

BY-LAWS
OF
CASA REQUENA II HOMEOWNER'S ASSOCIATION

ARTICLE I

PLAN OF CONDOMINIUM OWNERSHIP

Section 1. Name.

The name of the Corporation is "CASA REQUENA II HOMEOWNER'S ASSOCIATION," hereinafter referred to as the "Association." the principal office of the Association shall be at 2111 East Highland Avenue, Suite 255, Phoenix, Arizona, 85016.

Section 2. Condominium Ownership.

The project is located on that certain parcel of real property situated in the County of Maricopa, State of Arizona, and more particularly described on Exhibit "A" attached hereto and incorporated herein by reference, and such other additions thereto as may hereafter be brought within the jurisdiction of this Association, is a condominium project pursuant to the provisions of Arizona Revised Statutes § 33-551 through 33-561, as the same may be amended.

Section 3. By-Laws Applicability.

The provisions of these By-Laws are applicable to the project, as shown on the Map referred to in Exhibit "A" and as described and defined in the Declaration of Horizontal Property Regime and Covenants, Conditions, and Restrictions for CASA REQUENA II. (The term "project" as used herein shall include the land and all structures and improvements thereon.)

Section 4. Personal Application.

All present and 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 set forth in these By-Laws, the Articles of Incorporation, and the Declaration of Horizontal Property Regime and Covenants, Conditions and Restrictions for CASA REQUENA II (hereinafter "Declaration") applicable to the project or any portion thereof, and as the same may be amended from time to time as herein or therein provided.

The mere acquisition or rental of any of the units of the projects or the mere act of occupancy of any of the units will signify that these By-Laws, the provisions of the Articles of Incorporation and the Declaration are accepted, ratified, and will be complied with.

ARTICLE II

VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES

Section 1. Voting.

The vote to which an owner or the Declarant, as the case may be, is entitled is that set forth in Paragraph 12.04 of the Declaration.

Section 2. Quorum.

Except as otherwise provided in these By-Laws, the Articles of Incorporation, or the Declaration, the presence in person or by proxy at a meeting of members entitled to cast, or of proxies entitled to cast one-tenth (1/10) of, the votes of each class of membership shall constitute a quorum for any action. If, however, such quorum shall not be present or represented at any meeting, the meeting may be adjourned from time to time, and place to place, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

Section 3. Proxies.

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

Section 4. Cumulative Voting.

Every unit owner entitled to vote at any election for Directors of the Association may cumulate his votes and give one candidate the number of votes equal to the number of Directors to be elected multiplied by the number of votes to which he is entitled, or he may distribute his votes on the same principle among as many candidates as he thinks fit.

ARTICLE III

ADMINISTRATION

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 the second Monday of December in 1984, but in any event within one year following the sale of fifty-one percent (51%) of the units, whichever shall first occur. Thereafter, the annual meetings of the Association shall be held on the second Monday in December of 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 1 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 (4/5) 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, and to each First Mortgagee, at least seven (7) but not more than thirty (30) days prior to such meeting. The mailing of a notice in the manner provided in this section shall be considered notice served.

Section 6. Adjourned Meetings.

If any meeting of 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 annual 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; and (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 at least three (3) persons, all of whom must be owners of condominiums in the project, except the first Directors and Directors nominated by the Declarant as provided in the Declaration.

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. The powers of the Board of Directors shall include but not be limited to the following:

a. Enforcement of the provisions of the Declaration, Articles of Incorporation, By-Laws or other agreement;

b. Contracting for and paying for fire, casualty, liability and other insurance insuring condominium project;

c. Contracting for and paying for maintenance, gardening, utilities, materials and supplies, and services relating to common areas and employing personnel necessary for the operation of the project, including legal and accounting services;

d. Paying taxes and special assessments which are or would become a lien on the entire project or common areas;

e. Paying for reconstruction of any portion or portions of the project damaged or destroyed which are to be rebuilt;

f. Delegation of its powers;

g. Entering into any unit when necessary in connection with the maintenance or construction for which the Association is responsible.

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) collection of monthly and special assessments from the owners; and (c) 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 may 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 5. Term of Office.

The term of office of each Director shall be fixed at one (1) year. At the expiration of the term of office of each respective Director, his successor shall be elected to serve a term of one (1) year. The first 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 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 of owners 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 (by cumulative voting as provided in Article II, Section 5). Any Director whose removal has been proposed by the owners shall be given the opportunity to be heard at the meeting. Provided, however, unless the entire Board is removed, an individual Director shall not be removed if the number of votes voted against the resolution for this removal exceeds the quotient arrived at when the total number of votes entitled to vote is divided by one plus the authorized number of Directors.

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 Meetings.

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 (2) 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 at least three (3) 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 (3) Directors.

Section 11. Waiver of Notice.

Before or at any meeting of the Board of Directors, any Director, in writing, may 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 Directors' 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 may be transacted without further notice.

Section 13. Action Without Meeting.

The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 14. Fidelity Bonds.

The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

Section 15. Independent Audit.

Within sixty (60) days of the close of each fiscal year, the Board shall cause an independent audit of the accounts of the Association by certified public accounts, and upon completion of such audit, cause to be prepared and delivered to each unit owner and each first Mortgagee within thirty (30) days after completion a true and exact copy thereof.

ARTICLE V

OFFICERS

Section 1. Designation.

The principal officers of the Association shall be a president, vice president, secretary, and treasurer, all of whom shall be elected by the Board of Directors. The Directors may appoint 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 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 any special meeting of the Board 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 the president of an association, including but not limited to the power to appoint committees from among the owners from time to time as he in his discretion may decide are 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 do so 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 meeting 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 officer of secretary.

Section 7. Treasurer.

The Treasurer shall have responsibility for the Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies 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.

a. All owners are obligated to pay monthly (and any special) 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 hurricane, fire, earthquake or other hazard. The assessments shall be made according to the shares of each condominium owner, as stipulated in the Declaration. Such assessments shall include monthly payments to a general operating receive and a reserve fund for replacements. Not later than thirty (30) days prior to the beginning of each calendar year, the Association shall estimate the total charges to be assessed against each condominium.

b. In the event the Association shall determine that the estimate of total charges for the current year is, or will become, inadequate to meet all expenses of the project for any reason, including nonpayment of any owner's assessment on a current basis, it shall immediately determine the approximate amount of such inadequacy and issue a supplemental estimate of the total charges to be assessed against each condominium. The Association, at its discretion, may prorate any such supplemental assessment between the remaining months of the calendar year, or immediately levy a special assessment against each condominium.

c. Any assessment not paid within thirty (30) days after the due date shall be delinquent and shall bear interest at the rate of eighteen percent (18%) per annum.

d. The Board of Directors or the management agent of the Association, on behalf of the Association, may cause to be recorded in the office of the county recorder of the county in which the project is situated, a notice of any delinquent sums due the Association from any condominium owner, which notice shall state the amount of such delinquent sums and other authorized charges and interest (including the cost of recording such notice), a sufficient description of the condominium against which the sum has been assessed, and the names of the record owner or owners thereof. Upon payment to the Association of such delinquent sums and charges in connection therewith, or other satisfaction thereof, the Board of Directors or management agent shall cause to be recorded a further notice stating the satisfaction and release of such delinquent sums and charges. Such notices shall be signed on behalf of the Association by any member of the Board of Directors or by the management agent. The Association may demand and receive the cost of recordation of such release before recording the same. Any purchaser or encumbrancer, acting in good faith and for value, may rely upon such notice of satisfaction of the sums stated in the notice of delinquent sums.

c. All such delinquencies shall be enforced, collected and/or foreclosed in the manner provided in the Declaration.

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, telephones, air conditioners, sanitary installations, doors, windows, lamps and all other accessories associated with a unit shall be at the owner's expense.

c. An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any Common Element damaged through his fault.

Section 3. Use of Family Units - Internal Changes.

a. All units shall be utilized for residential purposes 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 or the Board of Directors, if no management agent is employed. The Association shall have the obligation to answer within thirty (30) days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification of alteration.

Section 4. Right of Entry.

a. An owner shall grant the right of entry to the management agent or to any other person authorized by the Board of Directors of the Association in case of 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 each entry is at a time convenient to the owner. In case of emergency, such right of entry shall be immediate.

Section 5. 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 or except a sign of customary and reasonable dimensions advertising the unit for sale.

b. No unit shall be used in such manner as to obstruct or interfere with the enjoyment by residents of other units or annoy them by unreasonable noise or otherwise, nor shall any nuisance or illegal activity be committed or permitted to occur.

c. No exterior clothesline shall be erected or maintained and there shall be no drying or laundering of clothes on the balconies, patios, porches or other areas. Dogs, cats, or other household pets may be kept, provided they are not kept, bred or maintained for any commercial purpose.

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

e. In order to insure adequate aesthetic controls and to maintain the general attractive appearance of the project:

1. No owner, resident or lessee shall, at his expense or otherwise, construct fences, walls or make any alteration, additions or modifications to any part or portion of the common areas, or place any building within the project except as authorized by the Association; and

2. No owner, resident, lessee, invitee, or other person, with or without the purported consent or cooperation of any owner, resident or lessee, shall park, store or maintain in or on the project any boats, trailers, campers or other vehicles not customarily used as a means for general transportation; provided, however, that the temporary parking of the aforesaid boats, trailers, campers or other vehicles not customarily used for means of general transportation for periods of short duration, but not to exceed four (4) hours within any forty-eight (48) hour period as an incident to loading or unloading therefrom shall not be deemed a violation hereof; provided further, that the Board of Directors of the Association may adopt such additional rules and regulations respecting this provision as from time to time seems in the best interest of the owners.

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 or by written consent as provided in Article III, Section 8, hereof, and no amendment shall take effect unless approved by owners representing at least seventy-five percent (75%) of the total voting interest of all condominiums in the project as shown in the Declaration, and provided further that no amendment shall take effect unless approved by:

a. Mortgagees representing at least seventy-five percent (75%) of the total record value of all first Mortgagees (meaning any mortgage with first priority over other mortgages) affecting the project;

b. The Arizona Real Estate Commission if the adoption of any such amendment would materially change the rights, preferences or privileges of any person, or restrictions upon any condominium affected thereby as set forth in Arizona Revised Statutes § 33-551, et seq.

It shall be the responsibility of the Board of Directors to mail a notice of any such amendments to all Mortgagees appearing in the book entitled "Mortgagees of Condominiums" referred to in Article VIII hereof; provided, however, that its failure to do so shall not invalidate any such amendment.

ARTICLE VIII

MORTGAGEES

Section 1. Notice to Association.

An owner who mortgages his condominium shall notify the Association through the management agent, if any, or the President or the Board of Directors in the event there is no management agent, the name and address of his Mortgagee, and the Association shall maintain such information in a book entitled "Mortgagees of Condominiums." Any such owner shall likewise notify the Association as to the release or discharge of any such mortgage.

Section 2. Notice of Unpaid Assessments.

The Association, at the request of a Mortgagee of a unit, shall report any unpaid assessments due from the owner of such unit.

ARTICLE IX

TERMINOLOGY

The following terms, as used in these By-Laws, shall have the same meaning as are applied to such terms in the Declaration: "project," "condominium," "common elements," "unit," "mortgage," and "Mortgagee."

ARTICLE X

CONFLICT WITH STATE LAW: INCONSISTENCIES

Section 1. Conflict with State Law.

In the event any of these By-Laws conflict with any provisions of the laws of the State of Arizona, such conflicting By-Laws shall be null and void upon final court determination to such effect, but all other By-Laws shall remain in full force and effect.

Section 2. Inconsistencies.

In the event of any conflict or inconsistencies with the Declaration, the Articles, or with the rules, regulations and requirements of the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Government National Mortgage Association and Veteran Administration, the terms and provisions of the Declaration, the Articles, and the rules, regulations and requirements of the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Government National Mortgage Association or Veteran Administration shall prevail and supercede such conflicting or inconsistent provisions of these By-Laws. Neither the Association nor the Board of Directors, nor any agent or employee of the Association, shall be authorized or empowered to take any action inconsistent with the Declaration.