

Cordova
Homeowners Association
Bylaws



Cordova Homeowners Association
P.O. Box 5720
Mesa, AZ 85211

PREFERRED COMMUNITIES
"LOVING WHERE YOU LIVE."



BYLAWS

OF

CORDOVA HOMEOWNERS' ASSOCIATION

an Arizona nonprofit corporation

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BYLAWS
OF
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ARTICLE 1
APPLICATION OF BYLAWS

All present and future lot owners, mortgagees, lessees, and occupants of dwellings, employees, and any other persons who may use the common areas of Cordova, a subdivision in Gilbert, Arizona, in any manner are subject to the Declaration of Covenants, Conditions, Restrictions, and Easements (the "Declaration"), the Articles of Incorporation, these Bylaws, and all rules, regulations, and guidelines made pursuant hereto, and any amendments thereof. The acceptance of a deed of conveyance or the entering into of a lease or the act of occupancy of a lot shall constitute an agreement that the provisions of the Declaration, the Articles of Incorporation, and these Bylaws (and any rules, regulations, and guidelines made pursuant thereto) as they are amended from time to time, are accepted, ratified, and will be complied with. The terms "owners" and "members" are used interchangeably in these Bylaws.

ARTICLE 2
ASSOCIATION OF OWNERS

Cordova Homeowners' Association, an Arizona nonprofit corporation (hereinafter "the Association"), is an Arizona nonprofit corporation organized under the provisions of the Arizona Revised Statutes, Annotated, as amended. The name in which contracts shall be entered into, title to property shall be acquired, held, dealt in, and disposed of, bank accounts shall be opened, and suits shall be brought and defended by the board of directors or officers of the Association on behalf of and as agents for the property owners in the manner specified by the Arizona Revised Statutes, the Declaration, or these Bylaws, is "Cordova Homeowners' Association, an Arizona nonprofit corporation." However, prior to the Transition Date set forth below, all such contracts, titles to property, and suits may be in the name of the developer of the subdivision governed by these Bylaws.

ARTICLE 3
OFFICE

The initial principal office of the Association shall be located in Yavapai County, Arizona, but may be changed as determined by the board of directors from time to time. The Association may also have other offices at such places within or without the State of Arizona as the board of directors may from time to time determine.

ARTICLE 4
INITIAL MANAGEMENT/TRANSITION DATE

Cordova Land Partners, LLC, an Arizona limited liability company, is the developer of the Cordova subdivision ("the Developer"). The principals of the Developer have authority to handle all necessary management activities and expenses and to provide a board of directors as needed for the Association until the first meeting of the members of the Association and to delegate to the board of directors any authority as deemed necessary by the Developer. The Association, as an association of owners, shall be officially activated at such time as the Developer chooses to turn over management of the Association to the owners, or at such time as one hundred percent (100%) of the lots in the subdivision are sold, whichever first occurs. The date of the first meeting of owners (members of the Association) shall be known as the "Transition Date."

ARTICLE 5
FISCAL YEAR

The fiscal year of the Association shall be January 1 through December 31. The board of directors is given the authority to change the fiscal year of the Association subject to applicable law.

ARTICLE 6
MEMBER MEETINGS

6.1. First Meeting. As soon as the Developer elects to turn over management of the Association to the owners or as soon as one hundred percent (100%) of the lots in all three subdivisions are sold, whichever first occurs, the Developer shall give call and notice to all owners of a first meeting of Association members. The meeting shall be held not less than ten (10) days nor more than fifty (50) days after notice is given. At the first meeting, the members shall elect a board of directors consisting of at least three (3) directors, all of whom must be members of the Association.

6.2. Annual Meeting. Annual meetings of the Association shall be held at 7:30 p.m. on the first Monday in June of each year, commencing in June of the first year after the Transition Date, or at such other date and time as shall be designated from time to time by the board of directors and stated in the notice of the meeting. At the annual meeting, members shall elect a board of directors and transact other business as may properly be brought before the meeting.

6.3. Special Meetings. Special meetings of members may be held on such date or dates as may be fixed upon the call of the president, or upon the call of a majority of the directors, or upon the call of the members having at least one-tenth (1/10) of the votes entitled to be cast at the meeting. Upon receipt of call from the board of directors or the members, the secretary (or such other person as may be designated by the board or the members) shall send out notices of the meeting to all Association members.

6.4 Place of Meeting. Any annual or special meeting of members may be held at such place within or without the State of Arizona as the board of directors of the Association may from time to time fix. In the event the board of directors shall fail to fix the place or time, or in the event

members call or convene a special meeting, then the meeting shall be held at the principal office of the Association or at the place written in the notice of meeting.

6.5. Notice of Meetings.

6.5.1 Content. A written or printed notice of every meeting of the Association stating whether it is an annual meeting or special meeting, the authority for the call of the meeting, the place, date and hour thereof, and the purpose therefor shall be given by the secretary or the person or persons calling the meeting.

6.5.2 Timing. The notice shall be issued not less than ten (10) nor more than fifty (50) days before the date set for the meeting.

6.5.3 Notification. The notice shall be given to each member in any of the following ways: (a) by leaving the same with him or her personally, or (b) by leaving the same at the residence or usual place of business of such member, (c) by mailing it, postage prepaid, addressed to such member at his or her address as it appears on the records of the Association; or (d) by electronic mail transmission to such member at his or her e-mail address as it appears on the records of the Association. If notification is given pursuant to the provisions of this section, the failure of any member to receive actual notice of the meeting shall in no way invalidate the meeting or any proceedings thereat.

6.5.4 Mortgage or Trust Holders. Upon written request for notices mailed by registered mail addressed to the secretary of the Association at the address of the Association, the holder of any duly recorded mortgage or deed of trust against any lot may promptly obtain a copy of any and all notices permitted or required to be given to entitle the holder of any mortgage or deed of trust requiring such notice to receive all notices sent to members from and after receipt of said request until said request is withdrawn and said mortgage or deed of trust is discharged of record.

6.6 Notice of Adjournment. Any meeting of members may be adjourned from time to time. In that event, it shall not be necessary to provide further notice of the time and place of the adjourned meeting if announcement of the time and place of the adjourned meeting is given at the meeting so adjourned. In the event the board of directors fixes a new record date for an adjourned meeting, a new notice shall be given, in the same manner as herein provided.

6.7 Waiver of Notice. No notice need be given to any member who executes and delivers a waiver of notice before or after the meeting. The attendance of a member in person or by proxy at the meeting without protesting the lack of notice of a meeting, shall constitute a waiver of notice by the member.

6.8 Record Date. The board of directors of the Association shall fix a record date for the purpose of determining members entitled to notice of, to vote, to express consent or dissent from any proposal without a meeting, to determine members entitled to receive distributions or allotment of rights, or for any other proper purpose. The record date shall not be more than fifty (50) days nor less than ten (10) days prior to the date of a meeting or consent or the date on which any distribution or

allotment of rights, as the case may be, is to be made. In the event no record date is fixed, the record date for the determination of members entitled to vote at a meeting of members shall be the close of business on the day next preceding the day on which notice is given, or, if no notice is given, the close of business on the day next preceding the day on which the meeting is held. The record date for determining members for any purpose other than that specified in the preceding sentence shall be the close of business on the day on which the resolution of directors relating thereto is adopted. Establishment of a record date shall apply to any adjournment of any meeting, unless a new record date is fixed by the board of directors for an adjourned meeting.

6.9 **Record of Members.** At every meeting of members, there shall be presented a list or record of members as of the record date, certified by the officer responsible for its preparation, and upon request therefor, any member who has given written notice to the Association, which request shall be made at least ten (10) days prior to the meeting, shall have the right to inspect the list or record at the meeting. The list shall be evidence of the right of the persons to vote at the meeting, and all persons who appear on the list or record to be members may vote at the meeting.

6.10 **Annual Report.** At each annual meeting of members, the board of directors shall present an annual report. The report shall be filed with the records of the Association and entered in the minutes of the proceedings of the annual meeting of members.

6.11 **Presiding Officer.** Meetings of the members shall be presided over by the following officers, in order of seniority: president, executive vice president (if any), vice president, or, if none of the foregoing is in office or present at the meeting, by a chairman to be chosen by a majority of the members in attendance. The secretary or an assistant secretary of the Association shall act as secretary of every meeting. When neither the secretary nor an assistant secretary is available, the presiding officer may appoint a secretary of the meeting.

6.12 **Order of Business.** The order of business at all meetings of members shall be as follows:

- Roll call.
- Reading of the minutes of the preceding meeting.
- Report of standing committees.
- Officers' reports.
- Unfinished business.
- New business.

6.13 **Proxy.** Every member may authorize another person to act for him or her by proxy in all matters in which a member may participate, including waiving notice of any meeting, voting or participating in a meeting, or expressing consent or dissent without a meeting. Every proxy shall be signed by the member or his or her attorney in fact, and shall be revocable at the pleasure of the member executing it, except as otherwise provided by law. No proxy shall be valid after the expiration of eleven (11) months after the date of its execution.

6.14 **Election Inspectors.** The directors may, but need not, appoint one or more inspectors to act at any meeting or any adjournment thereof. If inspectors are not appointed, the presiding officer of the meeting may, but need not, appoint inspectors. Each appointed inspector shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the

best of his or her ability. The inspectors shall determine the number of memberships outstanding, the voting power of each, the number of memberships represented at the meeting, the existence of a quorum, and the validity and effect of proxies. The inspectors shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result and do all acts as are proper to conduct the election or vote of all members. The inspectors shall make a report in writing of all matters determined by them with respect to the meeting.

6.15 Quorum. The members entitled to cast at least fifty-one (51%) of the total number of votes entitled to be cast at a meeting shall constitute a quorum at a meeting of members for the transaction of any business. The members present may adjourn the meeting despite the absence of a quorum.

6.16. Action by Members Without a Meeting. Any act of the members may be taken without a meeting if a consent in writing setting forth the act is signed by fifty-one percent (51%) of the members entitled to vote with respect to the subject matter of the meeting. The consent shall have the same force and effect as a similar vote at a meeting of members.

ARTICLE 7 VOTING

All voting rights as set forth below shall be subject to the provisions of the Declaration, and of the Articles of Incorporation, of and the Bylaws of the Association concerning, among other things, notice and record dates.

7.1. Prior to Transition Date. There will be no voting until the Transition Date other than that conducted at any board of directors' meeting or the meeting of any committee of the Association.

7.2 After Transition Date. At all meetings of the Association after the Transition Date, each member shall be entitled to one vote for each lot owned, which voting right shall be exercised by a designated owner of record of each lot who shall be known as the "Voting Owner." As stated above, a majority of the Voting Owners will constitute a quorum, and the decision of the majority of the quorum present in person or by proxy shall be the act of the Association. In the election of directors, a plurality of the votes cast shall elect. The Voting Owner shall be designated by the record owner or owners by written notice to the secretary of the Association. The designation of a record owner as a Voting Owner shall be deemed to be automatically revoked: (1) upon notice to the Association of the death or judicial incompetency of anyone designated as a Voting Owner, or (2) upon a written instrument delivered to the Association by any record owner or owners. All legal entities that are not an individual person must notify the secretary in writing of the name of the person who will act as Voting Owner for the lot owned by that entity. If no Voting Owner of a lot shall have been designated, or if said designation has been revoked as stated herein, the secretary of the Association may make such designation, as the secretary deems appropriate in the secretary's estimation. No vote shall be cast on behalf of such lot until a Voting Owner is designated.

7.3 Representatives. An executor, administrator, personal representative, guardian, managing agent, or trustee, may vote in person or by proxy at any meeting of the Association with respect to any lot owned or held by him or her in such capacity, whether or not the same shall have been transferred to his or her name by a duly recorded conveyance. In case such lot shall not have been so transferred to his or her name, he or she shall satisfy the secretary that he or she is the executor, administrator, personal representative, guardian, managing agent, or trustee holding such lot in such capacity.

7.4 Procedures. Voting on motions and resolutions shall be by voice or roll call vote. However, a member may request a ballot vote on any matter at any time. Voting for election of directors and officers shall be by secret ballot unless there is only one candidate for a position, in which case the vote may be taken by voice or roll call vote. In the event of a tie on any ballot, a second ballot shall be cast for those who have tied. If the tie remains unbroken after the second ballot vote, the election shall be determined by lot, with the name of each candidate who tied being written on paper and placed in a common container and the presiding officer then drawing one name from the container. Other voting and nomination and election procedures may be established in writing by the board of directors.

ARTICLE 8 BOARD OF DIRECTORS

8.1. Number and Qualification. The affairs of the Association shall be governed by a board of directors composed of no fewer than three (3) and no more than nine (9) directors. Until the Transition Date, the board of directors may be composed of officers or agents of the Developer. At the first meeting of members, a board of directors shall be elected composed of at least three (3) directors, all of whom shall be at least eighteen (18) years of age and members in good standing of the Association and who shall remain members in good stand throughout their term as a director. The number of directors may be increased or decreased, within the limits set forth above, at any annual or special meeting of the Association by majority vote of the members present, but there shall always be an odd number of voting members of the Board. No decrease shall shorten the term of any director then in office.

8.2 Initial Board and Election of Directors. The initial board of directors, or such other directors as may be appointed by the Developers from time to time until the Transition Date, shall hold office until the first annual meeting of members (Transition Date) and until their successors have been duly elected and qualified. The directors elected at the first annual meeting of members may be elected to allow for staggered terms of election in the future. Thereafter, at each annual meeting of members, the membership shall elect directors to hold office until the next annual meeting. Election shall be by secret ballot by a plurality of votes cast. Each director shall hold office until the expiration of the term for which he or she was elected and until his or her successor has been duly elected and qualified, or until his or her prior resignation or removal as hereinafter provided.

8.3 Removal. At any regular meeting or special meeting of members duly called, any one or more of the directors may be removed, with or without cause, by a majority vote of the members present at the meeting, and a successor may then and there be elected to fill the vacancy thus created.

Any director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting.

8.4 Resignation. A director may resign at any time by giving written notice to the board of directors or to an officer of the Association. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the board of directors or such officer. Acceptance of the resignation shall not be necessary to make it effective.

8.5 Vacancies. Newly-created directorships or vacancies in the board of directors may be filled by a vote of majority of the board of directors then in office, although less than a quorum. Vacancies occurring by reason of the removal of a director without cause shall be filled by a vote of the members. A director elected to fill a vacancy caused by resignation, death, or removal shall be elected to hold office for the unexpired term of his or her predecessor.

8.6 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 Bylaws or by the Declaration directed to be exercised and done by the members.

8.7 Other Duties. In addition to duties imposed by the Bylaws, by the Declaration, or by resolutions of the Association, the board of directors shall be responsible for the following:

8.7.1 Care, upkeep, and surveillance of the subdivision and the common areas;

8.7.2 Collection of assessments from owners or members;

8.7.3 Designation and dismissal of the personnel necessary for the maintenance and operation of the Association and the common elements and facilities

8.7.4 Enforcement of the Declaration as recorded in Maricopa County and as amended from time to time.

8.8 Manager or Managing Agent, Employees, and Contractors, Generally. The board of directors may employ for the Association a managing agent or manager, 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 these Bylaws and in the Declaration. The duties conferred upon the managing agent or manager by the board of directors may be revoked, modified, or amplified by the majority of members of the board in a duly constituted meeting. The board of directors may employ any other employees, contractors, or agents to perform such duties and at such compensation as the board of directors may establish.

8.9 Compensation. No compensation shall be paid to directors for their services as directors. No remuneration shall be paid to a director for services performed by him or her for the Association in any other capacity, unless a resolution authorizing such remuneration shall be been adopted by the board of directors before the services are undertaken.

ARTICLE 9 BOARD MEETINGS

9.1. **Organization Meeting.** The first meeting of a newly elected board of directors shall be held within ten (10) days after election (or appointment in the case of the initial board of directors) at such place as shall be fixed by the directors at the meeting at which such directors were elected (or by the Developer in the case of the initial board of directors), 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.

9.2. **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. The Association shall, at all times, conform to the laws regarding meetings as set forth in A.R.S. § 33-1804.

9.3. **Special Meetings.** Special meetings may be called by or at the direction of the president, or by a majority of the directors then in office on three (3) days' notice to each director, given personally or by mail, addressed to his or her residence, or by telephone, or by electronic mail transmission, which notice shall state the time, date, place, and purpose of the meeting.

9.4. **Notice of Meeting.** No notice shall be required for regular meetings of the board of directors for which the time and place have been fixed. Notice of a special meeting of the board of directors shall be given to all directors then in office at least twenty-four (24) hours prior to the meeting, if notice is hand-delivered to a director or if notice is given by telephone or electronic mail transmission, or three (3) days prior, if notice is given by mail. The notice of any meeting need not specify the purpose of the meeting.

9.5. **Waiver of Notice.** The requirement for furnishing notice of a meeting may be waived by any director who signs a waiver of notice before or after the meeting or who attends the meeting without protesting the lack of notice to him or her.

9.6. **Quorum.** A majority of all the members of the board of directors shall constitute a quorum. At any meeting held to remove one or more directors, a quorum shall consist of a majority of the directors present at the meeting. Whenever a vacancy on the board of directors shall prevent a quorum from being present, then, in that event, the quorum shall consist of a majority of the members of the board of directors excluding the vacancy. A majority of the directors present, whether or not a quorum is present, may adjourn a meeting to another time and place. Except to the extent provided by law and these Bylaws, the act of the board of directors shall be by a majority of the directors present at the time of vote, a quorum being present at that time. Any action authorized by resolution, in writing, by all of the directors entitled to vote thereon and filed with the minutes of the Association shall be the act of the board of directors with the same force and effect as if the same had been passed by unanimous vote at a duly called meeting of the board.

9.7. **Presiding Officer.** The president of the Association shall preside at all meetings of the board of directors. If there is no president, or in his or her absence, the executive vice president

(if any), or other designated vice president shall preside. If there is no president or vice president, or in their absence, any other director chosen by the directors present shall preside.

9.8 Executive Committee. The board of directors may designate from their number an executive committee, which shall have such authority as the board of directors may delegate, except to the extent prohibited by law. In addition, the board of directors may establish standing or special committees from among the board of directors or the members of the Association for any lawful purpose, which may have such powers as the board of directors may lawfully delegate.

9.9. Action by Directors Without a Meeting. Any act of the board of directors may be taken without a meeting if a consent in writing setting forth the act is signed by all of the directors with respect to the subject matter of the meeting. The consent shall have the same force and effect as a unanimous vote.

9.10. Bonds of Officers and Employees. The board of directors may require that all officers and employees of the Association handling or responsible for corporate funds furnish adequate bonds. The premiums on such bonds shall be paid by the Association.

ARTICLE 10 OFFICERS

10.1 Designation. The board of directors may elect a president, one or more vice presidents, a secretary, one or more assistant secretaries, a treasurer, one or more assistant treasurers, and such other officers as they may determine. Any two or more offices may be held by the same person. If there is only one officer of the Association, that officer shall be president, who shall have all the authority and duties of all the specific officers set forth herein. Any additional members of the board shall be designated members-at-large. The immediate past president shall be, unless re-elected to the board, an ex officio, non-voting member of the board.

10.2. 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.

10.3 Term of Office. Each officer shall hold office until the next annual meeting of the board of directors and until his or her successor has been duly elected and qualified.

10.4. Removal of Officers. Upon an affirmative vote of a majority of the directors, any officer may be removed, either with or without cause, and his or her successor elected at any regular meeting of the board of directors, or at any special meeting of the board of directors called for such purpose.

10.5. President. The president shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the board of directors. The president shall have all of the general powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint committee chairmen from among the members from time to time as the president may, in his or her discretion, decide is appropriate to assist in the conduct of the affairs of the Association.

10.6. Vice President. The vice president shall take the place of the president and perform the duties of the president whenever the president shall be absent or unable to act. The vice president shall also perform such other duties as may be assigned to him or her by the board of directors. If neither the president nor the vice president can act, the succession will be the secretary, then the treasurer, and, finally, the senior member-at-large.

10.7. Treasurer. The treasurer shall have the responsibility for 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. The treasurer 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. The treasurer shall disburse funds as necessary to conduct the Association's business. Accordingly, the treasurer (after the Transition Date) shall be bonded as provided in section 9.10 of these Bylaws. The board of directors shall appoint an auditor to perform at least one annual audit of the treasurer's records and practices, to prepare any required tax forms, and to perform such other fiscal duties as may be directed by the Association. The auditor need not be a member of the Association.

10.8 Secretary. The secretary shall attend and keep the minutes of all meetings of the Association and of the board of directors. The secretary shall be the custodian of the corporate seal and shall affix it to all proper instruments when deemed advisable by him or her. The secretary shall give or cause to be given required notices of meetings of members and of the board of directors. The secretary shall have charge of all the books and records of the Association except the books of account and shall maintain a membership book reflecting the names and addresses of all members. The secretary shall perform such other duties as from time to time may be assigned to him or her by the board of directors. If the secretary is not present at any meeting, the presiding officer shall appoint a secretary pro tempore who shall keep the minutes of such meeting and record them in the books provided for that purpose. All books and records of the Association shall be subject to examination and disclosure as set forth in A.R.S. § 33-1805.

ARTICLE 11 OBLIGATIONS OF THE OWNERS

11.1 Expenses and Assessments. Every owner of a lot in the subdivision shall contribute pro rata toward the expenses of administration of the Association and of the subdivision, including but not limited to all types of insurance and the costs of operation and maintenance of the common elements thereof, according to the percentage interests of said owners in the subdivision. The initial annual assessment (also known as regular assessment) on each lot in the amount of \$1,200 shall be impounded in any sale or escrow for the first sale of a lot by the Developer and shall be paid directly to the Developer or Association on close of sale or escrow. The board of directors shall prepare a budget for each fiscal year showing, in reasonable detail, the estimated costs and expenses that will be payable, the estimated income and other funds which will be received, the estimated surplus from prior assessments, and the estimated total amount required to be raised by assessments to cover the anticipated expenses and to provide reasonable reserves. The total amount required to be raised by assessment shall be equally apportioned among the lots. The board shall provide each member with a copy of the budget for the forthcoming year and a notice of the projected amount of the individual lot assessment at least thirty (30) days prior to the meeting at which the budget will be considered

for approval by the members. Annual or regular assessments will be billed annually as of January 1 and are due and payable thirty (30) days after the date of billing. The assessment is delinquent if payment is not received within forty-five (45) days after the date of billing. The Association shall further have the right, as determined by the board of directors from time to time, to establish special assessments for capital improvements or unexpected expenses. The total amount required to be raised by annual or special assessments shall be equally apportioned among the lots, excluding any lots retained by the Developer. The Association shall not impose a regular assessment that is more than twenty percent (20%) greater than the immediately preceding fiscal year's assessment without the approved of the majority of the members of the Association. Once delinquent, the property is subject to lien as defined in the Declaration, and the assessment shall bear interest at the rate of twelve percent (12%) per annum until paid.

11.2 Maintenance and Repair.

11.2.1 Every lot owner must perform promptly all maintenance and repair work on his or her own lot that, if omitted, would affect the project in its entirety or in a part belonging to other owners, and every lot owner is expressly responsible for the damages and liabilities that his or her failure to do so may engender.

11.2.2 All the repairs of internal installations of dwellings, such as water, light, power, sewage, telephones, sanitary installations, doors, windows, lamps, and all other accessories belonging to the dwelling area shall be maintained at the owner's expense.

11.2.3 An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common area and facility damaged through his or her fault or that of his or her guests or invitees.

11.3 Use of Lots. Each lot shall be for a single family residence and shall be utilized in accordance with the provisions of the Bylaws, Declaration, and any Association Rules, or other rules, regulations, and guidelines as may be adopted by the board of directors or the members from time to time.

11.4 Association Rules. The board of directors may adopt, modify, or revoke in whole or in part, rules and regulations to be known as "Association Rules" that are consistent with all the provisions of the Declaration and these Bylaws. The Association Rules, upon adoption, and every amendment, modification, or revocation thereof, shall be delivered to each owner and shall be binding upon all members of the Association and occupants of any dwelling in any of the three subdivisions.

11.5 Foreclosure of Lien. In any suit to foreclose the lien against any owner of a lot, the Association may, to the extent permitted by law, represent itself through its manager or board of directors in like manner as any mortgagee of real property. The manager or the board of directors, acting on behalf of the lot owners, shall have the power to bid and acquire such lot at a foreclosure sale. The delinquent owner shall be required to pay to the Association a reasonable rent for the subject lot until sale or foreclosure, together with all costs and reasonable attorneys' fees incurred in connection therewith.

11.6 Right of Entry. The manager and any person authorized by the board of directors shall have the right to enter onto a lot in case of any emergency originating on or threatening such lot whether or not the owner or occupant is present at the time.

11.7 Title. Every lot owner shall promptly cause to be duly recorded in the office of the Maricopa County Recorder the deed, lease, assignment, or other conveyance to him or her of his or her lot, or other evidence of his or her title thereto. In addition, every lot owner shall immediately notify the board of directors through the treasurer, who shall in turn notify the secretary so that both may maintain such information in the appropriate records of the Association. Subsequent purchases of adjacent lots or portions thereof where the intent is to permanently amalgamate the addition into the original lot shall be re-platted. A copy of the documentation must be forwarded to the treasurer to avoid redundant assessments.

11.8 Mortgages and Deeds of Trust. Any mortgagee, or holder of a beneficial interest, or trustee under a deed of trust on a lot may file a copy of its mortgage or deed of trust with the board of directors through the secretary, who shall maintain such information in the record of ownership of the Association. After the filing of the mortgage or deed of trust, the board of directors, through its secretary, shall be required to notify the mortgagee, beneficiary, or trustee of any lot owner who is in default in the expenses of for the administration of the project, and the mortgagee, beneficiary, or trustee, at its option, may pay the delinquent expenses.

11.9 Insurance. The board, on behalf of the Association at its common expense, shall effect and maintain at all times comprehensive general liability insurance covering errors and omissions of the directors and covering the Association against any action brought against it. The coverage shall be placed with a reliable insurance company with limits of not less than one million dollars (\$1,000,000) for injury, property damage, or death to any person from one occurrence. The board of directors shall also effect and maintain insurance against damage to the street in any of the subdivisions from natural catastrophe. Any member may maintain additional liability insurance for his or her respective lots without prejudice.

ARTICLE 12 EXECUTION OF INSTRUMENTS

All checks, drafts, notes, bonds, acceptances, contracts, and all other instruments except conveyance shall be signed by such person or persons as shall be provided by general resolution application thereto. Except as otherwise provided by a general resolution of the board of directors, the instruments shall require the signature of the president or vice president and the treasurer or secretary, unless there is only one officer of the Association. However, instruments with a face value of two hundred dollars (\$200) or less may be executed by any one of the officers.

ARTICLE 13 COMMITTEES

Standing committees and special committees of the Association may be established by the board of directors, and the chairmen and members of those committees shall be appointed by the president with the approval of the board of directors. Committees shall perform such duties as may

from time to time be assigned by the board of directors, which may establish committees for any purposes which it deems to be in the best interests of the Association. All committees shall keep minutes of their proceedings.

ARTICLE 14 AMENDMENT TO BYLAWS

These Bylaws may be amended or revoked in any respect from time to time by a two-thirds ($\frac{2}{3}$) vote of the board of directors or of the members present at any regular or special meeting for which the call includes notice of consideration of proposed bylaw amendments.

ARTICLE 15 INDEMNIFICATION

15.1 Scope. Subject to the further provisions hereof, the Association shall indemnify any and all of its existing and former directors and officers against all expenses incurred by them and each of them, including but not limited to legal fees, judgments, penalties, and amounts paid in settlement or compromise, which may arise or be incurred, rendered or levied in any legal action brought or threatened against any of them for or on account of any action or scope of employment as a director or officer of the Association, whether or not any action is or has been filed against them, and whether or not any settlement or compromise is approved by a court. Indemnification shall be made by the Association whether the legal action brought or threatened is by or in the right of the Association or by any other person.

15.2 Determination. Whenever any existing or former director or officer shall report to the president of the Association that he or she has incurred or may incur expenses, including but not limited to legal fees, judgments, penalties, and amounts paid in settlement or compromise in a legal action or omission alleged to have been committed by him or her while acting within the scope of his or her employment as a director or officer of the Association, the board of directors shall, at its next regular or at a special meeting held within a reasonable time thereafter, determine in good faith whether, in regard to the matter involved in the action or contemplated action, such person acted, failed to act, or refused to act willfully with gross negligence or with fraudulent or criminal intent. If the board of directors determines in good faith that such person did not act, fail to act, or refuse to act willfully or with gross negligence or with fraudulent or criminal intent with regard to the matter involved in the action or contemplated action, indemnification shall be mandatory and shall be automatically extended as specified herein.

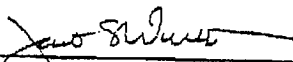
15.3 Right of Refusal. The Association shall have the right to refuse indemnification in any instance in which the person to whom indemnification would otherwise have been applicable shall have unreasonably refused to permit the Association, at its own choosing, to defend him or her in the action.

ARTICLE 16
MISCELLANEOUS


16.1 Books and Records. The Association shall keep at the principal office of the Association, complete and correct records and books of account, and shall keep minutes of the proceedings of the members, the board of directors, and of any committees appointed by the board of directors, as well as a list or record containing the names and addresses of all members.

16.2 Corporate Seal. The corporate seal shall be in a form fixed by the board of directors from time to time, subject to applicable law.

ADOPTED June 10, 2003.



Jacob Walker, President



Nicholas S. Malouff, Secretary