

**ASSOCIATION**

**BY-LAWS**

BY-LAWS  
OF  
SCOTTSDALE SHADOWS V, INC.

ARTICLE I

Section 1. The corporation has been formed for the purpose of serving as the Council of Co-Owners for Scottsdale Shadows V (the "Regime"), a horizontal property regime existing by virtue of a Declaration of Horizontal Property Regime and with the County Recorder of Maricopa County, Arizona, at Docket 12813, pages 87 et seq., as amended by instrument recorded at Docket 12915, page 1442, et seq. (such document as heretofore or hereafter amended and in effect from time to time being hereinafter called the "Declaration").

Section 2. Definitions. Terms used herein which are defined in the Declaration shall have the same meanings as in the Declaration. Except as otherwise defined in the Declaration, terms used herein which are defined in A.R.S. §33-551 shall have the definitions set forth in said statute.

Section 3. Application of By-Laws. All present and future Owners, tenants, future tenants of other employees or any other person that might use the facilities of the Regime in any manner are subject to the provisions of these By-Laws. The ownership or rental of any of the Units in the Regime or the mere action of occupancy of any of said Units will signify that these By-Laws are accepted, ratified and will be complied with by the occupant or Owner.

Section 4. Priority of Declaration. The provisions of the Declaration shall have priority over these By-Laws, and any provision hereof which is contrary to or inconsistent with the Declaration shall be void to the extent of such inconsistency.

ARTICLE II

Section 1. Voting. Notwithstanding the number of co-owners who may jointly or otherwise own a Unit, voting on all matters shall be limited to one (1) of the co-owners. Where two (2) or more Persons own an interest in a Unit, they shall designate to the Board of Directors one of their number who shall have the power to vote.

Section 2. In all matters requiring a vote of the Owners, voting shall be on the basis of one vote per unit.

Section 3. Majority of Co-Owners. As used in these By-Laws, the term "majority of co-owners" shall mean more than 50% of eligible voters.

Section 4. Quorum. Except as otherwise provided in the Declaration, the Articles of Incorporation or these By-Laws, or as may be required by law, the presence in person or in proxy of a majority of co-owners shall constitute a quorum. A majority of those present either in person at an annual or duly noticed special meeting shall be necessary to act upon a matter before such meeting.

Section 5. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the secretary before the appointed time of each meeting. Proxies shall remain in effect unless revoked in writing.

Any proxy shall be automatically revoked upon conveyance of title by the owner to his unit.

Section 6. Election of Directors. Annual elections of directors shall be by secret written ballot. The candidates receiving the largest number of votes shall be elected for a period of three years.

### ARTICLE III

Section 1. Number and Qualifications of Board of Directors. The affairs of the corporation shall be governed by a board of directors composed of 5 or 7 persons, all of whom must be owners of units in the Regime.

Section 2. Election of Directors. Eligible voters shall be entitled to one vote per director to be elected. Only one vote per candidate may be cast. If two or more directors are to be elected, voters may cast one vote per candidate but votes may not be cumulative for any one candidate.

Section 3. The officers of the corporation, elected by the Board, shall be a president, vice-president, recording secretary and a treasurer.

The Board shall also have the power to appoint a corresponding secretary from the corporation members.

The Board shall also have the power to appoint a treasurer from outside the elected Board if no elected member accepts either position. These appointments shall have the effect of increasing the voting membership of the governing board to its maximum of seven (7).

#### ARTICLE IV

Section 1. Designation. The principal officers of the corporation shall be a President, Secretary and Treasurer and, at the discretion of the Board, one or more Vice Presidents and such other officers as the Board from time to time may designate. A person may hold more than one office, except that the offices of President and Vice President and President and Secretary shall not be held by the same person simultaneously.

Section 2. Election and Term of Office. At the first annual meeting of the Members, and at each annual meeting thereafter, a Board of Directors shall be elected for a term of one (1) year. The directors shall hold office until their successors have been elected and hold their first meeting. Until the first annual meeting of the Members, the Board of Directors shall be designated in the Articles of Incorporation.

Section 3. Resignation and 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. Any officer may resign at any time by giving written notice of such resignation to the Board, the President or the Secretary. Such resignation shall take effect upon receipt or at any later time specified therein, and unless otherwise provided therein, acceptance of such resignation shall not be necessary to make it effective. A vacancy in any office may be filled at any regular meeting of the Board of Directors or any special meeting of the Board called for such purpose.

Section 4. President. The President shall be the chief executive officer of the corporation. He shall preside at all meetings of the Members 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 a corporation, 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 corporation.

Section 5. Vice-Presidents. Vice-Presidents shall take the place of the President and perform his duties whenever the President shall be absent and unable to act. If neither the President nor any Vice-President shall be able to act, the Board of Directors shall appoint some other member of the Board to so do on an interim basis. The Vice-Presidents shall also perform such other duties as shall from time to time be imposed upon them by the Board of Directors.

Section 6. Secretary. The Secretary shall have the responsibility for keeping the minutes of all meetings of the Board of Directors and the Members and such correspondence as shall be necessary and such other duties as shall from time to time be imposed by the Board of Directors.

Section 7. Treasurer. The Treasurer shall have the responsibility for funds and securities of the corporation and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the corporation and such depositories as may from time to time be designated by the Board of Directors.

Additionally, the Treasurer shall have the responsibility of:

- (1) To open bank accounts on behalf of the Regime and to designate the signatories required therefor.
- (2) To invest any excess funds held or controlled by the corporation.

Section 8. Corresponding Secretary. Shall have the responsibility for written communications relating to the Regime. This person shall keep a file on all outgoing and incoming correspondence.

The foregoing enumeration of specific responsibilities shall not be deemed to limit any other power or duty of the Board of Directors arising by law or under the Declaration, Articles of Incorporation or these By-Laws.

Section 9. Vacancies. Vacancies in the Board of Directors caused by any reason shall be filled by vote of the majority of the remaining directors. The new director shall fill the balance of the term to which they have been appointed.

Section 10. Removal of Directors. At any regular or special meeting duly called, any one or more of the directors may be removed with or without cause by the requisite vote of the Members and a successor may then and there be elected by the Members to fill the vacancy thus created. Any director whose removal has been proposed to or by the members shall be given an opportunity to be heard at the meeting.

Section 11. Compensation. No compensation shall be paid to directors or officers for their services as directors or officers. No remuneration shall be paid to a director for services performed for the corporation in any capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken. Neither a director nor any officer may be an employee of the corporation. Directors and officers, however, may be reimbursed for any actual expenses incurred in connection with their duties as such officers or directors.

Section 12. Organization Meeting. The first meeting of a newly elected Board of Directors shall be called and held within ten (10) days after the election thereof at such place as a majority of such directors shall approve either before, at or after such meeting.

Section 13. Regular Meeting. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telephone or telegraph, at least three (3) days prior to the date set for such meeting.

Section 14. Special Meetings. Special meetings of the Board of Directors may be called by the president or Secretary or by a majority of the directors on three (3) days' notice to each director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purposes of the meeting.

Section 15. Waiver of Notice. Before, at or after any meeting of the Board of Directors, any director may, in writing, waive any notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting shall be a waiver of notice by him of notice of the time and place thereof. If all of 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 16. Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at a meeting as originally called may be transacted without further notice.

Section 17. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Regime handling or responsible for funds of the Regime shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the corporation.

Section 18. Powers and Duties. The Board of Directors shall have all powers necessary and shall be responsible for the administration of the affairs of the corporation and may do all such acts and things as are not by law, by the Declaration or by the Articles of Incorporation or these By-Laws directed to be exercised solely by the Owners or Members.

Section 19. Duties. Without limiting the generality of Section two (2) of this Article, the Board of Directors shall be responsible for the following:

- (a) Care, upkeep and surveillance of the Regime and the Common Elements and facilities.
- (b) Preparation of an annual budget and allocation of the budget to the various Units in accordance with the various percentage interests in the Common Elements appurtenant thereto.
- (c) Collection of monthly assessments from the Owners and the filing of liens and foreclosure thereof where necessary.
- (d) Employment and dismissal of the personnel necessary for the maintenance and the operation of the Regime and the Common Elements and facilities.
- (e) Employment of a management agent at a compensation established by the Board of Directors to perform such duties and services as the Board shall authorize. The duties conferred upon the management agent by the Board of Directors may at any time be revoked, modified

- or amplified by a majority of the Board of Directors at a duly constituted meeting.
- (f) To make repairs within the Units where such repairs are required for the welfare or safety of the Regime or its residents.
  - (g) To acquire an interest in Recreational Center, Inc. and to obligate this Regime to pay its share of assessments levied by said Recreational Center, Inc. for the purchase, construction, development, operation, maintenance and management of recreational facilities for the Owners in this and other Regimes; and to designate one of its members as a representative of this Regime to attend and vote at all meetings of the Board of Directors and stockholders or members of Recreational Center, Inc. It is deemed advisable that the Regime president be designated delegate to the RCI Board.
  - (h) Obtain and keep in full force and effect fire and hazard insurance on the buildings and all common elements in the Regime, and public liability and other insurance as deemed necessary and advisable by the Board.
  - (i) To grant or relocate easements required for the benefit of the Regime.
  - (j) To adopt and amend rules and regulations and enforce the same covering the operation and use of all of the property and recreational areas in the Regime.
  - (k) To suspend, prohibit and restrain any Owner who is delinquent in the payment of any assessments or who violates any of the rules, regulations, By-Laws or Declarations from using all or any part of the recreational facilities furnished and provided by Recreational Center, Inc.

ARTICLE V

Section 1. Place of Meeting. Meetings of the Members shall be at the principal place of business of the corporation or at such other convenient place as may be designated by the Board of Directors.

Section 2. Annual Meetings. The first annual meeting of the Members shall be held as provided in the Articles of Incorporation. Thereafter, the annual meetings of the Members shall be held on a designated day in February. At such meetings, there shall be elected by ballot a Board of Directors in accordance with the requirements of the Declaration and the Articles of Incorporation and of these By-Laws. The members may also transact such other business as may properly come before them at such annual meetings.

Section 3. Special Meetings. A special meeting of the Members may be called by the President, by resolution of the Board of Directors or by a petition signed by a majority of Co-owners and 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 thereof.

Section 4. Notice of Meeting. It shall be the duty of the Secretary to mail, deliver or post a notice on each official bulletin board of each annual or special meeting, stating the purpose or purposes thereof with the time and the place where it is to be held at least ten (10) but not more than fifty (50) days prior to such meeting.

Section 5. Adjourned Meetings. If any meeting of Members cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may adjourn the meeting to a time not more than forty-eight (48) hours from the time the original meeting was called and no new notice shall be required for such adjourned session.

Section 6. Order of Business. The order of business at all meetings of the Members shall be as follows:

- (a) Roll call and verification of proxies.
- (b) Proof of notice of meeting.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Report of Board of Directors.

- (f) Reports of committees.
- (g) Appointment of inspectors of election when required.
- (h) Election of members of the Board of Directors when required.
- (i) Unfinished business.
- (j) New business.

#### ARTICLE VI

Section 1. Assessments. All Owners shall be obligated to pay monthly assessments for Common Element expenses under and in accordance with the Declaration. Without limiting the foregoing, the assessment shall include the cost of maintenance and repair of the Common Elements, utilities, taxes and assessments, if any, on Common Elements, and all other items necessary for the maintenance and operation of the Common Elements. There shall also be included in the assessments reserves for replacements and impounds as required and the cost to the Regime by reasons of its obligations to pay assessments to Recreational Center, Inc, for the purchase, construction, development, operation and management of recreational facilities available to the Owners. Any assessments levied or collected which are in excess of the amount required for proper purposes shall be refunded to Owners who paid such assessments.

Section 2. Each Owner shall pay to the Regime at the time such Owner purchases a Unit a sum equal to six (6) times the then established and existing monthly Common Element assessments for such Unit. Said sum may be used by the Regime as working capital and shall be refunded to the Owner upon the sale or transfer of his Unit less any amounts then due from said Owner to the Regime.

Section 3. The Board of Directors shall from time to time and at least annually prepare a budget for the Regime, determine the amount of the common charges payable by the Owners to meet the common expenses of the Regime and allocate and assess such charges among the Owners according to the interests in the Common Elements appurtenant to their respective Units. The Board of Directors shall advise all Owners promptly in writing of the amount of such charges payable by each of them respectively and shall furnish copies of the budget on which such common charges are based to all Owners and to their mortgagees if requested in writing. The Board of Directors may levy a late penalty charge on any Owner who fails to pay all or any part of his assessment on or before the due date as set by the Board of Directors.

Section 4. Maintenance and Repair.

- (a) Each Owner shall perform promptly all maintenance and repair and upkeep work within his own Unit, which, if omitted, would affect the Regime in its entirety or in a part belonging to other Owners. In the event any Owner fails to maintain, keep or repair his own Unit and in the event the Board of Directors shall determine that it is necessary to perform such repairs, the Board of Directors may enter such Owner's Unit and make such repairs as are necessary, provided, however, that such Owner shall first have been given thirty (30) days' notice of the intention of the Board of Directors to make such repairs. In the event that the Owner fails to make such repairs within said thirty (30) day period, the Board of Directors through its agents may make such repairs and levy an assessment for the costs thereof against the Owner and shall have a lien for all costs incurred against the Owner's Unit as provided in the Declaration.
- (b) All the repairs of internal installations within any Unit, such as water, light, gas, power, sewage, telephone, air conditioning, doors, windows, lamps and all other accessories belonging to and located within the Unit, shall be at the Owner's expense. Any such repairs required which are outside of the Unit to be served thereby shall be at the expense of the Regime as Common Element maintenance costs.
- (c) An Owner shall reimburse the Regime for any expenditures incurred in repairing or replacing any Common Element damaged through his own fault.
- (d) An Owner shall not make structural modifications or alterations in his Unit without previously securing written approval therefor from the Board of Directors.

Section 5. Use of General Common Elements and Facilities.

An Owner shall not place or cause to be placed in any Common

Element any furniture, packages or objects of any kind. Such areas shall be used for no purpose other than for normal transit and, in the case of recreational facilities, for the normal and intended use of such recreational facilities.

Section 6. Right of Entry. The management agent or any other person authorized by the Board of Directors shall have the right of entry into any Unit for purposes of inspection and making necessary repairs, alterations, installations and maintenance to the Common Elements, including mechanical or electrical services, provided that request for such entry is made in advance and such entry is at a time reasonably convenient to the Owner. In case of an emergency, the right of entry shall be immediate.

#### ARTICLE VII

The corporation may appoint committees of its Members and/or Directors as deemed appropriate in carrying out its purposes.

#### ARTICLE VIII

The Board of Directors may adopt a seal for the corporation. The use of a seal shall not, however, be necessary to the validity of any corporate act or signature.

#### ARTICLE IX

These By-Laws may be amended by a majority vote of the Members at any regular or special meeting where notice of the proposed amendment is included in the call or notice of meeting, provided that these By-Laws shall not be amended in such a way, and no By-Laws may be added, which would be contrary to or inconsistent with the Declaration or the Articles of Incorporation.

#### ARTICLE X

Any Owner who mortgages his Unit shall notify the corporation through the Secretary of the Board of Directors of the name and address of his Mortgagee, and the Board shall maintain a record of such information in a book entitled "Book of Mortgagees".

#### ARTICLE XI

The Board of Directors shall promulgate and adopt rules and regulations for the management of the Regime, and said rules and regulations shall apply to and govern the occupation of the various Units and of the Common Elements by the Owners and lessees, tenants and guests and all other persons.

ARTICLE XII

Section 1. Maintenance of Books and Records. The Board of Directors shall cause to be maintained at the principal office of the corporation complete books of accounts concerning all funds, assets and liabilities of the corporation. Such books of account shall be open to inspection upon the written demand of any Owner or Mortgagee for a purpose reasonably related to his interest as an Owner or Mortgagee of a Unit and shall be exhibited at any time when required at any meeting of the Members by request of Members holding 10% of the total votes of the corporation. Such inspection may be made in person or by agent or attorney, and the right of inspection includes the right to make extracts or to perform audits. Demand of inspection, except at a meeting of the Members, shall be made in writing upon the President or Secretary of the Board of Directors.

Section 2. Annual Report to Owners. Annually, at least ten (10) days prior to the annual meeting, the Board of Directors shall cause to be prepared and sent to every Owner an annual report of the affairs of the corporation. Said report shall contain a complete accounting of receipts and disbursements of all funds of the corporation during the preceding calendar year and a balance sheet setting forth all assets and liabilities of the corporation as of the end of the preceding calendar year. Upon written demand of Owners holding 40% or more of the total vote, given at least sixty (60) days prior to the date of the annual meeting, an independent audit of the books and records of the corporation shall be performed in accordance with generally accepted auditing standards by a duly licensed certified public accountant at the corporation's expense. A copy of the report of such auditor shall then be rendered to each Owner in lieu of the annual report hereinabove required.

ARTICLE XIII

The fiscal year of the corporation shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XIV

Section 1. Pets may not use common areas such as halls, elevators, garage or deck.

Section 2. As of April 1, 1992, pets will not be permitted with the exception of dogs to assist the handicapped and pets already on Regime V premises as of March 31, 1992.

Pets on premises as of March 31, 1992, will adhere strictly to Section 1 of this Article.

ARTICLE XV

Commercial vehicles not to be parked in garage over 48 hours.