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AMENDED BY-LAWS  
OF  
RECREATIONAL CENTER, INC.  
Adopted by the Board of Directors on January 21, 1997

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ARTICLE I  
Members And Designated Representatives

1. Membership in Recreational Center, Inc. (hereinafter sometimes referred to as RCI or the corporation) shall be limited solely to the Council of Co-Owners of each Horizontal Property Regime created or existing on the "Land" as defined in the Articles of Incorporation.

2. A certificate shall be issued to each Council of Co-Owners stating the percentage of ownership interest in the corporation, which interest shall be in the same proportion and ratio as the square footage of all apartments in each Regime is to the square footage of apartments in all of the Regimes on the "Land". The number of votes to which each Council of Co-Owners is entitled shall be in the same proportion as that Council of Co-owner's interest is in the corporation.

3. Each Council of Co-owners, sometimes referred to herein as the Regime, shall through its Board of Directors, designate one of the co-owners of the Regime as delegate, to represent his/her Regime on all matters considered or presented at any meeting of the members of this corporation. In addition to the delegate's functions, as hereinabove provided, the designated co-owner shall also serve as a member of the corporation's Board of Directors to represent and act for his/her Regime on all matters within the jurisdiction of the Board. The name and address of the delegate shall be submitted in writing to the Secretary of RCI following such designation and prior to the date of the annual meeting of the corporation.

4. If, for any reason, the designated delegate of a Council of Co-Owners is unable or unwilling to act and vote in behalf of his or her Regime at a meeting of the members of this corporation, or at a meeting of the Board of Directors, the Council of Co-Owners may designate one of the Regime co-owners as first alternate to the delegate to represent the Council in the place and stead of the delegate at any meeting of the members of this corporation, or of the Board of Directors, and to vote in behalf of his or her Council of Co-Owners on all matters or things requiring a vote thereon.

5. If, for any reason, both the delegate and the first alternate are unable or unwilling to act and vote in behalf of their Council of Co-Owners at a meeting of the

members of this corporation, or at a meeting of the Board of Directors, the Council of Co-Owners may designate another co-owner as a second alternate to represent the Council in the place and stead of the delegate and the first alternate at any meeting of the members of this corporation, or of the Board of Directors, and to vote in behalf of his or her Council on all matters or things requiring a vote thereon.

6. The names and addresses of the designated alternates shall be submitted in writing to the Secretary of this corporation following such designations.

## ARTICLE II Meetings, Quorum, And Order Of Business

1. The annual meeting of the members of this corporation shall be held on the second Tuesday in February of each year. Special meetings may be held at such time and place and in such manner as may be determined by the Board of directors.

2. Notices of the annual and any special meeting of the members shall be mailed or delivered at least ten (10) days prior to such meeting to the last known address of the designee of each Council of Co-Owners which is a member of this corporation as the same appears on the records of the corporation.

3. The President, or Vice President, or in their absence, a chairman appointed by the members present, shall call meetings of the members to order and shall act as chairman thereof. The Secretary of the corporation shall act as Secretary at all meetings of the members. In the absence of the Secretary, the presiding officer may appoint any person to act as Secretary. All meetings shall be conducted in accordance with Roberts Rules of Order.

4. The presence of a majority of the members, either in person or by proxy, shall constitute a quorum at all meetings of members of the corporation.

5. If at any annual or special meeting a quorum shall fail to attend in person or by proxy, a majority of those members attending in person or by proxy at the time said meeting is convened, may at the end of one hour adjourn the meeting from time to time without further notice until a quorum shall attend, and thereupon any business may be transacted which might have been transacted at the meeting as originally called had the same been then held.

6. No proxy shall be validated at any annual or special meeting unless said proxy was executed within 11 months of the date of said meeting.

7. Special meetings of the members of the corporation shall be called by the Board of Directors of the corporation or upon the petition of two of the members entitled to vote at such meeting.

8. The order of business at all meetings of the members and of the Board of Directors (except for special meetings) shall include the following:

- A. Call of roll to establish quorum and introduction of new members.
- B. Reading of minutes;
- C. Treasurer's report;
- D. Reports of committees;
- E. Unfinished business;
- F. New business and correspondence
- G. Elections, if required.

9. No designated representative of any member of this corporation shall be permitted to vote at any annual or special meeting of the corporation or at any meeting of the Board of Directors, if the member Regime is 30 days or more in default in the payment of any assessment due the corporation.

10. Alternates to the designated representatives, as provided and identified in Article I herein, shall be permitted to attend all meetings of the corporation and of the Board of Directors, and to participate in the deliberations and proceedings thereof, notwithstanding the presence at such meetings of the delegate from his/her Regime. The co-owners shall also be permitted to attend the meetings of the corporation and of the Board of Directors and to be heard at an appropriate point in the proceedings as determined by the Chair, except when the agenda of the meeting includes one or more of the following:

1. Matters relating to current and prospective employees of the corporation.
2. Pending litigation involving the corporation, and legal advice from an attorney for RCI.
3. Pending matters relating to interpretation and enforcement of the corporation's governing documents.

### ARTICLE III Board Of Directors

1. The business and affairs of the corporation shall be managed and controlled by a Board of Directors composed of one co-owner from each Regime as provided in Paragraph 3 of Article I hereof. All Directors shall serve for a term of one year or until their successors shall have been duly designated and qualified. The names and addresses of the Alternate Directors, when designated by their Regimes, shall be submitted in writing to the Secretary of this corporation following such designations.

2. As soon as practicable after each annual meeting of the corporation, the newly designated Directors shall meet for the purpose of organization, the election of officers, and the transaction of any other business. All other meetings of the Board shall be held periodically or as determined by the board of Directors provided, however, that

special meetings of the Board shall be called upon the petition of three members of the Board of Directors. Notice of all Directors' meetings shall be given by mail or direct contact not less than one day before the time of the meeting. A majority of the Board of Directors shall constitute a quorum for the transaction of business. The vote of a majority of the Directors present at any lawful meeting in favor of or against any proposition shall prevail, except as herein otherwise provided.

3. The Board of Directors shall provide a suitable seal containing the name of the corporation and the words "Incorporated, Arizona, 1973". An imprint of said seal shall be affixed to the margin hereof.

4. The Board of Directors may elect an Executive Committee consisting of three members of the Board to investigate such matters as may be designated by the Board between regular Board meetings and to recommend such action as the Committee deems appropriate. The President may serve as an ex-officio member of the Executive Committee.

#### ARTICLE IV Officers

The officers of the corporation shall be a President, one or more Vice Presidents, a Secretary and a Treasurer. The President and Vice President(s) shall be elected from among the members of the Board of Directors. The Secretary and Treasurer need not be members of the Board. The Board may appoint one or more assistants to the officers. All officers and assistant officers shall be subject to removal at any time with or without cause by the affirmative vote of a majority of all the Directors at a meeting called for that purpose. Each officer and assistant officer shall hold office until the first meeting of the Board of Directors following the annual meeting of the members of this corporation or until his or her successor shall have been duly elected and qualified.

#### ARTICLE V Indemnification

This corporation shall indemnify 1) its directors, officers and assistant officers, 2) former directors, officers and assistant officers, and 3) members of committees, against expenses incurred by them, including legal fees, judgments or penalties rendered or levied against them for actions or omissions alleged to have been committed by them while acting within the scope of their employment or duties, provided, that the Board of Directors shall determine 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 in regard to the matter involved in the action.

ARTICLE VI  
Taxes, Reserves And Assessments

1. This corporation shall have power to lease, own, develop, maintain, operate and otherwise regulate and manage all of the common areas including private roadways, streets, cul-de-sacs and recreational areas located within the "Land" as described in the Articles of Incorporation, and shall pay all real estate taxes which may be assessed against and levied upon any of said areas and any improvements located thereon, and all premiums for public liability insurance. The Board of Directors shall establish such fair and reasonable reserves as may be deemed appropriate, one of which must be for replacement, repair and maintenance of said areas and improvements located thereon.

2. The Board of Directors shall assess and collect from each Horizontal Property Regime whose Council of Co-Owners is a member of this corporation such sums as may be necessary to properly carry out the responsibilities and obligations imposed herein and in the Articles of Incorporation. Each Regime's pro rata share of said expenses shall be determined by the Board of Directors of this corporation and shall be in the same ratio as the ownership of each Regime is in this corporation as provided in Article I. The maximum amount which may be assessed by the Board of Directors shall not exceed the actual costs, plus reserves for repairs and replacement, incurred by the Board of Directors in carrying out its responsibilities and obligations as herein imposed.

3. Invoices for said assessments shall be submitted annually or at such other regular intervals as may be fixed by the Board of Directors. In the event any invoice as provided for herein is not paid within 30 days from the date the same is mailed or otherwise delivered to the members, the Board of Directors may cause to be filed in the office of the County Recorder of Maricopa County, Arizona an affidavit of non-payment of such invoice in the form of a materialman's lien and shall post a copy of the same upon the Regime's property and on each Co-Owner unit located therein. The Board of Directors may, at any time thereafter, institute a foreclosure action on said lien in the manner provided by Arizona law for the foreclosure of realty mortgages.

4. The Board of Directors shall adopt and publish rules and regulations governing the use of all the common areas, including roadways, streets, cul-de-sacs and recreational areas. Such rules and regulations may be enforced by the imposition of penalties or other sanctions as set forth in the Enforcement section of the existing Rules and Regulations.

ARTICLE VII  
Contracts Made With Officers, Directors, Members And Employees

No contract made by RCI with any of its officers, directors, members, or

employees shall be valid unless 1) authorized by an affirmative vote of three-fourths of the members of the corporation at a meeting duly held at which all the members of the corporation are present in person or by proxy, 2) the contract is in writing, duly acknowledged before a Notary public; and 3) the contract is made in good faith for sufficient consideration and at "arms length" between the parties as that term is defined and interpreted by the courts.

#### ARTICLE VIII Restrictions On Authority To Borrow Money

The corporation shall not borrow money which creates an indebtedness of the corporation, direct or contingent, unless authorized by an affirmative vote of three-fourths of the members of the Board of Directors at a lawfully held meeting.

#### ARTICLE IX Application Of By-laws And Rules And Regulations Promulgated Thereunder

All present and future co-owners, tenants, future tenants, and employees using the facilities of this corporation in any manner are subject to the provisions of these By-laws and to the Rules and Regulations promulgated thereunder. Residents of the apartment units in Scottsdale Shadows will signify in writing that these By-laws and Rules and Regulations are accepted and will be complied with by the co-owners, tenants and occupants. Residents shall be held responsible for the conduct of their guests and invitees.

#### ARTICLE X Amendments

These By-laws may be amended by the Board of Directors at any meeting called for that purpose, provided that the Directors are notified of the proposed amendment and its contents at least ten days prior to the meeting. The By-laws may also be amended by the members of the corporation at any annual meeting or at any special meeting called for that purpose, provided the members are notified of the proposed amendment and its contents at least ten days prior to the annual or special meeting. Amendments shall not be in conflict with the Articles of Incorporation.