

BY-LAWS
OF
PALOMINO POINTE ASSOCIATION

ARTICLE I

Plan of Ownership

SECTION 1. Name. The name of the Corporation is PALOMINO POINTE ASSOCIATION, (hereinafter referred to as the "Association"). The principal office of the Association shall be located at Phoenix, Arizona.

SECTION 2. Establishment of the Project. The Association has been formed to carry out the intent and purposes of that certain Declaration of Covenants, Conditions and Restrictions for PALOMINO POINTE recorded at Official Record No. 2005-_____ on _____, 2005, in the Office of the Maricopa County Recorder, Arizona (which is hereinafter referred to as the "Declaration"). All capitalized terms as used in these By-Laws shall have the same meaning as set forth in the Declaration. The Declaration, as it may be amended or supplemented from time to time, is incorporated herein by reference.

SECTION 3. By-Laws Applicability. The provisions of these By-Laws are applicable to the Project. (The term "Project" as used herein shall include the land and all structures and improvements thereon).

SECTION 4. Personal Application. All present or future Owners, residents, tenants, or their employees, or any other person who 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 applicable to the Property or any portion thereof, as the same may be amended from time to time as herein or therein provided. The mere acquisition or rental of any of the Lots, any of the Condominium Units

comprising any Lots, or residential improvements thereon, or the mere act of occupancy of any of the Lots, any of the Condominium Units comprising any Lots, or residential improvements thereon, will signify that these By-Laws, the provisions of the Articles of Incorporation, and the Declaration are accepted, ratified, and will be complied with.

SECTION 5. Articles. Any reference herein to the Articles of this Association will be deemed to refer to its Articles of Incorporation and any and all amendments thereto on file with the Arizona Corporation Commission, together with any and all certificates heretofore filed by the Association with the Arizona Corporation Commission.

SECTION 6. Seniority. The Articles will in all respects be considered senior and superior to the By-Laws with any inconsistency to be resolved in favor of the Articles, and with these By-Laws to be deemed automatically amended from time to time to eliminate such inconsistency which may then exist.

ARTICLE II

Membership

SECTION 1. Annual Meetings. The first meeting of the Association shall be held not later than ONE HUNDRED AND TWENTY (120) days after the first conveyance of a Lot from Declarant to an Owner is recorded. Thereafter, each annual meeting of the Owners shall be held in Phoenix, Arizona, on the anniversary date of the first annual meeting at the principal office of the Association, or at such other place as may be fixed by the Board of Directors and set out in the notice of the meeting; provided, however, that whenever such date falls on a legal holiday, the meeting shall be held on the next succeeding business day.

SECTION 2. Special Meetings. Special meetings of the Owners may be held at such places and at such times as may be fixed by the Board of Directors whenever called in writing by the President, a majority of the Board of Directors, or by the Owners

holding more than TWENTY-FIVE PERCENT (25%) of the total votes entitled to be cast by all Owners.

SECTION 3. Notices. Each member of the Association shall be notified by the Secretary by written notice not less than TEN (10) days nor more than SIXTY (60) days before the date of the annual or any special meeting in the manner provided in Section 15.1 of the Declaration. Special meetings may be called in like manner after such notice, but any such notice also shall designate the purpose of the meeting. Notices need only be given to Owners appearing as such on the books of the Association at the time of mailing or delivery, as appropriate, of the notices.

SECTION 4. Waiver. No call or notice of any meeting of the Owners shall be necessary if waiver of call and notice is signed by all the Owners.

SECTION 5. Quorum. At any regular or special meeting of the Owners, the Owners holding more than TWENTY-FIVE PERCENT (25%) of the total votes entitled to be cast by all members shall constitute a quorum for the transaction of business. A quorum shall be necessary to elect directors and transact any other business. In the absence of a quorum, a majority of the Owners present, either in person or by proxy, may adjourn the meeting to a time not less than FIVE (5) nor more than THIRTY (30) days from the time the original meeting was called. At any such adjourned meeting at which the quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

SECTION 6. Qualification. Membership shall be limited to every Owner. The foregoing does not include persons or entities who hold an interest merely as security for the performance of an obligation.

SECTION 7. Voting. The Association shall have TWO (2) classes of voting membership.

CLASS A. Class A members shall be all Owners other than Declarant. Class A members shall be entitled to one (1) vote for each Condominium Unit, or for each Single

Family Residence (as defined in the Declaration), comprising any portion of any Lot, owned by any such Owner. Therefore, the maximum number of Class A votes per Lot shall be four (4) votes, and the maximum number of Class A votes per Condominium Unit, or Single Family Residence, shall be one (1) vote. When more than one (1) person owns an interest in a Condominium Unit or a Single Family Residence, each such person shall be a member of the Association but the vote for such Condominium Unit or Single Family Residence shall be exercised as the Co-Owners themselves determine, but in no event shall more than one (1) vote be cast with respect to any Condominium Unit or any Single Family Residence. The Association shall not be required to recognize the vote or written assent of any such Co-Owner except the vote or written assent of the Co-Owner designated in writing executed by all such Co-Owners and delivered to the Association.

CLASS B. The Class B member shall be the Declarant. The Declarant shall be entitled to three (3) votes for each Condominium Unit, or for each Single Family Residence comprising any portion of any Lot, which it owns. Therefore, the maximum number of Class B votes per Lot shall be twelve (12) votes, and the maximum number of Class B votes per Condominium Unit, or Single Family Residence, shall be three (3) votes. The Class B membership shall cease and be converted into Class A membership on the happening of whichever of the following is first in time:

(a) On the date which is NINETY (90) days subsequent to the date when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership; or

(b) On the second (2nd) anniversary date following the date of cessation by any Declarant, as defined in the Declaration, to offer Lots for sale in the ordinary course of business.

SECTION 8. Proxies. Any Owner entitled to vote thereat may vote by proxy at any meeting of the Owners (and at any adjournment thereof) which is specified in such

proxy, provided that his or her proxy is executed in writing by such Owner or his or her duly authorized attorney-in-fact. No proxy shall be valid after Twelve (12) months from the date of its execution, unless otherwise specifically provided therein. The burden of proving the validity of any undated, irrevocable or otherwise contested proxy at a meeting of the Owners will rest with the person seeking to exercise the same. A telegram, or cablegram, or facsimile transmission, appearing to have been transmitted by an Owner or his or her duly authorized attorney-in-fact may be accepted as a sufficiently written and executed proxy.

SECTION 9. Irregularities. All information and/or irregularities in calls, notices or meetings, and in the manner of voting, credentials, and methods of ascertaining those present shall be deemed waived if no objection is made at the meeting.

ARTICLE III

Directors

SECTION 1. Management. The control and management of the Property, affairs, and business of the Association shall be vested in a Board of Directors of not less than three (3) nor more than seven (7) members. Except for Board members designated by Declarant, each Director shall be an adult household Member of a Condominium [?] Unit or a Single Family Residence comprising any portion of any Lot. The initial Board of Directors will have the power to increase or decrease its size within the aforesaid limits and to fill any vacancies which may occur in its membership, whether resulting from an increase in the size of the Board or otherwise, and shall hold office until the next annual meeting of the Owners. Notwithstanding the preceding, or any other term or condition of these By-Laws to the contrary, the Class A Memberships shall not be entitled to cast any vote with respect to the election of directors, so long as any Class B Membership is outstanding.

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, the Declaration, the Articles of Incorporation, or these By-Laws directed to be exercised and done by the Owners. The powers of the Board of Directors shall include but not limited to the following:

(a) To enforce the provisions of the Declaration, Articles of Incorporation, By-Laws, or other Agreements;

(b) To contract for and pay fire, casualty, liability, and other insurance covering the Project;

(c) To provide the necessary management and accounting and other services required in connection with the operation and maintenance of the Common Area, and in connection therewith, to contract for and pay for maintenance, gardening, utilities, materials, and supplies, and services relating thereto, and to employ personnel necessary for the effective operation of the Project, including legal, accounting, and any and all other professional services.

(d) To pay taxes and special assessments which are or would become a lien upon the Common Area.

(e) To pay for the reconstruction of any portion or portions of the Common Area damaged or destroyed which are to be reconstructed pursuant to the applicable provisions of the Declaration;

(f) To enforce liens against any Lots, or any Condominium Units comprising any Lots, in the event of a default by an Owner in the payment of money under the Declaration, and to authorize at their discretion refunds of excess Assessments;

(g) To enter into and upon any Lot when determined necessary in connection with the maintenance of the Property for which the Association is responsible pursuant to the applicable provisions set forth in the Declaration.

(h) To enforce such Association Rules pertaining to the use and occupancy of the Project and Common Area as may be adopted by the Association and which are consistent with these By-Laws, the Articles of Incorporation, and the Declaration; and

(i) To delegate its powers hereunder to other persons or entities subject to, in any event, the provisions of the Declaration, the Articles of Incorporation, these By-Laws and Rules and Regulations promulgated by the Association, and such other Agreements, Rules, Regulations, and procedures that may be applicable to the Property for the benefit of first mortgagees upon any Lots or Condominium Units therein.

SECTION 3. Election and Term of Office. The Directors shall be elected annually at the annual meeting of members and shall hold office until their successors have been elected and hold their first meeting thereafter.

SECTION 4. Cumulative Voting. In any election of the members of the Board, every member shall have the right to accumulate his or her votes and give one (1) candidate, or divide among any number of the candidates, the number of votes equal to the total number of votes allocated to said member (as provided in the Articles) multiplied by the number of Directors to be elected. The candidates receiving the highest number of votes up to the number of Board members to be elected, shall be deemed elected.

SECTION 5. Quorum. A quorum for the transaction of business at any meeting of the Directors shall consist of a majority of the Board of Directors then in office.

SECTION 6. Annual and Regular Meetings. An annual meeting of the Directors shall be held immediately after the adjournment of, and at the place of, the annual meeting of the members. Additional regular meetings of the Directors may be held without notice at regular intervals at such places and at such times as the Board of Directors may from time to time by resolution provide.

SECTION 7. Special Meetings. Special meetings of the Board of Directors shall be held at such times and places as may be designated by the Board of Directors whenever such meetings are called orally or in writing by the President or a majority of the Board. Notices of special meetings shall be given by the Secretary to each Director, orally or in writing, at least THREE (3) days before the time fixed for the meeting. Such notices shall advise each Director of the time, place, and general purpose of the meeting, and shall be delivered personally, or shall be given by telephone or telegram, or, if sent by mail, such THREE (3) days' notice shall be deemed to have been given if the notice is postmarked at least FIVE (5) days before the date of the meeting. By unanimous consent of the Directors, special meetings of the Board may be held at any time without call or notice, or waiver of call and notice.

SECTION 8. Unanimous Consent. Any action which could be taken by the Directors at a duly convened annual or special meeting of the Board may be taken without a meeting if all of the Directors consent thereto in writing. Such consent shall have the same effect as an unanimous vote of the Directors.

SECTION 9. Vacancies. In the event of the death, resignation, or discharge of a Director for any reason, such vacancy shall be filled by vote of the majority of the Directors present at a properly called meeting of the Board of Directors, and the Director elected to fill such a vacancy shall complete the term of office of the Director so replaced.

SECTION 10. Removal of Directors. At a meeting of Owners called for that purpose, the entire Board of Directors or any individual Director (other than a Director appointed by the Declarant) may be removed with or without cause by the affirmative vote of two-thirds of all Members present and entitled to vote thereat, at which a quorum is present in person or proxy,

SECTION 11. Expenses. No Director shall receive compensation for any services he or she may render to the Association as a Director. However, any Director

may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

ARTICLE IV

Officers

SECTION 1. Designation of Officers. The Directors shall elect the officers of the Association at any annual meeting of the Directors; provided, however, that elections of additional officers may be held at any other meeting of the Board of Directors specifically called for such purpose. The officers of the Association shall consist of a President, Vice-President, Secretary, and Treasurer, any two (2) of which offices, other than President and Secretary, may be held by one (1) person. The Board of Directors may also appoint one (1) or more Assistant Secretaries and Assistant Treasurers, which officers shall have authority to perform such duties as may be prescribed by the Board of Directors or the President. Each elected or appointed officer of the Association must be an Owner (except for elected or appointed officers serving as such as the representative of the Declarant by virtue of its ownership of Lots).

SECTION 2. Duties of Certain Officers.

(a) **PRESIDENT.** The President shall be the chief executive of the Association. He or she shall preside at all meetings of the Board of Directors; shall be ex officio a member of all standing or special committees; shall have general charge of the activities of the Association; shall sign on behalf of the Association all contracts and other written instruments to be executed by the Association; and shall see that all resolutions of the Board are carried into effect. He or she shall do and perform such other acts and duties as may be required by him or her by the Board of Directors, but his or her authority shall be subjected to the control and direction of the Board of Directors at all times.

(b) **VICE PRESIDENT.** The Vice-President, in the absence or disability of the President, shall perform the duties and exercise the powers of the President, and shall perform such other duties as the Board of Directors shall prescribe.

(c) **SECRETARY.** The Secretary shall keep a permanent and complete record of all proceedings of each meeting of the Owners and each meeting of the Board of Directors; shall give or cause to be given, when required, notice of all meetings of the Owners and/or the Board of Directors; shall keep an accurate list of all members of the Association and their addresses, and shall perform such other duties as may be prescribed by the Board of Directors or the President. An Assistant Secretary, or Executive Secretary, if appointed, shall in the event of the Secretary's absence or inability to act, perform the duties and functions of the Secretary.

(d) **TREASURER.** The Treasurer shall have custody of the Association's funds and shall keep full and accurate accounts of receipts and disbursements, and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. He or she shall disburse the funds of the Association as may be ordered by the Board, demanding proper vouchers for such disbursements. He or she shall prepare and submit a written financial report at each annual meeting of the Owners, and shall render to the President an account of all his or her transactions as Treasurer and such additional reports of the financial condition of the Association as the Board may require. The Treasurer will be required to furnish a surety or fidelity bond in an amount determined by the Board, the premium of which shall be paid by the Association. An Assistant Treasurer, if appointed, shall, in the event of the Treasurer's absence or inability to act, perform the duties and functions of the Treasurer.

SECTION 3. Other Employees. The Board of Directors may engage the services of such other employees, including, but not limited to, an Executive Director and/or

manager, as may from time to time be deemed necessary or advisable for the objects and purposes of the Association.

SECTION 4. Removal of Officers; Vacancies. All officers, agents, and employees shall be subject to removal at any time by the affirmative vote of the majority of the members of the Board of Directors then in office. Any vacancy caused by removal, resignation, death, or for any other reason whatsoever may be filled by the Board of Directors as the Board may deem appropriate.

SECTION 5. Committees. The Board of Directors shall from time to time appoint other committees as deemed appropriate in carrying out its purpose.

SECTION 6. Compensation. The President, Vice-President, Secretary, and Treasurer shall not receive any compensation for their services rendered to the Association as such officers. However, such officers may be reimbursed for their actual expenses incurred in the performance of their duties. The Board of Directors may fix and pay such compensation for other officers or employees of the Association as the Board deems proper.

SECTION 7. 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 as determined by the Board of Directors. The premiums on any such bonds shall be paid by the Association.

ARTICLE V

Fiscal Management

SECTION 1. Fiscal Year. The fiscal year of the Association shall be January through December. The commencement date of the fiscal year herein established shall be subject to change by the Board, should corporate practice subsequently dictate.

SECTION 2. Books of Account. Books of account of the Association shall be kept under the direction of the Treasurer on a consistent basis in accordance with good accounting practices.

SECTION 3. Contracts. Unless otherwise provided by the Board, all contracts shall be executed on behalf of the Association by either the President or Vice-President and countersigned by either the Secretary or the Treasurer.

SECTION 4. Independent Audit. Within SIXTY (60) days of the close of each fiscal year, the Board may cause an independent review or audit of the accounts of the Association, and upon completion of said review or audit, shall cause to be prepared and delivered to each Unit Owner within THIRTY (30) days after its completion, a true and exact copy thereof.

ARTICLE VI

Amendments

SECTION 1. Amendments. The Owners, at any regular or special meeting, shall have the power to make, amend, and repeal the By-Laws of the Association by a vote of a majority of a quorum of the members voting in person or by proxy, provided that written notice of intention to make, amend, or repeal the By-Laws in whole or in part shall have been given in the notice of the meeting.

SECTION 2. Special Provisions. Notwithstanding anything contained herein to the contrary, no amendment to these By-Laws shall be made or become effective, which amendment diminishes or otherwise impairs any of the rights, privileges, or powers granted in the Declaration to any first mortgagee, without the prior written consent of the holders of all first mortgages. So long as Class B Membership exists, these By-Laws may not be amended by the Class A Members without the written consent of the Declarant, which may be withheld for any reason.

ARTICLE VII

Construction

SECTION 1. Interpretation. If there is any conflict between or among these By-Laws, the Declaration, the Articles or the Rules and Regulations of the Association, the provisions of the Declaration shall prevail; thereafter, priority shall first be given to the

Articles, then to these By-Laws, and then to the Rules and Regulations of the Association.

SECTION 2. Mortgagee Protection. Institutional holders of first mortgage or first deed of trust liens upon Lots or Condominium Units, upon written request to the Association, shall have the right to (1) inspect the books and records of the Association at reasonable times during normal business hours; and (2) receive written notice of all meetings of the Association, and to designate a representative in its or their behalf to attend all such meetings.

SIGNED: Sean C. Medina POSITION: PRESIDENT
NAME: SEAN MEDINA DATE: JAN 30, 2015

SIGNED: Lawrence E. Myers POSITION: HOA Archivist
NAME: LAWRENCE E. MYERS DATE: JAN 31, 2015