

BYLAWS
OF
KEY CONDOMINIUMS ASSOCIATION, INC.

ARTICLE I

PLAN OF UNIT OWNERSHIP

Section 1.1. Unit Ownership. The project is a multi-unit residential complex located at 2291 McCulloch Boulevard, Lake Havasu City, County of Mohave, State of Arizona, known as "KEY CONDOMINIUMS" and was submitted pursuant to the provisions of Title 33, Chapter 9 Condominiums, Arizona Revised Statutes.

Section 1.2. Bylaws Applicability. The provisions of these Bylaws are applicable to the project. (The term "project" as used herein shall include the land.)

Section 1.3. Personal Application. All present or future owners, tenants, occupants, and their employees, or any other persons that might use the facilities of the project in any manner, are subject to the regulations set forth in these Bylaws and to the Declaration of Condominium and Covenants, Conditions and Restrictions ~~for Key Condominiums Association, Inc. (the "Declaration").~~

Section 1.4. Binding Effect. The mere acquisition or rental of any of the residential units (hereinafter referred to as "unit" or "units") of the project or the mere act of occupancy of any of said units will signify that these Bylaws and the provisions of the Declaration are accepted, ratified, and will be complied with.

ARTICLE II

VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES

Section 2.1. Voting. Voting shall be on the basis of one vote for each unit owned.

Section 2.2. Majority of Owners. As used in these Bylaws the term "majority of owners" shall mean those owners holding fifty-one percent (51%) of the votes.

Section 2.3. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of a "majority of Owners" as defined in Section 2.2 of this Article shall constitute a quorum.

Section 2.4. Proxies. Votes may be cast in person or by proxy. Proxies must be in writing and filed with the Secretary before the appointed time of each meeting.

ARTICLE III

ADMINISTRATION

Section 3.1. Association Responsibilities. The owners of the units will constitute the Unit Owners' Association (hereinafter referred to as "Association") which through the Board of Directors ~~will have the responsibility of administering the project, preparing~~ the annual budget, establishing and collecting monthly assessments and arranging for the management of the project pursuant to an agreement, containing provisions relating to the duties, obligations, removal and compensation of the management agent. Except as otherwise provided herein, or in the Declaration or in the Articles of Incorporation, decisions and resolutions of the Association shall require approval by a majority of owners.

Section 3.2. 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 3.3. Annual Meetings. The annual meetings of the Members shall be held on or about the 2RD SAT MARCH of each year. At such meetings there shall be elected by ballot of the owners a Board of Directors in accordance with the requirements of Section 4.5 of Article IV of these Bylaws. The owners may also transact such other business of the Association as may properly come before them.

Section 3.4. 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 of the owners present, either in person or by proxy.

Section 3.5. 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, at least fourteen (14) but not more than thirty (30) days prior to such meeting except for notices requiring different time frames as set forth in the Declaration. The mailing of a notice in the manner provided in this Section shall be

considered notice served. Notices of all meetings shall be mailed to each first Mortgagee of a unit which Mortgagee has filed a written request for notice with the Secretary. Each first Mortgagee may designate a representative to attend all regular and special meetings of the members.

Section 3.6. 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. Proxies filed in accordance with Section 2.4 of Article II of these Bylaws shall be effective at the meeting held at the adjourned time.

Section 3.7. Order of Business. The order of business at all meetings of the owners of units shall be as follows:

- (a) Roll call, establishment of a quorum.
- (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, if appropriate.
- (g) Election of directors, if appropriate.
- (h) Unfinished business.
- (i) New business.

ARTICLE IV

BOARD OF DIRECTORS

Section 4.1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of

at least three (3) but not more than five (5) persons, all of whom must be owners of units in the project, except that the initial and interim Board of Directors shall be composed of three (3) persons as provided in Section 4.3 of Article IV of the Articles of Incorporation.

Section 4.2. 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 allowed by law, the Declaration, the Articles of Incorporation or by these Bylaws directed to be exercised and done by the owners.

Section 4.3. Other Duties. In addition to duties imposed by these Bylaws, the Articles of Incorporation, by resolutions of the Association, or by the "Declaration", the Board of Directors shall be responsible for the following:

- (a) Care, upkeep and surveillance of the project and the common elements and properties and the limited common elements and properties.
- (b) Collection of monthly assessments from the owners.
- (c) Designation and dismissal ~~of the personnel necessary~~ for the maintenance and operation of the project, the common elements and properties and the limited common elements and properties.

Section 4.4. 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 4.3 of this Article.

Section 4.5. Election and Term of Office. At the first annual meeting of the Association the term of office of one Director shall be fixed for two (2) years, the term of office of two other Directors shall be fixed at One (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of one (1) year. The Directors shall hold office until their successors have been elected and hold their first meeting.

Section 4.6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a 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 4.7. Removal of Directors. The Unit Owners, by a two-thirds vote of all persons present and entitled to vote at any meeting of the Unit Owners at which a quorum is present, may remove any member of the Board of Directors with or without cause. Any ~~Director whose removal has been proposed by the owners shall be given~~ an opportunity to be heard at the meeting.

Section 4.8. 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 4.9. 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 four (4) 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 4.10. Special Meetings. Special meetings of the Board of Directors may be called by the President on three 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 Directors.

Section 4.11. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, 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 4.12. Board of Director's Quorum. At all meetings of the Board of Directors, a majority of all of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of all of the Directors 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 at the meeting as originally called may be transacted without further notice.

Section 4.13. 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 4.14. Appeals. The Board of Directors shall hear and determine appeals perfected from decisions of the Hearing Committee and the Architectural Review Committee hereinafter in these Bylaws established.

ARTICLE V

OFFICERS

Section 5.1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint an assistant treasurer, and an ~~assistant secretary, and such other officers as in their judgment may~~ be necessary. The offices of Treasurer and Secretary may be filled by the same person.

Section 5.2. 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 5.3. Removal of Officers. Upon an 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 at any special meeting of the Board called for such purpose.

Section 5.4. 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 may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5.5. 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 so do 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 5.6. Secretary. The Secretary shall keep the minutes of all meetings 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 office of Secretary.

Section 5.7. Treasurer. The Treasurer shall have 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. He shall be

responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Association in such depositaries as may from time to time be designated by the Board of Directors.

Section 5.8. Execution of Documents. The President or Vice-President and the Secretary or Treasurer may execute, certify and record amendments to the Declaration on behalf of the Association when said amendments have been duly adopted by the Unit Owners pursuant to said Declaration.

ARTICLE VI

COMMITTEES

Section 6.1. General. Committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Directors at a meeting are hereby authorized. Such committees shall perform such duties and have such powers as may be provided in the resolution. Each committee shall be composed and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Section 6.2. Hearing Committee. The Board of Directors shall appoint a Hearing Committee consisting of at least three (3) and no more than five (5) members. Acting in accordance with the provisions of the Declaration, the Articles of Incorporation, these Bylaws, and the resolutions the Board may adopt, the Hearing Committee shall be the hearing tribunal of the Association. The Board of Directors may, but need not, appoint members of the Board to the Hearing Committee.

Section 6.3. Hearing Procedure. The Hearing Committee shall not suspend use of the common elements, impose a fine, suspend voting, or infringe upon any other rights of a member, tenant or other occupant for violations of rules unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:

- (i) the alleged violation;
- (ii) the action required to abate the violation;

and

(iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a sanction after notice and hearing if the violation is not continuing.

(b) Notice. At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the ~~demand for abatement without penalty, or if the same rule is~~ subsequently violated, the Board of Directors or its delegate shall serve the violator with written notice of a hearing to be held by the Hearing Committee. The notice shall contain:

- (i) the nature of the alleged violation;
- (ii) the time and place of the hearing, which time shall not be less than ten (10) days from the giving of the notice;

(iii) an invitation to attend the hearing and produce any statement, evidence and witness on his behalf; and

(iv) the proposed sanction to be imposed.

(c) Hearing. The hearing shall be held by the Hearing Committee pursuant to this notice affording the member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice, and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed by the Hearing Committee, which shall have the power to impose such sanctions as the Board of Directors may impose.

(d) Appeal. Following a hearing before the Hearing Committee, the violator shall have the right to appeal the decision ~~to the Board of Directors. To perfect this right a written notice of~~ appeal must be received by the manager, President, or Secretary of the Association within ten (10) days after the hearing date.

Section 6.4. Architectural Review Committee.

(a) The Architectural Review Committee shall consist of three (3) or more members. Members of the Committee shall be appointed by the Board. The Board of Directors may, but need not, appoint members of the Board to the Architectural Review Committee.

(b) The Committee shall meet from time to time as necessary to perform its duties hereunder. The vote of a majority of the Committee or the written consent of a majority of the Committee taken without a meeting shall constitute an act of the Committee.

(c) Members of the Architectural Review Committee appointed by the Board of Directors may be removed at any time by the Board, and shall serve for such term as may be designated by the Board or until resignation or removal by the Board. The Association may at any time, and from time to time, change the authorized number of members of the Architectural Review Committee, but the number of members shall always be an odd number and shall not be less than three (3).

(d) The address of the Architectural Review Committee shall be at the principal office of the Association.

ARTICLE VII

ARCHITECTURAL APPROVAL

Section 7.1. Approval of Improvements Required. The approval of the Architectural Review Committee shall be required for any ~~Improvement to Property, other than any Improvement to Property made~~ by the Association pursuant to action by the Board of Directors.

Section 7.2. Improvement to Property Defined. "Improvement to Property", requiring approval of the Architectural Review Committee, shall mean and include, without limitation:

(a) the construction, alteration, addition, modification, decoration, redecoration, or reconstruction of any Improvement, whether a building, sign, fence, wall or other structure;

(b) the construction, installation, erection or expansion of any building, structure or other Improvements, including utility facilities;

(c) the demolition or destruction, by voluntary action, of any building, structure or other Improvements;

(d) the grading, excavation, filling or similar disturbance to the surface of the land including, without limitation, change of grade, change of ground level, or change of drainage pattern;

(e) landscaping, planting, clearing or removing of trees, shrubs, grass or plants; and

(f) any change or alteration of any previously approved Improvement to Property including any change of exterior appearance, color or texture.

Section 7.3. Submission of Plans. Prior to commencement of work to accomplish any proposed Improvement to Property, the Person proposing to make such Improvement to Property ("Applicant") shall submit to the Architectural Review Committee at its offices such ~~descriptions, surveys, plot plans, drainage plans, elevation~~ drawings, construction plans, specifications and samples of materials and colors as the Architectural Review Committee shall reasonably request showing the nature, kind, shape, height, width, color, materials, cost and location of the proposed Improvement to Property. The Applicant shall be entitled to receive a receipt for the same from the Architectural Review Committee or its authorized agent. The Architectural Review Committee may require submission of additional

plans, specifications or other information prior to approving or disapproving the proposed Improvement to Property. Until receipt by the Architectural Review Committee of all required materials in connection with the proposed Improvement to Property, the Architectural Review Committee may postpone review of any materials submitted for approval.

Section 7.4. Criteria for Approval. The Architectural Review Committee shall approve any proposed Improvement to Property only if it deems in its reasonable discretion that the Improvement to Property in the location indicated will not be detrimental to the appearance of the surrounding areas of the Condominium as a whole; that the appearance of the proposed Improvement to Property will be in harmony with the surrounding areas of the Condominium; that the Improvement to Property will not detract from the beauty, wholesomeness and attractiveness of the Condominium or the enjoyment thereof by Owners; and that the upkeep and maintenance of the proposed Improvement to Property will not become a burden on the Association. The Architectural Review Committee shall have the ~~right to deny approval of any plans or specifications which are not,~~ in its opinion, suitable or desirable for aesthetic or any other reason, and shall have the right to take into consideration the harmony and conformity of the building with the surrounding buildings and the suitability of the same with surrounding area and the effect of such structure or building as seen from adjacent or neighboring properties. The Architectural Review Committee may condition its approval of any proposed Improvement to Property upon the making of

such changes therein as the Architectural Review Committee may deem appropriate.

Section 7.5. Committee Guidelines or Rules. The Architectural Review Committee shall issue guidelines or rules relating to the procedures, materials and information to be submitted and additional factors which will be taken into consideration in connection with the approval of any proposed Improvement to Property.

Section 7.6. Architectural Review Fee. The Architectural Review Committee may, in its guidelines or rules, provide for the payment of a fee to accompany each request for approval of any proposed Improvement to Property. The Architectural Review Committee may provide that the amount of such fee shall be uniform for similar types of any proposed Improvement to Property or that the fee shall be determined in any other reasonable manner, such as based upon the reasonable cost of the proposed Improvement to Property.

Section 7.7. Decision of Committee. The decision of the Architectural Review Committee shall be made within thirty (30) days after receipt by the Architectural Review Committee of all materials ~~required by the Architectural Review Committee.~~ The decision shall be in writing and, if the decision is not to approve a proposed Improvement to Property, the reasons therefor shall be stated. The decision of the Architectural Review Committee shall be promptly transmitted to the Applicant at the address furnished by the Applicant to the Architectural Review Committee.

7.8. Appeal to Association Board. If the Architectural Review Committee denies or refuses approval of a proposed Improvement to

Property, the Applicant may appeal to the Board of Directors by giving written notice of such appeal to the Association and the Architectural Review Committee within twenty (20) days after such denial or refusal. The Board of Directors shall hear the appeal with reasonable promptness after reasonable notice of such hearing to the Applicant and the Architectural Review Committee and shall decide, with reasonable promptness, whether or not the proposed Improvement to Property shall be approved. The decision of the Board of Directors shall be final and binding on all persons.

7.9. Failure of Committee to Act on Plans. Any request for approval of a proposed Improvement to Property shall be deemed approved, unless disapproval or a request for additional information or materials is transmitted to the Applicant by the Architectural Review Committee within thirty (30) days after the date of receipt by the Architectural Review Committee of all required materials; provided, however, that in no event shall any Condominium Unit Owner have the right to make changes or additions to his or her unit which would exceed in any amount the original square footage of the said unit.

Section 7.10. Prosecution of Work After Approval. After approval of any proposed Improvement to Property, the proposed Improvement to Property shall be accomplished as promptly and diligently as possible and in complete conformity with the description of the proposed Improvement to Property and any materials submitted to the Architectural Review Committee in connection with the proposed Improvement to Property. Failure to complete the

proposed Improvement to Property within one (1) year after the date of approval or to complete the Improvement to Property strictly in accordance with the description and materials furnished to the Architectural Review Committee, shall operate automatically to revoke the approval of the proposed Improvement to Property.

Section 7.11. Notice of Completion. Promptly upon completion of the Improvement to Property, the Applicant shall give written Notice of Completion to the Architectural Review Committee and, for all purposes hereunder, the date of receipt of such Notice of Completion by the Architectural Review Committee shall be deemed to be the date of completion of such Improvement to Property.

Section 7.12. Inspection of Work. The Architectural Review Committee or its duly authorized representative shall have the right to inspect any Improvement to Property prior to or after completion, provided that the right of inspection shall terminate sixty (60) days after the Architectural Review Committee shall have received a Notice of Completion from the Applicant.

Section 7.13. Notice of Noncompliance. If, as a result of ~~inspections or otherwise, the Architectural Review Committee finds~~ that any Improvement to Property has been done without obtaining the approval of the Architectural Review Committee or was not done in substantial compliance with the description and materials furnished by the Applicant to the Architectural Review Committee or was not completed within one (1) year after the date of approval by the Architectural Review Committee, the Architectural Review Committee shall notify the Applicant in writing of the noncompliance which

notice shall be given, in any event, within sixty (60) days after the Architectural Review Committee receives a Notice of Completion from the Applicant. The notice shall specify the particulars of the noncompliance and shall require the Applicant to take such action as may be necessary to remedy the noncompliance.

Section 7.14. Failure of Committee to Act After Completion.

If, for any reason other than the Applicant's act or neglect, the Architectural Review Committee fails to notify the Applicant of any noncompliance within sixty (60) days after receipt by the Architectural Review Committee of written Notice of Completion from the Applicant, the Improvement to Property shall be deemed in compliance if the Improvement to Property was, in fact, completed as of the date of Notice of Completion; provided, however, that in no event shall any changes or additions to a unit which exceed in any amount the original square footage of the said unit be deemed in compliance.

Section 7.15. Appeal to Association Board of Finding of Noncompliance. If the Architectural Review Committee gives any

~~notice of noncompliance, the Applicant may appeal to the Board of~~
Directors by giving written notice of such appeal to the Board and the Architectural Review Committee within thirty (30) days after receipt of the notice of noncompliance by the Applicant. If, within thirty (30) days after a notice of noncompliance, the Applicant fails to commence diligently to remedy such noncompliance or appeal to the Board as herein provided, the Architectural Review Committee shall request a finding of noncompliance by the Board of Directors by

giving written notice of such request to the Association and the Applicant. The Board of Directors shall hear the matter with reasonable promptness after reasonable notice of such hearing to the Applicant and the Architectural Review Committee and shall decide, with reasonable promptness, whether or not there has been such noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. The decision of the Board of Directors shall be final and binding on all parties.

Section 7.16. Correction of Noncompliance. If the Board of Directors determines that a noncompliance exists, the Applicant shall remedy or remove the same within a period of not more than forty-five (45) days from the date of receipt by the Applicant of the ruling of the Board of Directors. If the Applicant does not comply with the Board ruling within such period, the Board may, at its option, record a Notice of Noncompliance against the unit on which the noncompliance exists, may remove the noncomplying Improvement to Property or may otherwise remedy the noncompliance, and the Applicant shall reimburse the Association, upon demand, for all expenses incurred therewith.

~~If such expenses are not promptly repaid by the Applicant or Owner to~~ the Association, the Board may levy a Reimbursement Assessment against the Owner for such costs and expenses. The right of the Association to remedy or remove any noncompliance shall be in addition to all other rights and remedies which the Association may have at law, in equity, or under the Declaration.

Section 7.17. No Implied Waiver or Estoppel. No action or failure to act by the Architectural Review Committee or by the Board

of Directors shall constitute a waiver or estoppel with respect to future action by the Architectural Review Committee or the Board of Directors with respect to any Improvement to Property. Specifically, the approval by the Architectural Review Committee of any Improvement to Property shall not be deemed a waiver of any right or an estoppel to withhold approval or consent for any similar Improvement to Property or any similar proposals, plans, specifications or other materials submitted with respect to any other Improvement to Property.

Section 7.18. Committee Power to Grant Variances. The Architectural Review Committee may authorize variances from compliance with any of the provisions of the Declaration, including restrictions upon height, size, floor area or placement of structures or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require. Such variances must be evidenced in writing, must be signed by a majority of the members of the Architectural Review Committee, ratified by the Board of Directors of ~~the Association, and shall become effective only upon recordation in~~ the office of the Recorder of Mohave County. If any such variance is granted, no violation of the provisions of the Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of a variance shall not operate to waive any of the terms and provisions of the Declaration for any purpose except as to the particular property and particular provision covered by the variance, nor shall the granting of any variance

affect the jurisdiction of the Architectural Review Committee, nor shall the granting of a variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the property concerned, including, but not limited to, zoning ordinances and regulations affecting the Owner's use thereof.

Section 7.19. Compensation of Members. Members of the Architectural Review Committee shall receive no compensation for services rendered other than reimbursement of out of pocket expenses incurred by them in the performance of their duties hereunder.

Section 7.20. Meetings of Committee. The Architectural Review Committee shall meet from time to time as necessary to perform its duties hereunder. The Architectural Review Committee may, from time to time, by resolution in writing adopted by a majority of the members, designate a Committee Representative (who may, but need not, be one of its members) to take any action or perform any duties for or on behalf of the Architectural Review Committee, except the granting of approval to any Improvement to Property and granting of variances. The action of such Committee Representative within the authority of such Committee Representative or the written consent of the vote of a majority of the members of the Architectural Review Committee shall constitute action of the Architectural Review Committee.

Section 7.21. Records of Actions. The Architectural Review Committee shall report in writing to the Board of Directors all final action of the Architectural Review Committee and the Board shall keep a permanent record of such reported action.

Section 7.22. Estoppel Certificates. The Board of Directors shall, upon the reasonable request of any interested party and after confirming any necessary facts with the Architectural Review Committee, furnish a certificate with respect to the approval or disapproval of any Improvement to Property or with respect to whether any Improvement to Property was made in compliance herewith. Any person, without actual notice to the contrary, shall be entitled to rely on said certificate with respect to all matters set forth therein.

Section 7.23. Nonliability for Committee Action. None of the Architectural Review Committee, any member of the Committee, any Committee Representative, the Association, or any member of the Board of Directors shall be liable for any loss, damage or injury arising out of or in any way connected with the performance of the duties of the Architectural Review Committee unless due to the willful misconduct or bad faith of the party to be held liable. In reviewing any matter, the Architectural Review Committee shall not be responsible for reviewing, nor shall its approval of an Improvement ~~to Property be deemed approval of the Improvement to Property from~~ the standpoint of safety, whether structural or otherwise, or conformance with building codes or other governmental laws or regulations.

Section 7.24. Construction Period Exception. During the course of actual construction of any permitted structure or Improvement to Property, and provided construction is proceeding with due diligence, the Architectural Review Committee and the Board of Directors may

temporarily suspend the enforcement of the provisions contained in the Declaration as to the property upon which the construction is taking place to the extent necessary to permit such construction; provided that, during the course of any such construction, nothing is done which will result in a violation of any of the provisions of the Declaration upon completion of construction and nothing is done which will constitute a nuisance or unreasonable interference with the use and enjoyment of other property.

ARTICLE VIII

OBLIGATIONS OF THE OWNERS

Section 8.1. Assessments. All owners are obligated to pay monthly assessments imposed by the Association to meet all project communal expenses, which shall include a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of fire or other hazard. The assessments shall be made according to the provisions of the Articles of Incorporation and the "Declarations". Such assessments shall include monthly payments to a General Operating Reserve and a Reserve Fund

~~for Replacements as required in the Articles of Incorporation.~~

Monthly assessments not paid within ten (10) days after they are due shall bear a penalty of the greater of \$25.00 and interest at the rate of twenty-four percent (24%) per annum calculated on a daily basis for each day unpaid after the due date.

Section 8.2. 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 belonging to the unit area shall be at the owner's expense.

(c) An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common elements and properties damaged through his fault.

Section 8.3. Use of Units - Internal Changes.

(a) No unit shall be utilized for commercial purposes except as provided in Article VIII of the "Declarations".

(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 of 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 or alteration, provided that it does not in whole or in part convert a unit so it may be utilized for residential purposes.

Section 8.4. Use of Common Elements and Properties and Limited Common Elements and Properties.

(a) An owner shall not place or cause to be placed in the lobbies, vestibules, stairways, walkways and other project areas and

facilities of a similar nature both common and limited, any equipment, furniture, packages or objects of any kind. Such areas shall be used for no other purpose than for normal transit through them.

(b) Units may be rented or leased only by written leases of thirty (30) days or more and may be used by contract purchasers under written contracts of sale. Copies of the leases, and contracts to purchase shall be filed with the Association, and the tenants and contract purchasers shall thereupon have the owner's right to use and enjoyment of the common elements and limited common elements subject to the following restrictions:

(i) All tenants and persons occupying a unit shall be subject to the terms and conditions of the Declaration, the Bylaws, the Articles of Incorporation, and the rules and regulations promulgated thereunder as though such tenant and occupant of a unit were an owner, other than the right to vote.

(ii) Each owner agrees to cause his tenants, occupants, or persons using a unit with such owner or with his tenant to comply with the Declaration, Bylaws, and the rules and regulations promulgated thereunder, and is responsible and liable for all violations and losses caused by such tenants, occupants or users, notwithstanding the fact that such tenants, occupants and users of the unit are fully liable for any violation of the documents and regulations; failure to comply shall be, at the Board's option, considered sufficient grounds for imposing penalties upon the Owner, his tenant, occupant and users in addition to any and all other remedies available to the Association.

(iii) In the event that a tenant, occupant, user, or person using a unit with them violates a provision of the Declaration, Bylaws, or rules and regulations adopted pursuant thereto, the Board shall also have the power to bring an action or suit against the Owner, tenant, occupant and users to recover sums due for damages or injunctive relief, or for any other remedy available at law or equity, including, but not limited to, all remedies available under Arizona law to a landlord upon the breach or default of a lease agreement by the lessee.

(iv) The Board shall also have the power to impose reasonable fines upon the Owner, tenant, occupant and users for any violation by the tenant, occupant, user, or person using a unit with them of any duty imposed under the Declaration, Bylaws, or rules and regulations adopted pursuant thereto.

Section 8.5. Right of Entry.

(a) An owner, tenant, occupant and user shall grant the right of entry to the management agent or to any other person authorized by the Board of Directors or the Association in case of ~~any emergency originating in or threatening his unit, whether the~~ owner, tenant, occupant or user is present at the time or not.

(b) An owner, tenant, occupant and user 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 such entry is at a time convenient to the owner, tenant, occupant or user. In case of an emergency, such right of entry shall be immediate.

Section 8.6. Rules of Conduct.

(a) No Unit Owner, tenant, occupant or person using a unit of the project shall post any advertisements or posters of any kind in or on the project except as authorized by the Association or as set forth in the "Declaration".

(b) Owners, tenants, occupants or persons using a unit shall exercise extreme care about making noises. Unreasonable sounds that may disturb others in the project are prohibited.

(c) It is prohibited to hang anything from the windows or from any of the facades of the project.

(d) It is prohibited to hang dust rugs, dust mops, dusters, etc., from the windows or doors or to beat them on the exterior part of the project.

(e) It is prohibited to throw garbage or trash outside the disposal installations provided for such purposes in the service areas.

(f) No owner, tenant, occupant or user of a unit shall install wiring for electrical or telephone installation, television ~~antennae, radio antennae, machines, evaporative coolers or air~~ conditioning units, etc. on the exterior of the project or that protrude through the walls or the roof of the project except as authorized by the Association.

(g) No owner, tenant, occupant or user of a unit shall keep any animals, livestock, reptiles, insects, poultry or other animals except that usual and ordinary domestic dogs, cats, fish and birds inside bird cages as more specifically set forth in the "Declarations".

ARTICLE IX

AMENDMENTS TO PLAN OF UNIT OWNERSHIP

Section 9.1. Bylaws. These Bylaws may be amended by the Association in a duly constituted meeting for such purpose and no amendment shall take effect unless approved by owners representing at least sixty percent (60%) of the total voting power of the Association.

ARTICLE X

MORTGAGEES

Section 10.1. Notice to Association. An owner who mortgages his unit, or conveys his unit by deed of trust, for security purposes, shall notify the Association through the Management Agent, if any, or the President of the Board of Directors in the event there is no Management Agent, of the name and address of his mortgagee or trustee; and the Association shall maintain such information in a book entitled "Mortgagees and Trustees of Units".

Section 10.2. Notice of Unpaid Assessments. The Association on written request shall furnish to a lienholder, Unit Owner or person designated by a Unit Owner a recordable statement setting forth the amount of the unpaid assessments against his unit. The statement shall be furnished within twenty business days after receipt of the request and is binding on the Association, the Board of Directors and every Unit Owner.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Fiscal Year. The initial fiscal year of the Association shall be from _____ through _____ and may

be changed by resolution of the Board of Directors and proper notice to the Arizona Corporation Commission.

Section 11.2. Books and Records.

(a) Inspection by Members. The official list of members, books of account, and minutes of meetings of the members, of the Board, and of committees shall be made available for inspection and copying by any member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a member, at the office of the Association or at such other place as the Board shall prescribe.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records by the member desiring to make the inspection;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents requested by a member.

(c) Inspection by Directors. ~~Every Director shall have~~ the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extra copies of documents at the reasonable expense of the Association.

Section 11.3. Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other

communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by first class mail, first class postage prepaid:

(a) If to a Member, at the address which the Member has designated in writing and filed with the Secretary, or if no such address has been designated, at the address of the Unit of such owner; or

(b) If to the Association, the Board of Directors or the Managing Agent, at the principal office of the Association or the Managing Agent, if any, or at such other address as shall be designated by the notice in writing to the owners pursuant to this Section.

Section 11.4. Audit. An audit of the accounts of the Association shall be made annually by the Board of Directors, a committee of members of the Board of Directors, an independent public accountant or any combination thereof; provided, however, that after having received the Board's audit at the annual meeting, the owners, by a majority vote, may require that the accounts of the Association

~~be audited as a common expense by a certified public accountant~~

chosen by the owners. Upon written request of any institutional holder of a first mortgage or first deed of trust, such holder shall be entitled to receive a copy of the annual audited financial statement within ninety (90) days after the end of each fiscal year.

ARTICLE XII

COMPLIANCE

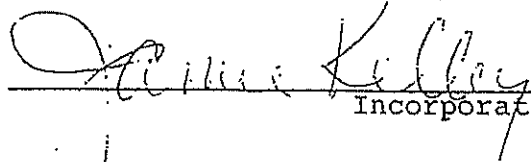
Section 12.1. These Bylaws are set forth to comply with the requirements of Title 33, Chapter 9, Arizona Revised Statutes

(A.R.S. § 33-1201 et. seq.). In case any of these Bylaws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the statute will apply. Further, if any of these Bylaws conflict with the provisions of the "Declaration" the provisions of the "Declaration" will apply and if any of these Bylaws conflict with the provisions of the Articles of Incorporation, the provisions of the Articles will apply.

These Bylaws are hereby adopted this 18 day of April, 1987, by the incorporators of the Association.



Incorporator



Incorporator

