

BYLAWS  
OF  
CRESTVIEW CHATEAUX UNIT 2 HOMEOWNERS ASSOCIATION

---

ARTICLE I

MEMBERS

Section 1. Eligibility. The MEMBERS of CRESTVIEW CHATEAUX UNIT 2 HOMEOWNERS ASSOCIATION, an Arizona non-profit corporation ("ASSOCIATION") shall consist of those persons described as MEMBERS in the ARTICLES OF INCORPORATION. The term "MEMBER" and other terms are being used in these BYLAWS as they are defined in the DECLARATION OF HORIZONTAL PROPERTY REGIME AND COVENANTS, CONDITIONS AND RESTRICTIONS FOR CRESTVIEW CHATEAUX UNIT 2 ("DECLARATION") which is recorded as Recording No. 85 300015, Records of Maricopa County, Arizona. As provided therein, all MEMBERS will be Class A MEMBERS except that the DECLARANT described in the DECLARATION shall be a Class B MEMBER while it has three (3) votes per UNIT.

Section 2. Succession. The membership of each MEMBER shall terminate when he ceases to be an OWNER of a UNIT covered by the DECLARATION; and upon the sale, transfer or other disposition of his ownership interests in the UNIT, his membership in the ASSOCIATION shall automatically be transferred to the new OWNER succeeding to such ownership interests as described in the DECLARATION and the ARTICLES.

Section 3. Meetings. Meetings of MEMBERS shall be held at such place in Maricopa County, Arizona, as may be specified in the notice of the meeting. Annual meetings of the MEMBERS shall be held at the CRESTVIEW CHATEAUX UNIT 2 pool area, on the third Tuesday of January in each year at 7:30 P.M., beginning in January of 1986 or at such other time or place as may be determined by the Board of Directors or by a majority vote of MEMBERS voting at any meeting of the MEMBERS. Special meetings of the MEMBERS may be called by the President or by a majority of the directors or by MEMBERS having at least two-fifths of the votes entitled to be cast at such meeting. The notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting, except as stated in the notice, unless by consent of two-thirds of the MEMBERS present, either in person or by proxy.

Section 4. Notices. It shall be the duty of the Secretary to deliver or mail a notice of each annual or special meeting of the MEMBERS, stating the purpose thereof as well as the time and

place where it is to be held, to each MEMBER at his address as it appears on the records of the ASSOCIATION, or if no such address appears, at his last known place of address, at least ten (10) days prior to such meeting. Notice of a special meeting to approve a special or supplemental assessment, or to approve an increase in the annual assessment shall be made as provided in ARTICLE VIII, Section 8.5 of the DECLARATION.

Section 5. Voting. MEMBERS shall have voting rights as provided in the ARTICLES and DECLARATION. Voting may be in person or by proxy and proxies may be given for more than one meeting.

Section 6. Quorum. Except as provided in the DECLARATION, a quorum of MEMBERS for any meeting shall be constituted by MEMBERS represented in person or by proxy and holding one-tenth of the votes entitled to be cast at such meeting.

Section 7. Adjournments. If any meetings of MEMBERS cannot be organized because a quorum has not attended, the MEMBERS who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

## ARTICLE II

### BOARD OF DIRECTORS

Section 1. Number--Staggered Terms. The Board of Directors of the ASSOCIATION (called the "BOARD") shall consist of three (3) Directors; provided, however, that when the Declarant is no longer a Class B member, the BOARD shall consist of five (5) directors. The Directors named in the ARTICLES, and their replacements, shall hold office until the first annual meeting of MEMBERS or until their successors shall be elected and qualified. At the first annual meeting of MEMBERS after the Class B ceases to exist, three (3) Directors shall be elected to serve a term of one (1) year and two (2) Directors shall be elected to serve a term of two (2) years. Thereafter, Directors shall be elected for a term of two years so that one year three will be elected and the next year two will be elected. Each Director shall serve until his successor shall be elected and qualified. The word "Director" as sometimes used herein shall mean a person elected to and serving on the BOARD.

Section 2. Election. Directors shall be elected by the MEMBERS at the annual membership meeting.

Section 3. Vacancies. Any vacancy occurring in the BOARD after DECLARANT's right to elect Directors has terminated may be filled by a majority vote of the remaining Directors.

Section 4. Annual Meetings. The first meeting of a newly

elected BOARD shall be held immediately following the annual meeting of MEMBERS, if practicable, and in any event within ten (10) days of election, at such place as shall be fixed 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, provided a majority of the whole BOARD shall be present.

Section 5. Regular Meetings. Regular meetings of the BOARD may be held at such place and times as shall be determined from time to time by a majority of the Directors but at least one meeting shall be held during each fiscal quarter. Notice of regular meetings of the BOARD 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 6. Special Meetings. Special meetings of the BOARD may be called by the President on three (3) days' notice to each Director given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the BOARD shall be called by the President or Secretary in like manner and on like notice on the written request of any two Directors.

Section 7. Waiver of Notice. Before or at any meeting of the BOARD 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 Directors are present at any meeting of the BOARD, no notice shall be required and any business may be transacted at such meeting.

Section 8. Quorum. At all meetings of the BOARD, 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. If, at any meeting of the BOARD, 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, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 9. Removal. Any Director may be removed from office by two-thirds vote of the MEMBERS present at a meeting of the MEMBERS in person or by proxy.

Section 10. Compensation. Directors shall receive no compensation for their services unless expressly provided for in resolutions duly adopted by the MEMBERS.

Section 11. Powers and Duties. The BOARD shall have the following powers and duties:

(a) To elect and remove the officers of the ASSOCIATION as hereinafter provided;

(b) To administer the affairs of the ASSOCIATION and the property to the extent permitted by applicable law;

(c) To engage the services of a manager or managing agent who shall manage and operate the CONDOMINIUM and the affairs and property of the ASSOCIATION as provided in the DECLARATION and to carry out the duties of the ASSOCIATION upon such terms and for such compensation and with such authority as the BOARD may approve;

(d) To formulate policies and promulgate rules and regulations for that administration, management and operation;

(e) To provide for the operation, maintenance, repair and replacement of the GENERAL COMMON ELEMENTS as described in the DECLARATION and other areas to be maintained by the ASSOCIATION, and payments therefor, and to approve payment vouchers or to delegate such approval to the officers or the manager or managing agent;

(f) To provide for the designation, hiring and removal of employees and other personnel, including accountants and attorneys and to engage or contract for the services of others; and to make purchases for the maintenance, repair, replacement, administration, management and operation of the GENERAL COMMON ELEMENTS, any property of the ASSOCIATION, and any other areas to be maintained by the ASSOCIATION; and to delegate any such powers to the manager or managing agent (and any such employees or other personnel who may be the employees of a managing agent);

(g) To appoint committees of the BOARD and to delegate to such committees the BOARD's authority to carry out certain duties of the BOARD as permitted by law;

(h) To estimate the amount of the annual budget, and to provide the manner of assessing and collecting from the MEMBERS their respective shares of such estimated expenses, as hereinafter provided;

(i) To exercise all of the rights, powers and duties granted to it by the DECLARATION;

(j) Unless otherwise provided herein or in the DECLARATION, to comply with the instructions of a majority

vote of the MEMBERS as expressed in a resolution duly adopted at any annual or special meeting of the MEMBERS.

Section 12. Non-Delegation. Nothing in this Article II or elsewhere in these BYLAWS shall be construed to grant to the BOARD or to the officers of the ASSOCIATION any powers or duties which, by law, have been delegated to the MEMBERS.

### ARTICLE III

#### OFFICERS

Section 1. Designation. At each annual meeting, the BOARD shall elect the following officers of the ASSOCIATION:

(a) A President who shall be a Director and who shall preside over the meetings of the BOARD and of the MEMBERS and who shall be the chief executive officer of the ASSOCIATION;

(b) A Vice President who shall in the absence or disability of the President perform the duties and exercise the powers of the President;

(c) A Secretary who shall keep the minutes of all meetings of the BOARD and of the MEMBERS and who shall in general perform all the duties incident to the Office of Secretary;

(d) A Treasurer who shall be responsible for financial records and books of account and the manner in which such records and books are kept and reported; and

(e) Such additional officers as the BOARD shall see fit to elect.

Section 2. Powers. The respective officers shall have the general powers usually vested in such officers; provided that the BOARD may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the BOARD may see fit.

Section 3. Term. Except as provided in Section 4, each officer shall hold office for the term of one (1) year or until his successor shall have been elected and qualified.

Section 4. Vacancies. Vacancies in any office shall be filled by the BOARD at regular or special meetings thereof. A replacement shall serve for the remaining term of his predecessor in office. Any officer may be removed at any time by the BOARD at a regular or special meeting thereof.

Section 5. Compensation. The officers shall receive no

compensation for their services, unless expressly provided for in a resolution duly adopted by the MEMBERS.

Section 6. Bonding. The BOARD shall require that all officers, directors and employees of the ASSOCIATION handling or responsible for ASSOCIATION funds shall furnish fidelity bonds as required by the DECLARATION. The premiums on such bonds shall be paid by the ASSOCIATION.

## ARTICLE IV

### ASSESSMENTS

Section 1. Annual Budget. The BOARD shall cause to be prepared an estimated annual budget for each fiscal year of the ASSOCIATION. Such budget shall take into account the estimated common expenses and cash requirements for the year, including salaries, wages, payroll taxes, legal and accounting fees, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, fuel, power and all other common expenses. The annual budget shall also take into account the estimated net available cash income for the year, if any, from the operation or use of any of the GENERAL COMMON ELEMENTS. The annual budget shall provide for a reserve for contingencies for the year and a reserve for replacements in reasonable amounts as determined by the BOARD. To the extent that the assessments and other cash income collected from the MEMBERS during the preceding year shall be more or less than the expenditures for such preceding year the surplus or deficit as the case may be shall also be taken into account.

Section 2. Assessments. Subject to the limitations of the DECLARATION, the estimated annual budget for each fiscal year shall be approved by the BOARD, and copies thereof shall be furnished by the BOARD to each MEMBER prior to the commencement of such year. The BOARD may make assessments on a monthly, quarterly or semi-annual basis. On or before the first day of the first assessment period and of each succeeding assessment period of the year covered by the annual budget each MEMBER shall pay as his assessment for the common expenses his proportionate share of the common expenses for that assessment period as shown by the annual budget. The BOARD may cause to be sent to each MEMBER on or before the first day of each assessment period a statement of the assessment of such MEMBER for that period, but the failure to send or to receive such assessment shall not relieve any MEMBER of his obligation to pay his assessment on or before the first day of each assessment period. In the event that the BOARD shall not approve an estimated annual budget or shall fail to determine new assessments for any year or shall be delayed in doing so, each MEMBER shall continue to pay each assessment period the amount of his respective assessment as last determined. Each MEMBER shall pay his assessment on or before

the first day of each assessment period to the manager or managing agent or as may otherwise be directed by the BOARD. No MEMBER shall be relieved of his obligation to pay his assessments for common expenses by abandoning or not using his UNIT or the GENERAL COMMON ELEMENTS.

Section 3. Partial Year or Month. For all fiscal years prior to the first annual meeting of MEMBERS, the annual budget shall be as approved by the first BOARD. If such first year or any succeeding year shall be less than a full year, then the monthly assessments for each MEMBER shall be proportionate to the number of months and days remaining in the period covered by the current annual budget, and which assessment shall be as computed by the BOARD, subject to the DECLARATION.

Section 4. Annual Report. Within ninety (90) days after the end of each year covered by an annual budget or as soon thereafter as shall be practicable, the BOARD shall have prepared an Annual Report for such year so ended showing the receipts and expenditures and such other information as the BOARD may deem desirable. Said Annual Report shall be made available to each MEMBER upon request.

Section 5. Supplemental Budget. In the event that during the course of any year it shall appear to the BOARD that the monthly assessments determined in accordance with the estimated annual budget for such year are insufficient or inadequate to cover the estimated common expenses for the remainder of such year, then the BOARD shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of such year, copies of which supplemental budget shall be furnished to each MEMBER and thereupon a supplemental assessment shall be made to each MEMBER for his proportionate share of such supplemental budget, subject to the limitations of the DECLARATION.

Section 6. Capital Expenditures. Expenditures for capital improvements and special assessments for them shall be limited as provided in the DECLARATION.

Section 7. Lien. Every MEMBER shall be personally liable to pay his assessment in accordance with the DECLARATION. As provided therein, each assessment shall be secured by a lien against the MEMBER's UNIT and improvements thereon. The ASSOCIATION and the BOARD shall have the authority to exercise and enforce any and all rights and remedies as provided for in the DECLARATION or these BYLAWS or otherwise available at law or in equity for the collection of all unpaid assessments.

Section 8. Records and Statement of Account. The BOARD shall cause to be kept detailed and accurate records in chronological order of the receipts and expenditures. Payment

vouchers may be approved in such manner as the BOARD may determine. All records and vouchers authorizing payments shall be available for examination by the MEMBERS at convenient hours during week days. The BOARD shall, upon receipt of ten (10) days notice to it or the ASSOCIATION and upon payment of a reasonable fee, furnish any MEMBER a statement of his account setting forth the amount of any unpaid assessments for other charges due and owing from such MEMBER.

## ARTICLE V

### THE DECLARATION

The provisions of the DECLARATION are hereby incorporated herein by reference as if fully and completely set forth herein.

## ARTICLE VI

### CORPORATE SEAL

The BOARD may provide a suitable corporate seal containing the name of this corporation, which seal shall be in charge of the Secretary. If so directed by the BOARD, a duplicate of the seal may be kept and used by the Treasurer or any Assistant Secretary or Assistant Treasurer. The seal shall not be required for any purpose in connection with the corporate documents or acts, unless required by law.

## ARTICLE VII

### FISCAL MANAGEMENT

Section 1. Fiscal Year. The fiscal year of this corporation shall be the calendar year and shall begin on the first day of January of every year, except that the first fiscal year of this corporation shall begin at the date of incorporation. The commencement date of the fiscal year herein established shall be subject to change by the BOARD should corporate practice subsequently dictate.

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

Section 3. Contracts. Unless otherwise provided by the BOARD, all contracts shall be executed on behalf of the corporation by either the President or Vice President and countersigned by any of the following officers: Secretary, Treasurer, Assistant Secretary or Assistant Treasurer.



## ARTICLE VIII

### CONTRACTUAL POWERS

No contract or other transaction between this corporation and one or more of its Directors or between this corporation and any corporation, firm or association in which one or more of the Directors of this corporation are directors or are otherwise associated, or are financially interested, is void or voidable because such Director or Directors are present at the meetings of the BOARD or a committee thereof which authorizes or approves the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exist:

(a) The fact of the common directorship or financial interest is disclosed or known to the BOARD or committee and noted in the minutes and the BOARD or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such Director or Directors; or

(b) The contract or transaction is just and reasonable as to the corporation at the time it is authorized or approved.

Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the BOARD or a committee thereof which authorizes, approves or ratifies a contract or transaction.

## ARTICLE IX

### AMENDMENTS

These BYLAWS may be amended from time to time by the BOARD, or at a regular or special meeting of the MEMBERS by the affirmative vote of a majority of a quorum of MEMBERS present in person or by proxy, provided that so long as there is a Class B membership any substantive amendment must be approved by the Veterans Administration or the Federal Housing Administration before it will be effective. Amendments may be proposed by the BOARD or by petition signed by at least one-quarter of the MEMBERS.

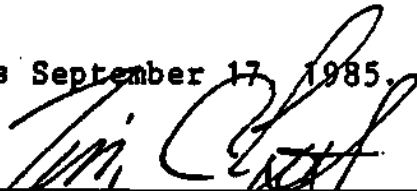
## ARTICLE X

### CONDOMINIUM DOCUMENTS

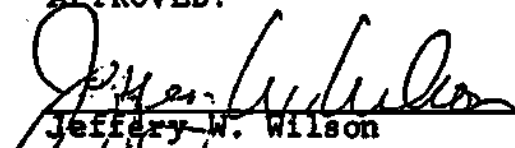
The ASSOCIATION shall make available to MEMBERS; to the lenders, holders, insurers and guarantors of any first mortgage on a UNIT; and to any prospective purchasers of UNITS current

copies of the DECLARATION, BYLAWS, ARTICLES, ASSOCIATION RULES and all other books, records and financial statements of the ASSOCIATION. The ASSOCIATION also shall make available to prospective purchasers of UNITS the ASSOCIATION'S most recent annual audited financial statement, if such is prepared. "Available" shall mean available for inspection, upon request, during normal business hours or under other reasonable circumstances.

ADOPTED by the Board of Directors September 17, 1985.

By:   
Tim Little, Secretary

APPROVED:

  
Jeffery W. Wilson

  
Ross Emmott

  
Dale Cook