

BYLAWS

of

The Cove

Laguna Shores

BYLAWS OF
THE COVE HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I

Non-Profit Status; Offices; Definitions and Membership

Section 1.1 Non-Profit Status

THE COVE HOMEOWNERS' ASSOCIATION, INC. (hereinafter referred to as the "Association") is a not-for-profit corporation formed pursuant to the laws of the State of Arizona and the Declaration.

Section 1.2 Offices

The principal office of this Association shall be located at 2111 E. Highland, Ste. 255, Phx., AZ 85016. Offices may also be maintained at such other place or places, within the State of Arizona, as may be designated from time to time by the Board of Directors, or as the business of the Association may require, and the business of the Association may be transacted at such other offices with the same effect as that conducted at the principal office.

Section 1.3 Definitions

Unless expressly set forth otherwise herein, the following terms shall have the following meanings for purposes of these Bylaws:

A. "Articles" shall mean the Articles of Incorporation, as and if amended, for this Association.

B. "Declaration" shall mean that Declaration of Covenants, Conditions and Restrictions, as and if amended, as recorded August 29, 1986, as Document No. 86 469514 in the Maricopa County Recorder's Office, Arizona.

C. "Membership Book" shall mean the records to be maintained by the Secretary of the Association in accordance with Section 1.4.

D. "Property" shall mean the property, real, personal or mixed, subject to the Declaration, as shown on plat recorded August 27, 1986, in Book 302 of Maps, page 3, Office of the Maricopa County Recorder, Arizona.

E. Other terms used herein shall have the same meaning given them in the Declaration.

Section 1.4 Membership Book

The Secretary of the Association shall maintain a Membership Book reflecting the names of the Owners, their addresses, and the

Lot or Lots in which each such Owner has an ownership interest. Upon the transfer of any Lot, it shall be the obligation of the new Owner to present to the Secretary his address along with evidence of such transfer, and upon receipt of such evidence (a photostatic or machine copy of recorded document indicating such purchase shall be sufficient evidence), the Secretary shall enter on the Membership Book the name, address and Lot of the new Owner.

ARTICLE II

Owners

Section 2.1 Annual Meeting

The annual meeting of the Owners shall be held on the first Monday in December of each year, or if that day is a legal holiday, at the same hour on the next day thereafter which is not a legal holiday, for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting. If the election of directors shall not be held on the day designated herein for the annual meeting of the Owners, the Board of Directors shall cause the election to be conducted at a special meeting of the Owners as soon thereafter as such may conveniently be held.

Section 2.2 Special Meeting

Special meetings of the Owners, for any purpose or purposes, may be called by the President or by the Vice President whenever deemed expedient or necessary. The President or Vice President shall call a special meeting of the Owners when so requested by a majority of the outstanding Lot Owners then entitled to vote, or such lesser percentage as may be permitted by applicable law, or when so instructed by a majority of the Board of Directors.

Section 2.3 Place of Meetings

Annual and special meetings of the Owners shall be held at the principal office of the Association, unless a different place is specified in the notice of such meeting. No annual or special meeting of the Owners shall be held without the State of Arizona, except by the written consent of all Owners entitled to vote at such meeting.

Section 2.4 Notice of Meetings

Written notice stating the place, day and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered by or at the direction of the President, Vice President or Secretary to each Owner of record entitled to vote at such meeting not less than ten (10) nor more than fifty (50) days before the date of the meeting,

except that notice of special meetings may be given personally or by telephone, telegraph or facsimile transmission where more convenient, at least five (5) days prior to such meeting, and the giving of such notice shall be evidenced by the affidavit of the officer or person giving such notice. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Owner at his last address appearing on the records of the Association. The attendance of an Owner at a meeting of members shall constitute a waiver of notice of such meeting, except where the Owner attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 2.5 List of Owners

The officer who has charge of the Membership Book shall prepare and make, at least ten (10) days before every meeting of Owners, a complete list of the Owners entitled to vote at the meeting, arranged in alphabetical order, and showing the address, the Lot owned by such Owner, and the number of Lots owned by each respective Owner registered in the name of each Owner. Such list shall be open to the examination of any Owner, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any Owner present.

Section 2.6 Record Date

For the purpose of determining Owners entitled to notice of or to vote at any meeting of Owners or any adjournment thereof, or in order to make a determination of Owners for any other proper purpose, the Board of Directors, at its election, may provide that the Membership Book shall be closed for a stated period, but not to exceed in any case twenty (20) days prior to the event concerned. Where a determination of Owners has been made, as provided in this section, such determination shall apply to any adjournment of any meeting called pursuant thereto.

Section 2.7 Quorum

At any meeting of the Owners, the holders of a majority of the Lots, outstanding and entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum at all meetings of Owners for the transaction of business except as otherwise provided by statute, the Declaration or the Articles. In the absence of a quorum, the meeting may be adjourned from time to time, without notice, other than an announcement at the meeting of

adjournment until a quorum becomes present. At any such adjourned meeting at which a quorum later becomes present, any business may be transacted which might have been transacted at the meeting as originally notified. If the transaction of business is commenced with a quorum present, the meeting may continue to transact business until adjournment, notwithstanding the withdrawal of Owners leaving less than a quorum.

Section 2.8 Voting

Each Owner shall be entitled to one (1) vote for each Lot currently owned by such Owner on the record date. The information set forth in the Membership Book shall be conclusive insofar as voting rights are concerned; provided, however, that if any Owner presents evidence as to the incorrectness of the information in the Membership Book, the Secretary shall correct the Membership Book pursuant to the direction of the holders of a majority of the Lots attending or represented at the meeting, and the right to vote shall be determined from the Membership Book as corrected. An Owner may vote by proxy executed in writing by the Owner. Such proxy shall be filed with the Secretary before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy. A vote, pursuant to Lot ownership held by a legal personal representative or by a court appointed receiver may be voted, in person or by proxy, by such representative or receiver without the transfer of such Lot into the name of the trustee, except pursuant to a valid voting trust agreement. When a quorum is present at any meeting, the vote of a majority of the Owners present, whether in person or represented by proxy, shall decide any question brought before any such meeting, unless the question is one upon which, under the express provisions of the statutes of Arizona, the Declaration or the Articles, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 2.9 Cumulative Voting

In all elections of Directors of the Corporation, each Owner shall have the right to cast as many votes in the aggregate as shall equal his respective Lots owned, multiplied by the number of Directors to be elected at such election; and each Owner may cast the whole of such votes whether in person or by proxy for one candidate, or distribute such votes among two or more candidates; and Directors of the Association shall not be elected otherwise.

Section 2.10 Informal Action

Any action required to be taken at a meeting of the Owners, or any other action which may be taken at such meeting, may be taken without a meeting if a consent in writing, setting forth the action

so taken, shall be signed by all of the Owners entitled to vote with respect to the subject matter thereof.

Section 2.11 Irregularities

All information and/or irregularities in calls, notices of meetings and in the manner of voting, form of proxies, credentials and method of ascertaining those present, shall be deemed waived if no objection is made at the meeting or if waived in writing.

Section 2.12 Splitting of Lot

The Owner(s) of each Lot shall collectively have one (1) vote in the Association appurtenant to such Lot, regardless of the number of persons jointly owning such Lot, and the person casting the vote for a Lot shall be the "Voting Member" for that Lot. If ownership of a Lot is vested in more than one person or entity, then all of the persons or entities so owning each Lot shall be Owners eligible to hold office, attend meetings, and shall be accorded all other rights and obligations of Owners; provided, however, that the vote for such Lot shall be cast only by the "Voting Member".

ARTICLE III

Board of Directors

Section 3.1 Qualification and Powers

The property and business of the Association shall be managed and controlled by a Board of Directors, all of whom shall, unless otherwise provided by the Declaration, be Owners. Directors may exercise all of the powers and shall perform all of the duties of the Association and do all lawful acts (as are not by statute, the Declaration, the Articles or these Bylaws directed or required to be exercised or done by the Owners), including but not limited to the power and duty to:

A. Adopt and publish reasonable rules and regulations consistent with the provisions of the Declaration and Articles, governing the matters delegated by the Declaration to the Association, and to establish penalties for the infraction thereof;

B. Suspend the voting rights of an Owner during any period in which such Owner 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 of the Association;

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 statutes of Arizona, these Bylaws, the Articles 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 (2) consecutive regular meetings of the Board of Directors;

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

F. Enforce by legal means, if necessary, those provisions of the Declaration, the Articles, these Bylaws of the Rules and Regulations of the Association which the Association is therein authorized to enforce;

G. 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 Owners, or, when such statement is requested in writing by holders of one-fourth (1/4) of the Owners then entitled to vote, at any special meeting;

H. Supervise all officers, agents and employees of this Association, and see that their duties are properly performed;

I. Fix the amount of the Assessments against each Lot at least thirty (30) days in advance of the due date of each Assessment;

J. Send written notice of each Assessment to every Owner subject thereto at least thirty (30) days in advance of the due date of each Assessment;

K. Enforce collection of Assessments in accordance with the provisions of the Declarations;

L. Issue, or 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; and

M. Procure and maintain adequate liability and hazard insurance on any property owned by the Association.

Section 3.2 Number of Directors

The number of Directors may be increased or decreased from time to time by resolution of the Board of Directors, or by resolution at an annual meeting of the Owners, or by a special meeting of Owners duly called for that purpose, but shall not be

less than three (3) or more than ten (10). Until further action by the Board of Directors or the Owners, the Board shall be composed of three (3) members.

Section 3.3 Regular Meetings

A regular meeting of the Board of Directors shall be held without notice other than by this Bylaw immediately after and at the same place as the annual meeting of the Owners. The Board of Directors may provide by resolution the time and place, either within or without the State of Arizona, for the holding of additional regular meeting without other notice than such resolution.

Section 3.4 Special Meetings

Special meetings of the Board of Directors may be called by the President, Vice President or a majority of the Board of Directors, whenever deemed expedient or necessary with written notice of such meeting to be given at least five (5) days prior to the proposed meeting date, and delivered personally, mailed to each Director at his business address, by telegram or by facsimile transmission. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail properly addressed, with postage prepaid. If sent by facsimile transmission, such notice shall be deemed to be delivered when the receiving transmitter confirms to the sending transmitter receipt thereof. Any director may waive notice of any meeting. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where the 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 meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 3.5 Quorum and Voting

A majority of the Directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. If less than a quorum is present at the meeting, a majority of the Directors present may adjourn the meeting to another time and place without further notice other than announcement at the meeting. A quorum shall be considered to exist for all purposes if a majority of the Directors participate in the meeting by means of a conference telephone call hook up (or by ordinary telephone hook up in the event only one Director participates by such means), but the decisions reached at a meeting of the Directors so held shall not become effective unless and until the Directors physically absent from the place of holding

such meeting shall confirm by telegram or other writing delivered to the Secretary of the meeting their votes with respect to the matters decided upon. When a quorum is present at any meeting, the concurrence of a majority of the Directors present shall decide any issue brought before such meeting unless the question is one upon which by the express provision of an Arizona statute, the Declaration or the Articles, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 3.6 Action Without Meeting

Unless otherwise restricted by the Declaration, the Articles or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if all members of the Board consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board.

Section 3.7 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.

Section 3.8 Vacancies

A vacancy occurring in the Board of Directors by resignation may be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum of the Board of Directors or, if only one Director remains in office, a vacancy may be filled by appointment by such remaining Director, and further vacancies shall then be filled by vote of those Directors then in office. A vacancy occurring by reason of the death or legal incompetency of any Director shall be filled at a special meeting of the Owners to be called by the President or Vice President for that purpose. At such meeting, an election of all of the Directors shall be held upon the principle of cumulative voting. Any vacancy occurring by reason of an increase in the number of Directors shall be filled by the majority vote of the existing Directors. Directors shall serve until their successors are elected and qualified. Should the last remaining Director die or resign while in office, there shall be a special meeting called by the Owners in order to elect a new Board of Directors.

Section 3.9 Compensation

No Director shall receive compensation for any service he may render to the Association as a Director. Any Director may, however, be reimbursed for his actual expenses incurred in the performance of his duties as Director. This section shall not preclude any director from serving the Association in any other capacity and receiving compensation therefor. A member of a special or standing committee, including but not limited to the Architectural Committee, may be allowed like reimbursement for actual expenses incurred in the performance of his duties in connection therewith.

ARTICLE IV

Officers

Section 4.1 Selection and Term of Office

Officers shall be elected at the annual meeting of the Board of Directors, or at a special meeting of the Board of Directors called for that purpose. The Board of Directors may fill vacancies from time to time occurring among the officers and may create such additional offices as they deem desirable. A special meeting may be called at any time by a majority vote of the Board of Directors to consider the removal of officers. Each officer shall serve at the pleasure of the Board of Directors, or until his death, legal incompetency, resignation or removal.

Section 4.2 President

The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors thereof, shall supervise and control all of the business and affairs of the Association. He shall, when present, preside at all meetings of the Owners and of the Board of Directors.

Section 4.3 Vice President

In the absence of the President or in the event of his death, inability or refusal to act, the Vice President (or in the event there be more than one vice president, the vice presidents in the order designated at the time of their election, or in the absence of any designation, then in the order of their election), shall perform the duties of the President and when so acting shall have the powers of and be subject to all the restrictions upon the President. The President or any Vice President shall perform such duties as from time to time may be assigned to him by the President or the Board of Directors. The office of Vice President, while established by these Bylaws, may be filled or may remain vacant in the sole discretion of the Board of Directors. In the absence of

affirmative action by the Board of Directors, it shall be presumed that the office of Vice President shall remain vacant.

Section 4.4 Secretary

The Secretary shall: (1) keep minutes of all meetings of the Board of Directors and of all meetings of the Owners; (2) see that all notices are fully given in accordance with the provisions of these Bylaws or as required by law; (3) be the custodian of the corporate records and of the seal, if any, of the Association; (4) keep a register in the Membership Book of the post office address of each Owner which shall be furnished to the Secretary by such Owner; (5) have general charge of the Membership Book reflecting the Lots owned by each Owner; and (6) in general, perform duties incident to the office of Secretary and such other duties as from time to time assigned by the President or the Board of Directors.

Section 4.5 Treasurer

The Treasurer shall: (1) have charge and custody of and be responsible for all the funds and securities of the Association; (2) receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all monies 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; (3) keep such regular books and accounts as may be necessary and appropriate for the orderly management of the Association's affairs, or have such books and accounts kept under his direction and supervision; (4) render statements of such accounts to the President, Directors or Owners when so requested; and (5) in general, perform all of the duties as from time to time shall be assigned by the President or the Board of Directors. If required by the Board of Directors, the Treasurer shall give bond for the faithful performance of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

Section 4.6 Assistant Offices

One or more offices of Assistant Vice President, Assistant Secretary or Assistant Treasurer may from time to time be established by the Board of Directors, and the persons appointed or elected to such offices shall assist in the performance of the duties of the designated office and such other duties as shall be assigned to them by the Vice President, Secretary or Treasurer, as the case may be, or by the President or the Board of Directors.

Section 4.7 Combination of Offices

Any two (2) of the offices hereinabove enumerated may be held by one and the same person if such person is so elected or appointed, except the offices of President and Secretary.

ARTICLE V

Instruments and Documents; Contracts, Loans, Checks and Deposits

Section 5.1 Documents and Obligations

The President or Vice President of the Association may sign any deeds, mortgages, bonds, contracts, notes and other evidence of debt, or other instruments or documents which 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 these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed.

Section 5.2 Checks

All checks, drafts or other orders for the payment of money issued in the name of the Association shall be signed by such officer or agent of the Association, and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 5.3 Attestation

The Vice President, the Secretary or any Assistant Secretary may attest the execution of any instrument or document by the President or any other duly authorized officer or agent of the Association, and may affix the corporate seal in witness thereof, but neither such attestation nor the affixing of the corporate seal shall be required for the effectiveness or validity of any such document or instrument.

Section 5.4 Deposits

All sums of the Association not otherwise employed or needed in the ordinary business affairs of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VI

Committees

Except as may otherwise be provided by the Declaration or Articles, the Board of Directors shall appoint such committees as they shall deem appropriate in carrying out the purposes of the Declaration.

ARTICLE VII

Seal

The Association may have a seal consisting of an appropriate design and the words "THE COVE HOMEOWNERS' ASSOCIATION, INC. CORPORATE SEAL 1992". Use of the corporate seal shall not be requisite to the validity of any instrument by or on behalf of the Association.

ARTICLE VIII

Fiscal Year

The fiscal year of this Association shall be the calendar year, subject to change in accordance with the Articles.

ARTICLE IX

Amendments

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted at any regular or special meeting of the Owners, or at any regular or special meeting of the Board of Directors; provided, however, that the Board of Directors shall not alter, amend or repeal any Bylaw provision initially adopted at a meeting of the Owners of the Association.

ARTICLE X

Conflict

In the event of any conflict between the provisions of the Articles and these Bylaws, the Articles shall control. In the event of any conflict between the provisions of the Declaration and these Bylaws, the Declaration shall control.

ADOPTED BY the Board of Directors of THE COVE HOMEOWNERS' ASSOCIATION, INC. at Phoenix, Arizona, this 2nd day of July, 1992.



Leslie D. Mabbott, Director



MAX H. COHEN, Director



JACK COHEN, Director