

BY-LAWS
OF
PARK SCOTTSDALE II TOWNHOUSE CORPORATION

As Amended December 1984

ARTICLE I

Offices

Section 1. Principal Offices. The principal offices of the corporation shall be in the City of Scottsdale, County of Maricopa, State of Arizona.

Section 2. Other Offices. The corporation may establish such office or offices at such other places as the Board of Directors may from time to time designate.

ARTICLE II

Membership

Section 1. Membership in the corporation shall be limited to record owners of equitable title of townhouse units constructed on the following described premises, which have been submitted as a horizontal property regime pursuant to Section 1, Title 33, Chapter 4.1, Article 1, Sections 33-551 to 33-561, inclusive of the Arizona Revised Statutes:

Tracts A, B and C, together with the South
15,000 feet of Tract D, PARK SCOTTSDALE FOUR,
in the City of Scottsdale, County of Maricopa,
State of Arizona, according to plat thereof
filed in Book 96 at Page 18, official records
of said County of Maricopa.

Section 2. One membership in the corporation shall be issued to the record owner of equitable title of each townhouse unit. In the event any such townhouse unit is owned by two or more persons, whether as community property, by joint tenancy, tenancy in common or otherwise, the membership as to such townhouse unit shall be joint and a single membership for such townhouse unit shall be issued in the names of all the owners, and they shall designate to the corporation in writing at the time of issuance, one person who shall hold the membership and have the power to vote said membership.

ARTICLE III

Corporation Meetings

Section 1. Annual Meetings. The annual meeting of the corporation shall be held on the second Thursday in January, or at such other time as the

membership may be majority vote approve. At such meeting, there shall be elected a Board of Directors in accordance with the requirements of Article IV of these By-Laws. These directors may be elected for a three, two or one year term. The membership may also transact such other business of the corporation as may properly come before them.

Section 2. Special Meetings. Special meetings of the corporation membership for any purpose or purposes other than those regulated by statute may be called for by the President as directed by resolution of the Board of Directors or upon a petition signed by a majority of the members. Such petition shall state the purpose or purposes of such proposed meeting. No business shall be transacted at a special meeting except as stated in the notice unless by consent of 4/5ths of the members present, either in person or by proxy.

Section 3. Notice of Special Meeting. The President or Secretary shall give or cause to be given notice of the time, place and purpose of holding each special meeting by mailing or hand delivering such notice at least (5) days prior to such meeting to each member of the Corporation at the respective addresses of said members as they appear on the records of the corporation.

Section 4. Quorum. The presence, either in person or by proxy, of at least fifty-one percent (51%) of the corporation membership of record shall constitute a quorum for all purposes unless the representation of a larger group shall be required by law, by the Articles of Incorporation, or by these By-Laws, and in that event representation of the number so required shall constitute a quorum.

Amendments:

10/18/83 - The presence, either in person or by proxy, of at least 25% of the voting power of the Association, shall constitute a quorum for any action taken at an Adjourned Annual Meeting, except as otherwise provided in the Articles of Incorporation, the Declaration or these By-Laws.

Section 5. Voting Rights. Each member of the corporation being present in person or by proxy shall be entitled to one vote for each townhouse unit owned by said members.

Section 6. Adjournment of Meetings. If the number of members necessary to constitute a quorum shall fail to attend in person or by proxy at the time and place of meeting, the Chairman of the meeting, or a majority in interest of the members present in person or by proxy, may adjourn the meeting from time to time without notice other than an announcement at the meeting, until the necessary number of members shall be in attendance. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting.

Amendments:

See Amendment Section 4, Quorum.

Section 7. Proxies. A member may appoint only his or her spouse or any joint owner of his townhouse or any other member of the corporation as a proxy. Any proxy must be filed with the Secretary before the appointed time of each meeting or upon the calling of the meeting to order.

Section 8. Waiver of Notice. Any member may at any time waive any notice required to be given under these By-Laws. The presence of a member in person at any meeting of the corporation shall be deemed such a waiver.

ARTICLE IV

Directors

Section 1. Number and Qualification. The business, property and affairs of the corporation shall be managed, controlled and conducted by a Board of Directors consisting of seven members.

Section 2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the corporation, and may do all such acts and things as are not by law or by these By-Laws directed to be exercised and done by the members. The powers of the Board of Directors shall include, but not be limited to, all of the rights and duties of the Board of Directors as set forth elsewhere in these By-Laws and the Articles of Incorporation, and in the Declaration of Restrictions applicable to the property described in Article II above, and shall also include the power to promulgate such rules and regulations pertaining to such rights and duties as may be deemed proper and which are consistent with the foregoing. The Board of Directors may delegate such duties as appear in the best interests of the corporation and to the extent permitted by law.

Section 3. Election and Term of Office. The term of the Directors named in the Articles of Incorporation shall be for three (3) years or until their successors are duly chosen and qualify. Two (2) directors shall be elected by the members at each regular annual meeting and every third year one (1) additional director shall be elected making three (3) directors elected for that year, and shall hold office for a term of three (3) years and until a successor shall be elected and shall qualify except as hereinafter otherwise provided. The number of Directors may be altered from time to time by the action of a majority of the members at any regular or special meeting called for such purpose. In the event of any increase in the number of directors in advance of the annual meeting, each additional director shall be elected by the then Board of Directors and hold office until his successor is elected and shall qualify.

Section 4. Vacancies. Vacancies on the Board of Directors caused by any reason shall be filled by vote of the majority of the remaining directors even though they may consist of less than a quorum and each person so elected shall be a director until his successor is elected by the members of the corporation at the next annual meeting for the unfilled term.

*Amended
Articles
Part 5*

Section 5. Removal of Directors. At any regular or special meeting of the corporation any one or more of the directors may be removed with or without cause at any time by the affirmative vote of seventy-five per cent (75%) of the entire membership of record and a successor may then be elected to fill the vacancy thus created. Any director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting.

Section 6. Compensation. No compensation shall be paid to directors for their services as directors. No remuneration shall be paid to a director for services performed by him for the corporation in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken.

Section 7. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such time and 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, providing a majority of the whole Board shall be present.

Section 8. Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place as shall be determined, from time to time, by a majority of the directors, but at least one such meeting shall be held during each month. 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 the meeting.

Section 9. Special Meetings. Special meetings of the Board of Directors 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 (as herein above 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 fifty percent (50%) of the directors.

Section 10. 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 11. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business, but if at any such meeting of the Board there be less than a quorum present, a majority of those present may adjourn the meeting from time to time.

Section 12. Adjournments. The Board of Directors may adjourn any meeting from day to day or for such other time as may be prudent or necessary in the interests of the corporation, provided that no meeting may be adjourned for a period longer than thirty (30) days.

Section 13. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the corporation handling or responsible for corporation funds shall furnish adequate Fidelity Bonds. The premiums on such bonds shall be paid by the corporation.

ARTICLE V

Officers

Section 1. Designation. The principal officers of the Corporation shall be a President, a Vice President, a Secretary, a Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint an Assistant Secretary and an Assistant Treasurer, and such other officers as in their judgment may be necessary.

Section 2. Election of Officers. The officers of the corporation shall be elected annually by the Board of Directors at the organization meeting of each new Board.

Section 3. Removal of Officers. Upon an affirmative vote of three-fourths (3/4ths) 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 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 normally vested on the office of the president of a corporation, including but not limited to the power to appoint committees 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 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 do so 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 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the corporation; he shall have the custody of the seal of the corporation; he shall have charge of the membership books and such other 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 7. Treasurer. The Treasurer shall have the responsibility for corporation funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the corporation. He shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the corporation in such depositories as may from time to time be designated by the Board of Directors.

Section 8. Compensation. No compensation shall be paid to officers for their services as officers. No remuneration shall be paid to an officer for services performed by him for the corporation in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken.

ARTICLE VI

Powers, Rights and Duties of the Corporation and Members Thereof

The corporation and its members shall have all the powers, rights, duties and obligations set forth in the Articles of Incorporation for the corporation, these By-Laws, rules and regulations pursuant thereto, and recorded restrictions of the property, and as any of the same may be duly adopted or amended. No transfers of membership in the corporation shall be made except as provided herein and no such transfer shall be made upon the books of the corporation within ten days next preceding the annual meeting of the members.

The members and Board of Directors, or each of them, shall have the express authorization, right and power to enter into one or more management agreements with third parties in order to facilitate efficient operation of the common elements, including the real property described in Article II above. It shall be the primary purpose of such management agreements to provide for the administration, management, repair and maintenance of said real property, all improvements thereon designated as common elements, and the roofs and exterior walls of the residence units.

The terms of said management agreements shall be as determined by the Board of Directors to be in the best interests of the corporation, and shall be subject to the Articles of Incorporation, these By-Laws and the Declaration of Restrictions affecting said property.

ARTICLE VII

Corporate Seal

The Board of Directors shall provide a suitable corporate seal containing the name of the corporation, which seal shall be in the custody and control of the Secretary.

The corporate seal shall be in circular form, shall have inscribed thereon the name of the corporation, the year it was organized and the word, "Arizona". If, and when so directed by the Board of Directors, a duplicate seal may be kept and used by such officer or other person as the Board of Directors shall name.

ARTICLE VIII

Miscellaneous

Section 1. Books and Accounts. Books and accounts of the corporation shall be kept under the direction of the Treasurer and in accordance with the reasonable standards of accounting procedure and prudence.

Section 2. Auditing. At the closing of each fiscal year, the books and records of the corporation shall be audited by a Certified Public Accountant, whose report will be prepared and certified. Based on such reports the corporation will have available for inspection by its members a statement of the income and disbursements of the corporation for each fiscal year.

Section 3. Inspection of Books. Financial reports, such as are required to be furnished, and the membership records of the corporation shall be available at the principal offices of the corporation for inspection at reasonable times by any members.

Section 4. Execution of Corporation Documents. With the prior authorization of the Board of Directors, all notes, checks and contracts or other obligations shall be executed on behalf of the corporation by any two officers of the corporation.

Section 5. Fiscal Year. The fiscal year of the corporation shall be the calendar year and shall be subject to change by the Board of Directors should corporation practice subsequently necessitate such change. *

ARTICLE IX

Amendment of the By-Laws

Section 1. Amendment by the Members. These By-Laws may be amended by the affirmative vote of three-fourths (3/4ths) of the members present or represented by proxy at any regular or special meeting, provided that a quorum as prescribed in Section 4, Article III herein, is present at any such meeting. Amendments may be proposed by the Board of Directors or petition signed by at least fifty-one percent (51%) of the members. A statement of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment shall be voted upon. These By-Laws may not be amended insofar as such amendment would be inconsistent with the recorded restrictions of the property.

Section 2. Amendment by the Directors. The Directors of the corporation by the affirmative vote of three-fourths (3/4ths) of all the Directors of the corporation, may amend or alter the By-Laws of the corporation at any regular meeting or at any special meeting provided that no such alteration or amendment by the Board of Directors shall increase the powers of the Board of Directors. The statement of any proposed amendment shall accompany notice of any regular or special meeting at which such proposed amendment shall be voted upon. These By-Laws may not be amended insofar as such amendment would be inconsistent with the recorded restrictions of the property.

Section 3. Amendments.

Fees:

1. Maintenance fees shall be set by the Board of Directors, from time to time, in an amount deemed necessary to cover all maintenance and operating costs of the operation.
2. Late fees shall be assessed against any member who does not pay the current maintenance fee prior to the 20th day of the month on which it is due. This fee shall be in the amount of \$10.00 per unit.

Parking:

1. Each townhouse unit shall have two parking spaces; extra parking spaces are for guest parking for that area only. Each townhouse unit is entitled to parking for two operable vehicles; all vehicles in excess of two must be parked in the street.
2. Parking spaces are not to be used for dead storage.
3. Any vehicle, trailer or other object which is parked or kept in such parking spaces shall not protrude into the common driveway unless the protrusion is painted with reflective paint or in other such manner so as to make the protrusion visible at night in order to reduce the possibility of damage to property or injury to persons using the common driveway area. However, an automobile which is parked in a regular manner with its front wheels against the tire curb situate next to the storage shed and which automobile, because of its natural, manufactured length, does not protrude beyond the covered parking area and into what is considered the common driveway, shall not be considered in violation of this amendment, and therefore will not be required to paint or otherwise mark said automobile with reflective paint, cloth, or tape.
4. Each owner shall indemnify and hold the council of co-owners, the Corporation and all other owners harmless from and against all liabilities, judgments, damages, injuries, claims, actions, suits, demands and costs and expenses of every kind or nature (including reasonable attorneys fees and court costs) imposed on and/or incurred by or asserted against the council of co-owners, the Corporation or any other owner in any way arising out of the use, maintenance or operation of any portion of the Common Area which is reserved to

the exclusive use of one townhouse unit, including, but without limitation, the parking spaces reserved for the use of each townhouse unit under Sub-section 3 of this Section 3 of Article IX.

Leasing of Units:

1. No owner may lease less than his entire townhouse unit. No townhouse unit may be leased for a period of less than six (6) months. All leases shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration of Horizontal Property Regime and the Declaration of Restrictions for Park Scottsdale Townhouse Two recorded with the County Recorder of Maricopa County, Arizona, and the by-laws and rules and regulations of the Association. All leases shall also provide that any failure by the Lessee to comply with the terms of the Declaration of Horizontal Property Regime, the Declaration of Restrictions or the by-laws and rules and regulations of the Association shall be a default under the lease. Upon leasing his townhouse unit, an owner shall promptly notify the Association of the commencement date and termination date of the lease and the names of each Lessee or other person who will be occupying the townhouse unit during the term of the lease.

2. Upon leasing his townhouse unit, an owner shall pay to the Association on or before the commencement date of the lease a fee of \$25.00. Such fee shall apply to each lease entered into by an owner and shall also apply to each renewal or extension of a lease previously entered into by the owner. The Association may enforce collection of the fee provided for in this Paragraph in the same manner and to the same extent as provided for in the Declaration and these by-laws for the collection of assessments.