

**BYLAWS
QUINTA VERDE PATIOHOUSE CORPORATION**

**ARTICLE I
OFFICES AND CORPORATE SEAL**

Section 1. Principal Office. The principal office of the Association shall be in Maricopa County, Arizona.

Section 2. Corporate Seal. A corporate seal shall not be requisite to the validity of any instrument executed by or on behalf of the corporation, but nevertheless if in any instance a corporate seal be used, the same shall be at the pleasure of the officer affixing the same, either (a) a circle having on the circumference thereof "QUINTA VERDE PATIOHOUSE CORPORATION" and in the center "Incorporated Arizona 1978" or (b) a circle containing the words "Corporate Seal" on the circumference thereof.

**ARTICLE II
DEFINITIONS**

Section 1. "Properties" or "Premises" shall mean and refer to the real property, which is and shall be transferred, sold, conveyed, encumbered and occupied subject to the Declaration, which is located in Maricopa County, Arizona, and is more particularly described as:

Tracts A through E of QUINTA VERDE, as recorded Lots One through Twenty-one, inclusive, and in Book 205, Page 36, of Maps in the office of the County Recorder of Maricopa County, Arizona;

and such additions thereto as may be brought within the jurisdiction of the Association and subject to the Declaration.

Section 2. "Declaration" shall mean that certain Declaration of Covenants, Conditions and Restrictions applicable to the properties, recorded in the Office of the County Recorder of Maricopa County, Arizona, in Docket 13276, Pages 1260-1276, as same may be amended from time to time in accordance with the terms thereof.

Section 3. Other terms used herein shall have the same meaning given them in the Declaration.

**ARTICLE III
MEETINGS OF MEMBERS**

Section 1. Members' Meetings. All meetings of members shall be held at such reasonable place as may be fixed from time to time by the Board of Directors, or in the absence of direction 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.

Section 2. Annual Meetings. The first annual meeting of the members shall be held on the first Wednesday in May, 1979, unless such date be a legal holiday, in which case the meeting shall be held on the first succeeding day which is not a legal holiday, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:30 p.m., or at such other reasonable date and time, at least once a year and more frequently as determined by the Board (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, shareholders shall elect a Board of Directors and transact such other business as may properly be brought before the meeting.

Section 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.

Section 4. Notice of Meetings. Written notice of each meeting of the members shall be given by mailing or e-mailing a copy of such notice, postage prepaid, at least 15 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. Strike red text.

Section 5. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, 51% of the votes of membership entitled to vote at the meeting 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 60 days following the preceding meeting.

Section 6. Membership and Voting Rights. Membership and voting rights shall be determined by the provisions of the Declaration and the Articles and the same are hereby incorporated by reference and made a part hereof.

Section 7. Membership List. The Secretary of the Association or any other Board member shall maintain a membership list 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 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 list the name or names and address or addresses of the new owner or owners accordingly. The Association or the Board may fix a time not exceeding 20 days preceding the date of any meeting as 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 8 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.

Section 8. Eligibility to Vote. For purposes of determining the right to vote at any meeting of the members, the information set forth in the membership list shall be deemed conclusive except that, if any member presents evidence as to the incorrectness of the information in the membership list, the Secretary or any other Board member shall correct such membership list 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 list as corrected.

Section 9. 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 and it shall show the number of memberships voted by him or her.

Section 10. Majority Required. When a quorum is present at any meeting, the vote of the holders of a majority of the voting power 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.

Section 11. Waiver of Notice. Attendance of a member at a meeting shall constitute waiver of notice of such meeting, except when such attendance at 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.

Section 12. Proxies. At all 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 or her unit. No proxy shall be voted or acted upon after 11 months from its date, unless the proxy provides for a longer period.

ARTICLE IV BOARD OF DIRECTORS

Section 1. Original Directors. The original Directors shall be determined as provided in the Articles of Incorporation. The original Directors shall serve until such time as 80% of the lots in the properties are sold, and for the purposes of this Section, a sale of the lot will be defined as that time when there has been a close of escrow with regard to the particular lot sold. When in that period of time 80% of the lots have been sold, it shall then be the prerogative of the individual owner members of this Association to have an election for a new Board of Directors or they may wait until the next annual meeting and elect a new Board of Directors. Thereafter, the number and selection of Directors shall be as provided in these Bylaws.

Section 2. Number, Term and Qualifications. The number of Directors, which shall constitute the whole Board, shall be not less than three and no more than seven. The Directors shall be elected at the annual meeting of members, except as provided in Section 8 of this Article, and each Director elected shall hold office until his or her successor is elected and qualified, except as provided in Section 7 of this Article. Directors shall be members of the Association.

Section 3. 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. The Nominating 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 of the members, to serve from the close of such 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. Such nominations may be made from among members or non-members.

Section 4. Election. At an election pursuant to Section 2 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. Every member entitled to vote at such election shall have the right to cumulate his or her votes and give one candidate, or divide among any number of candidates, a number of votes equal to the number of Directors to be elected, multiplied by the number of votes to which such member would be otherwise entitled. The candidates receiving the highest number of votes up to the number of Board members to be

elected shall be deemed elected. Bylaw approved on August 1, 1982 to allot one vote per lot.

Section 5. 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.

Section 6. Duties. It shall be the duty of the 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;
- 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 assessments 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. Cause all officers or employees having fiscal responsibilities to be bonded, as provided in the Declaration; and

I. Cause the common area to be maintained as provided in the Declaration.

Section 7. 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 or her removal exceed 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 of this Article.

Section 8. 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, §10-038, as amended from time to time.

Section 9. Compensation. No Directors shall receive compensation for any service he or she may render to the Association as Director. However, any Director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties. This provision shall not preclude any Director from serving the corporation in any other capacity and receiving compensation therefore. A member of a special or standing committee may be allowed like reimbursement for actual expenses incurred in the performance of his or her duties.

Section 10. Place of Meetings. The Board of Directors of the Association may hold meetings; both regular and special, either within or without the State of Arizona.

Section 11. Annual Meetings. The first meeting of each newly elected Board of Directors shall be immediately within 30 days of annual meeting, where the Board decides to hold the meeting. 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.

Section 12. Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board.

Section 13. Special Meetings. Special meetings of the Board may be called by the President or the Secretary on one days notice to each Director, either personally, by e-mail, 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.

Section 14. 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.

Section 15. 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, or by e-mail and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 16. 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 V
OFFICERS AND THEIR DUTIES**

Section 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.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office until the next annual

meeting or until the election or appointment of his or her successor, whichever is longer, unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. 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.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such paper or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article. Only one member of any one household shall an officer on the Board in any given year."

Section 8. The duties of the officers are as follows:

A. President. 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; and shall sign all deeds, conveyances, leases, mortgages, contracts, agreements, and all other written instruments requiring execution on behalf of the Association.

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

C. Secretary. 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. Treasurer. The Treasurer or the management company 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; promissory notes of the Association; keep proper books

of account; cause an annual financial statement as agreed by the management company and the Board of Directors 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 VI
COMMITTEES**

The Board of Directors shall appoint a Nominating Committee, as provided in these Bylaws. The Board of Directors shall appoint other committees as required by the Articles or the Declaration and such additional committees as they deem appropriate in carrying out the purposes of this Association.

**ARTICLE VII
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 or her 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 By Laws of the Association.

**ARTICLE VIII
AMENDMENTS**

These Bylaws may be repealed, altered, amended, or substitute Bylaws may be adopted by e-mail, a regular or special meeting of the members, by a vote of the majority of a quorum of the members present in person or by proxy at a meeting called for that purpose.

**ARTICLE IX
MISCELLANEOUS**

Section 1. 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.

Section 2. The fiscal year of the Association shall be the calendar year.

IN WITNESS WHEREOF, we, being all of the Directors of QUINTA VERDE PATIOHOUSE CORPORATION, hereunto set our hands this 12th day of December, 1978.

Originally witnessed by:

Richard O. Finley
Michael C. Finley
David W. Hibbert
(Signatures)

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this the 12th day of December, 1978, before me, the undersigned officer, personally appeared RICHARD O. FINLEY, who acknowledged himself to be a Director of QUINTA VERDE PATIOHOUSE CORPORATION, an Arizona Corporation, and that he, as such Director, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Director.

In witness whereof, I hereunto set my hand and official seal.

(Signature)
(Notary Public)

My commission expires:

7/21/70

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this the 12th day of December, 1978, before me, the undersigned officer, personally appeared MICHAEL C. FINLEY, who acknowledged himself to be a Director of QUINTA VERDE PATIOHOUSE CORPORATION, an Arizona Corporation, and that he, as such Director, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Director.

In witness whereof, I hereunto set my hand and official seal.

(Signature)
(Notary Public)

My commission expires:

7/21/70

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this the 12th day of December, 1978, before me, the undersigned officer, personally appeared DAVID W. HIBBERT, who acknowledged himself to be a Director of QUINTA VERDE PATIOHOUSE CORPORATION, an Arizona Corporation, and that he, as such Director, being authorized so to do, executed the foregoing instrument for the purposes therein

contained, by signing the name of the corporation by himself as Director.

In witness whereof, I hereunto set my hand and official seal.

(Signature)

(Notary Public)

My commission expires:

7/21/70

STATE OF ARIZONA)
) ss.
County of Maricopa)