and exterior building surfaces, except glass surfaces, subject to the provisions of Article VI, Section 2(c) hereof.
- (c) Provide maintenance for the private sewers located upon the common areas as follows: repair, replace and clean all sewer lines

public sewer facility.

- (d) Provide maintenance for systems used for private water services located on the common area as follows: repair and replace all water lines from the perimeter wall of the serviced dwelling units to intersection with the public water facility.
- (e) Provide maintenance, repairs and replacement of all private drives.
- (f) Collection of monthly assessments from the owners.
- (g) Designation and dismissal of the personnel necessary for the maintenance and operation of the project, the common areas and facilities and the restricted common areas and facilities.

Section 4. MANAGEMENT AGENT. The Board of Directors shall employ for the Association a management agent at a compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Section 3 of this Article.

~~Section~~ Section 5. ELECTION AND TERM OF OFFICE. At the first annual meeting of the Association the term of office of two Directors shall be fixed for three (3) years. The term of office of two Directors shall be fixed at two (2) years, and the term of office of one Director shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and hold their first meeting.

Section 6. VACANCIES. Vacancies in the Board of Directors caused by any reason (other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

Section 7. REMOVAL OF DIRECTORS. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of the owners and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting.

Section 8. ORGANIZATION MEETING. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 9. REGULAR MEETING. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

Section 10. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the President on three days notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three Directors.

Section 11. WAIVER OF NOTICE. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. BOARD OF DIRECTOR'S QUORUM. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. FIDELITY BONDS. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish

ARTICLE V

OFFICERS

Section 1. DESIGNATION. The principal officers of the Association shall be a President, a Vice-President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint an assistant treasurer, and an assistant secretary, and such other officers as in their judgment may be necessary.

Section 2. ELECTION OF OFFICERS. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. REMOVAL OF OFFICERS. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 4. PRESIDENT. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of an Association, including but not limited to the power to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. VICE PRESIDENT. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to so do on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. SECRETARY. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

Section 7. TREASURER. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging in the Association. He shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VI

OBLIGATIONS OF THE OWNERS

Section 1. ASSESSMENTS. All owners are obligated to pay monthly assessments imposed by the Association to meet all project communal expenses, which may include a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of fire or other hazard included in the standard extended coverage form. The assessments shall be made pro rata according to the value of the unit owned, as stipulated in the Declaration of Horizontal Property Regime.

Section 2. MAINTENANCE AND REPAIR.

(a) Every owner must perform promptly all maintenance and repair work within his own unit, which if omitted would affect the project in its entirety or in a part belonging to other owners, being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs of internal installations of the unit such as water, light, gas, power, sewage, telephone, air conditioners, sanitary installations, doors, windows, lamps, and all other accessories belonging to the unit area shall be at the owner's expense.

(c) An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common area and facility damaged through his fault.

Section 3. USE OF FAMILY UNITS - INTERNAL CHANGES.

(a) All units shall be utilized for residential purpose only.

(b) An owner shall not make structural modifications or alterations in his unit or installations located therein without previously notifying the Association in writing, through the Management Agent, if any, or through the President of the Board of Directors, if no management agent is employed. The Association shall have the obligation to answer within fourteen days and failure to do so within the stipulated time shall mean

Section 4. USE OF COMMON AREAS AND FACILITIES
AND RESTRICTED COMMON AREAS AND FACILITIES.

(a) Use Regulations. The common areas and facilities and restricted common areas and facilities shall be used for only such purposes as may be permitted by the Association. An owner shall abide by such rules and regulations as the Association may from time to time adopt relating to the time, manner, and nature of the use of the common areas and facilities and the restricted common areas and facilities.

(b) Dedications or Transfers. The Association shall have the right to dedicate or transfer all or any part of the common areas to any public agency, authority or utility for any proper purpose.

Section 5. RIGHT OF ENTRY.

(a) Any owner shall grant the right of entry to the management agent or to any other person authorized by the Board of Directors or the Association in case of any emergency originating in or threatening his unit, whether the owner is present at the time or not.

(b) An owner shall permit other owners, or their representatives, when so required, to enter his unit for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner. In case of an emergency, such right of entry shall be immediate.

Section 6. RULES OF CONDUCT.

(a) No resident of the project shall post any advertisements, or posters of any kind, in or on the project except as authorized by the Association.

(b) Residents shall exercise extreme care about making noises or the use of musical instruments, radios, television and amplifiers that may disturb other residents. Keeping domestic animals will abide by the regulations adopted from time to time by the Association.

(c) It is prohibited to hang garments, rugs, etc., from the windows or from any of the facades of the project.

(d) It is prohibited to dust rugs, etc., from the windows, or to clean rugs, etc., by beating on the exterior part of the project.

the disposal installations provided for such purposes in the service areas.

(f) No owner, resident or lessee shall install wiring for electrical or telephone installation, television antennae, machines or air conditioning units, etc., on the exterior of the project or that protrude through the walls or the roof of the project except as authorized by the Association.

ARTICLE VII

AMENDMENTS TO PLAN OF APARTMENT OWNERSHIP

Section 1. BY-LAWS. These By-Laws may be amended by the Association in a duly constituted meeting for such purpose and no amendment shall take effect unless approved by owners representing at least 75% of the total value of all units in the project as shown in the Declaration of Horizontal Property Regime, except Article VIII of these By-Laws may not be rescinded or amended without the written approval of all mortgagees of units in the project.

ARTICLE VIII

MORTGAGEES

Section 1. NOTICE TO ASSOCIATION. An owner who mortgages his unit shall notify the Association of the name and address of his mortgagee; and the Association shall maintain such information in a book entitled "Mortgagees of Units".

Section 2. NOTIFICATION OF DEFAULT. The Association shall in writing notify a mortgagee of a unit of any default of the mortgagor of such unit in the performance of such mortgage obligations under the Declaration of Horizontal Property Regime and these By-Laws (hereafter "Condominium Documents") which is not cured within thirty (30) days.

Section 3. NOTIFICATION OF CHANGE IN CONDOMINIUM DOCUMENTS. The Association shall in writing notify all mortgagees, thirty (30) days prior to the effective date thereof, of the (i) any change in the Condominium Documents, and (ii), any change of Management Agent of the condominium project.

Section 4. WAIVER RESTRICTIONS. The holder of the mortgage which comes into possession of the unit pursuant to the remedies provided in the mortgage, or foreclosure of the mortgage, or deed in lieu of foreclosure, shall be exempt from any "right of first refusal" or other restriction on the sale or rental of the mortgaged unit, including but not limited

on the posting of signs pertaining to the sale or rental of the unit.

Section 5. WAIVER OF UNPAID ASSESSMENTS. Any holder of the mortgage which comes into possession of the unit pursuant to the remedies provided in the mortgage, foreclosure of the mortgage, or deed in lieu of foreclosure, shall take the property free of any claims for unpaid assessments or charges against the mortgaged unit which accrue prior to the time such holder comes into possession of the unit.

Section 6. PROHIBITED ACTS. Unless all holders of first mortgage liens on individual units have given their prior written approval, the Association shall not:

(a) Fail to employ a Management Agent for the condominium project.

(b) Change the pro rata interest or obligations (as presently provided in the Declaration of Horizontal Property Regime) of any unit for purposes of levying assessments and charges and determining shares of the common elements and proceeds of the project.

(c) Partition or subdivide any unit or the common elements of the project.

(d) By act or omission seek to abandon the condominium status of the project except as provided by statute in case of substantial loss to the units and common elements of the condominium project.

ARTICLE IX

PARTY WALLS

Section 1. RIGHTS AND DUTIES. The rights and duties of the owners of any apartment within this condominium project with respect to party walls shall be governed by the following:

(a) Each wall, including patio walls, which is constructed as part of the original construction of the multi-family structure, any part of which is placed on the dividing line between separate apartment units, shall constitute a party wall. With respect to any such wall, each of the adjoining owners shall assume the burdens and be entitled to the benefits of these restrictive covenants, and, to the extent not inconsistent herewith, the general rules of law regarding party walls shall be applied thereto.

(b) In the event any such party wall is damaged or destroyed through the act of one adjoining owner, or any

family (whether or not such act is negligent or otherwise culpable, so as to deprive the other adjoining owner of the full use and enjoyment of such wall, then the first of such owners shall forthwith proceed to rebuild and repair the same to as good condition as formerly without cost to the adjoining owner.

(c) In the event any such party wall is damaged or destroyed by some cause other than the act of one of the adjoining owners, his agents, tenants, licensees, guests or family (including ordinary wear and tear and deterioration from lapse of time), then in such event, both such adjoining owners shall proceed forthwith to rebuild or repair the same to as good condition as formerly at their joint and equal expense.

(d) Notwithstanding any other provision of this Article, an owner who by his negligent or willful act causes any party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(e) The right of any owner to contribution from any other owner under this Article shall be appurtenant to the land and shall pass to such owner's successors in title.

(f) In the event of a dispute between owners with respect to the repair or rebuilding of a party wall or with respect to the sharing of the cost thereof, then upon written request of one of such owners addressed to the Association, the matter shall be submitted to arbitration under such rules as may from time to time be adopted by the Association. If no such rules have been adopted, then the matter shall be submitted to three arbitrators, one chosen by each of the owners and the third by the two so chosen or, if the two arbitrators cannot agree as to the selection of the third arbitrator within five (5) days, then by any Judge of the Superior Court of Maricopa County, Arizona. A determination of the matter signed by any two of the three arbitrators shall be binding upon the owners, who shall share the cost of arbitration equally. In the event one party fails to choose an arbitrator within ten (10) days after personal receipt of a request in writing for arbitration from the other party, then said other party shall have the right and power to choose both arbitrators.

(g) These covenants shall be binding upon the heirs and assigns of any owners, but no person shall be liable for any act or omission respecting any party wall except such as took place while an owner.

ARTICLE X

PARKING RIGHTS

Section 1. ALLOCATION. Ownership of each family unit shall entitle the owner or owners thereof to the use of not more than two (2) automobile parking spaces, which shall be as near and convenient to said family unit as reasonably possible, together with the right of ingress and egress in and upon said parking area. The Association shall assign two (2) vehicle parking spaces to each family unit.

ARTICLE XI

COMPLIANCE

These By-Laws are set forth to comply with the requirements of the statutes relating to condominium projects in Arizona, and supersedes the Articles and By-Laws recorded in Docket 9431, at Page 354, records of Maricopa County, Arizona.

In case any of these By-Laws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the statute will apply.

APPROVED AND ADOPTED this _____ day of _____ 1972.

ARIZONA TITLE INSURANCE AND TRUST COMPANY, an Arizona corporation, as Trustee under Trust No. 3708.

By _____ Trust Officer

STATE OF ARIZONA)
)ss.
County of Maricopa)

On this _____ day of _____ 1972, before me, the undersigned officer, personally appeared _____

who acknowledged himself to be the Trust officer of ARIZONA TITLE INSURANCE AND TRUST COMPANY, and that he as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My commission expires: _____

Notary Public