

## BY-LAWS

### TWELVE PALMS ASSOCIATION, INC.

#### ARTICLE I

#### ASSOCIATION

##### Section 1: Purpose.

These By-Laws for TWELVE PALMS ASSOCIATION, INC., an Arizona nonprofit corporation (herein called "Association"), are adopted pursuant to the Declaration of Horizontal Property Regime recorded in Number 83-163315, in the office of the County Recorder of Maricopa County, Arizona ("Declaration"); The Articles of Incorporation were filed in the office of the Arizona Corporation Commission on the \_\_\_ day of \_\_\_\_\_, 19\_\_\_, which Association was created for the purpose of administering the affairs of the condominium known as TWELVE PALMS ("development"), which is located on the following described real property:

The East 145 ft. of the South 330.00 Ft. of the West ½ of the Southeast 1/4 of the Southwest 1/4 of the Northeast 1/4 of SECTION 9, TOWNSHIP 2 NORTH, RANGE 3 EAST, G. & S.R.B. & M., Maricopa County, Arizona.  
EXCEPT the South 33.00 feet thereof.

##### Section 2: Office.

The office of the Association shall be at Phoenix, Arizona.

##### Section 3: Seal.

The seal of the Association shall bear the name of the Association, the word "Arizona", and the year of incorporation.

#### ARTICLE II

#### MEMBERS

##### Section 1: Eligibility.

The members of the Association shall consist of the respective owners of all of the Units (as defined in the Declaration), within the development; provided, however, nothing herein contained shall be deemed to limit, modify or restrict the rights of Declarant as set forth in the Declaration. No person or entity, other than an Owner of a Unit (or the holder of a mortgage or deed of trust exercising its rights pursuant to the Declaration or the applicable mortgage or deed of trust), shall be a member.

##### Section 2: Succession.

The membership of each member shall terminate when that member ceases to be an Owner of a Unit, and upon the sale or other transfer or disposition of his ownership interest in the Unit, the Owner's membership in the Association shall automatically be transferred to the new owner who shall succeed to the ownership interest, all in accordance with the requirements and conditions of the Declaration. The records of the Association shall be kept up to date, reflecting existing members, and a reasonable charge may be made by the Association upon any transfer (except no charge may be made when the transfer of a Unit is through foreclosure of a mortgage, trustee's sale under a deed of trust, a deed in lieu thereof, or such similar proceedings).

##### Section 3: Meetings.

The annual meeting of the members shall be held at the office of the corporation, or such other place as may be designated in the notice thereof, on the first Thursday in December of each year at 7:30 p.m., Phoenix time, commencing with the first Thursday in December following the first meeting of the members as described in the Declaration. If that day is a legal holiday, the meeting shall be held at the same hour

on the next succeeding day. The annual meeting shall be for the purpose of electing directors and of transacting any other business authorized to be transacted by the members. Special meetings of the Board of Directors may be called by any director or by members having twenty percent (20%) or more of the total votes entitled to be cast at such a meeting.

Section 4: Notices.

Notice of all meetings of the members stating the time, the place and the objects for which the meeting is called shall be given by the President, Vice President, Secretary or other authorized agent or officer, unless said notice is waived in writing. Such notice must be in writing and addressed to each member at his address as it appears on the books of the Association (or if no such address appears, at the last known place of address), and shall be mailed within the time periods provided by law, but in any event the notices shall be given at least five (5) days before the date of the meeting, but not more than thirty (30) days before the date of the meeting. Proof of such notice shall be given by the affidavit of the person giving the notice. Notice of meetings may be waived before or after the meeting.

Section 5: Voting.

The aggregate number of votes for all members shall be fourteen (14) and each member shall have one (1) vote for each Unit owned; provided, however, that in accordance with Section 10 or Article XIV of the Constitution of the State of Arizona, each member, in the election of the Board of Directors, shall be entitled to accumulate his votes. If a Unit is owned by more than one person or by a corporation, partnership, association, or some other entity capable of owning property, the vote attributable to that Unit shall be cast by the person named in a certificate signed by all of the owners of that Unit, or by the appropriate officers of the corporation or of such other entity, and filed with the Secretary of the Association. Such certificates shall be valid until revoked by a subsequent certificate, and if such a certificate is not on file with the Secretary of the Association, then the vote attributable to that Unit shall not be considered in determining the requirement for a quorum nor shall it be considered for any other purpose. Voting may be in person or by proxy, but proxies shall be valid only for the particular meeting designated therein and must be filed with the Secretary of the Association at or before the appointed time of the meeting.

3 VOTES  
14  
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8  
Section 6: Quorum.

A quorum of members for any meeting shall consist of the persons or proxies entitled to cast twenty percent (20%) of the votes of the entire membership and/or the joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum. If any meeting of the members cannot be organized because a quorum has not attended, the members present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

Section 7: Approval or Disapproval.

An approval or disapproval by a Unit owner upon any matter whether or not the subject of an Association meeting shall be by the same person who would cast the vote of such owner in an Association meeting.

Section 8: Order of Business.

The order of business at annual meetings of the members, and as far as practical at all other meetings of the members, shall be:

1. Election of the chairman of the meeting;
2. Calling of the roll and certifying of proxies;
3. Proof of notice of meetings or waiver of notice;
4. Reading and disposal of any unapproved minutes;
5. Reports of officers;
6. Report of committees;
7. Election of inspectors of election;
8. Determination of the number of members of the Board of Directors;
9. Election of directors;
10. Unfinished business;
11. New business;
12. Adjournment.

## ARTICLE III

### BOARD OF DIRECTORS

#### Section 1: Number and Qualification.

The Board of Directors shall consist of three (3) members who are named in the Articles of Incorporation of the Association, and said members of the Board of Directors shall hold office until the first meeting of the members of the Association or until successors are designated by Declarant, all as set forth in the Declaration. Each member of the Board of Directors shall be either an Owner of a Unit or the spouse of an owner, or if an owner is a corporation, partnership or trust, such director may be an officer, director, partner, beneficiary, or trustee of such owner; provided, however, that neither the directors nominated or designated by Declarant pursuant to the Declaration nor the directors constituting the first board shall be required to meet the above requirement. Subject to the provisions above stated, if a director shall cease to meet the above qualifications during his term, he shall thereupon cease to be a director and his place on the board shall be deemed vacant.

#### Section 2: Election of Directors.

Except for the Board members designated by the Declarant, members of the Board of Directors shall be elected by a plurality of votes cast at the annual meeting of the members of the Association. At all such meetings, every member of the Association, in person or by proxy, shall have the right to vote the number of votes he is entitled to cast for as many persons as there are directors to be elected, or to accumulate said votes and give one candidate as many votes as the number of directors multiplied by the number of his votes shall equal, or to distribute them on the same principal among as many candidates as he may choose, all in accordance with Section 10 of Article XIV of the Constitution of the State of Arizona.

#### Section 3: Vacancies.

Any vacancy occurring in the board may be filled by a majority vote of the remaining members of the board; provided, however, that if the vacancy is one which Declarant has a right to fill by virtue of the Declaration, the vacancy shall be filled by Declarant.

#### Section 4: Annual Meeting.

The first meeting of the newly elected board shall be held immediately following the annual meeting of the members, if practical, and in any event within ten (10) days of the election and at such time and place as shall be fixed by the directors at the meeting of the members at which said directors were elected. No notice shall be necessary to the newly elected directors in order to legally constitute such meeting provided that the majority of the whole board shall be present.

#### Section 5: Regular Meeting.

Regular meetings of the board may be held at such times and at such places as shall be determined from time to time by a majority of the directors. Notice of regular meetings of the board shall be given to each director personally or by mail, telephone or telegraph, at least one (1) day prior to the day named for such meeting.

#### Section 6: Special Meetings.

Special meetings of the board may be called by the President and must be called by the Secretary upon the written request of any member of the board. Such meetings shall be called upon one (1) day notice to each director given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

#### Section 7: 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 giving 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, and if all directors are present at a meeting of the board, no notice shall be required and any business may be transacted at such a 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, except as may otherwise be set forth in the Declaration. 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 until a quorum is present. At an adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice and the joinder of a director in the action of a meeting by his signing and concurring in the minutes thereof shall constitute the presence of such director for the purpose of determining a quorum.


Section 9: Removal.

Any director may be removed from office upon the vote of two-thirds (2/3) of the total votes present and voting at a regular meeting of the members, or at a special meeting of the members called for that purpose.

Section 10: Presiding Officers.

The presiding officer at directors' meetings shall be the President or in his absence the Vice President. In the absence of a presiding officer, the directors present shall designate one of their number to preside.

Section 11: Compensation.

 Directors shall receive no compensation for their services unless expressly provided for in resolutions duly adopted by a majority vote of all the members of the association; however, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 12: Powers and Duties.

Except as expressly set forth in the Declaration, the Articles of Incorporation, or by statute, all of the powers and duties of the association shall be exercised by the Board of Directors, including those existing under common law, statute, the Articles of Incorporation of the Association, and the Declaration. Such powers and duties shall be exercised in accordance with the provisions of the Declaration and shall include, but not be limited to:

1. The election and removal of officers of the Association as hereinafter provided;
2. The administration of the affairs of the Association and of the property to the extent permitted by applicable law and the Declaration and the Articles of Incorporation;
3. The engagement of the services of a manager or a managing agent who shall operate and manage the property for all of the owners upon such terms and for such compensation and with such authority as the board may approve.
4. To formulate policies for the administration, management and operation of the property; to provide for the operation, maintenance, repairs, and replacement of the common elements, payment therefor, and to approve payment vouchers or to delegate such approval to the officers or the manager or managing agent; to provide for the designation, hiring and removal of employees and other personnel, including accountants and attorneys, and to engage or contract for the service of others and to make purchases for the maintenance, repair, replacement, administration and operation of the property; 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);
5. To appoint committees of the board and to delegate to such committees the board's authority to carry out certain duties of the board;
6. To estimate the amount of the annual budget and to provide the manner of assessing and collecting from the owners their respective shares of such estimated expenses;

7. To comply with the instructions of a majority of owners not inconsistent with the Declaration as expressed in a resolution duly adopted at any annual or special meeting of the members;

8. To make and amend regulations respecting the use of the property, all in accordance with the Declaration;

9. To enforce by legal means the provisions of the condominium documents, including, but not limited to, the Declaration, the Articles of Incorporation, and By-Laws of the Association and all regulations for use of the property;

10. To exercise all the rights, powers and duties granted to the board by the Declaration.

## ARTICLE IV

### OFFICERS

#### Section 1: Selection.

At each meeting the board shall elect the following officers of the Association:

1. A President who shall be a director and who shall preside over the meetings of the board and the meetings of the members, and who shall also be the chief executive officer of the Association.

*one officer* 2. A Vice President who shall be a director and who shall, in the absence or disability of the President, perform the duties of the President.

3. A Secretary who shall keep 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 the Secretary;

4. A Treasurer who shall be responsible for financial records and books of account and the manner in which said records and books are kept and reported;

5. 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 of this Article, each officer shall hold office for the term of one 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. Any officer may be removed preemptorily by a majority vote of the directors at any meetings.

#### Section 5: Compensation.

The officers shall receive no compensation for their services unless expressly provided for in a resolution duly adopted by a majority vote of all the members of the Association; however, any officer may be reimbursed for his actual expenses incurred in the performance of his duties.

#### Section 6: Officers Holding More Than One Office.

Any two (2) of the following officers may be held by one person: Vice President, Secretary and Treasurer.

## ARTICLE V

### ASSESSMENTS

#### Section 1: Annual Budget.

For each fiscal year, or portion thereof, after the first meeting of the members the Board of Directors shall prepare, or cause to be prepared, an estimated annual budget for the Association. The budget shall take into account all common expense as described in the Declaration; and, to the extent that assessments from the prior year(s) shall have been more or less than the expenditures and provision for reserve of such prior year(s), the surplus or deficit shall be taken into account.

#### Section 2: Assessments.

In accordance with the provisions of the Declaration, and as herein set forth the amount to be assessed against each Unit shall be equal to its fractional interest in the Common Elements as a percent of the estimated annual budget provided for in Section 1 above. Unless otherwise expressly determined by the board, assessments shall be paid in monthly installments, and each Owner shall be notified of the monthly installment amount of the assessment. The monthly amount shall be due and payable in advance, on the first day of each month. In the event the board does not establish an annual budget, or for some reason fails to establish new monthly assessments for any year, or portion thereof, each Owner shall continue to pay the monthly assessment previously established until otherwise notified by the board. In the event that any monthly installment is not paid by the tenth of the month, it shall be deemed delinquent, and may bear interest and be subject to such late charges as the board may adopt by regulation.

#### Section 3: Supplemental Budget.

If during the course of any fiscal year, or portion thereof, it shall appear that the assessments determined in accordance with the estimated annual budget are insufficient to cover the actual common expenses, or are in excess of the amount necessary to cover the actual common expenses, then the Board may prepare a supplemental budget and increase or decrease the assessment as may be necessary.

#### Section 4: Records.

The board shall cause to be kept detailed and accurate records of receipts and expenditures specifying the amounts received and the expenses incurred. All such records shall be available for examination at reasonable times by the Owners and First Mortgagees as set forth in the Declaration.

## ARTICLE VI

### MISCELLANEOUS

#### Section 1: Bonds.

Fidelity bonds may be required by the Board of Directors of officers, agents, or employees of the Association. The amount of such bonds, if required, shall be determined by the Board of Directors. Premiums on such bonds shall be paid by the Association.

#### Section 2: Fiscal Year.

The fiscal year of this Association shall be the calendar year and shall end on the last day of December of every year, including the year in which this corporation is formed. The fiscal year herein established shall be subject to change by resolution of the board should corporate practice subsequently dictate.

#### Section 3: Availability to Owners.

A copy of these By-Laws and all amendments hereto shall be reduced to writing and be delivered and made available to every Owner.

#### Section 4: Inconsistencies.

In the event of any conflict or inconsistency with the Declaration, the terms and provisions of the Declaration shall prevail and supersede such conflicting or

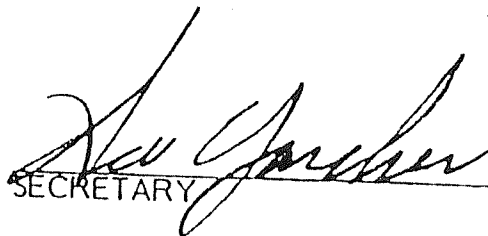
inconsistent provisions of these By-Laws. Neither the Association, nor the Board of Directors, nor any agent or employee, shall be authorized or empowered to take any action inconsistent with the Declaration.

ARTICLE VII

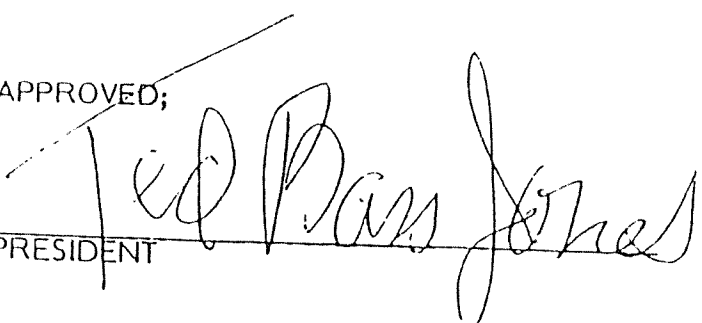
AMENDMENTS

Amendments to these By-Laws may be adopted as set forth in the Articles of Incorporation.

THE FOREGOING were adopted as the By-Laws of TWELVE PALMS a corporation not for profit under the laws of the State of Arizona, at the meeting of the Incorporators, and ratified and confirmed at a meeting of the Board of Directors, both meetings being held on the 5<sup>th</sup> day of February, 1983.

  
SECRETARY

APPROVED;

  
PRESIDENT