

Magnolia Condominiums

1810 Magnolia Drive
Lake Havasu City, Arizona

Proudly Represented by:

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE

SUBDIVISION PUBLIC REPORT

FOR

MAGNOLIA CONDOMINIUMS

Registration No. DM04-049127

SUBDIVIDER

POLO LLC., AN ARIZONA LIMITED LIABILITY COMPANY

1641 MCCULLOCH BLVD # 25-500

LAKE HAVASU CITY, AZ 86403

March 23, 2005

Effective Date

PROPERTY REPORT DISCLAIMER

This report is NOT A RECOMMENDATION NOR AN ENDORSEMENT by the State of Arizona of this land but is provided for informational purposes ONLY. The report reflects information provided by the subdivider and obtained by the Department in its review process in accordance with the provisions of Title 32, Chapter 20, Article 4, of the Arizona Revised Statutes, as amended. NOTE that not all of the information in this report has been verified by the Department; certain information has been accepted by the Department as true and accurate based on attestation of the subdivider and/or the subdivider's agents. You should verify all facts before signing any documents. The Department has not passed upon the quality or quantity of any improvement or structure and does not assume responsibility in either event.

PHOENIX OFFICE:
2910 N. 44th Street
Suite 100
Phoenix, Arizona 85018
(602) 468-1414 ext. 400

TUCSON OFFICE:
400 West Congress
Suite 523
Tucson, Arizona 85701
(520) 628-6940

THE ARIZONA DEPARTMENT OF REAL ESTATE

REQUIRES THAT:

1. You BE GIVEN this public report;
2. YOU SIGN A RECEIPT indicating that you received this report;

RECOMMENDS:

1. You DO NOT SIGN ANY AGREEMENT before you have read this report;
2. You see the EXACT PROPERTY you are interested in BEFORE SIGNING any document for lease or purchase.

ARIZONA LAW STATES:

1. THE SALE OR LEASE OF SUBDIVIDED LANDS PRIOR TO ISSUANCE OF THIS REPORT OR FAILURE TO DELIVER THIS REPORT TO YOU SHALL RENDER THE SALE OR LEASE RESCINDABLE BY YOU. ACTION TO RESCIND MUST BE BROUGHT WITHIN 3 YEARS FROM DATE OF EXECUTION OF PURCHASE AGREEMENT.
2. CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.
3. IF YOU HAVE SIGNED A PURCHASE AGREEMENT FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* PRIOR TO INSPECTING THE LOT, YOU HAVE SIX MONTHS TO INSPECT AND UPON INSPECTION MAY RESCIND THE PURCHASE AGREEMENT.

*A contract or agreement for purchase of a lot which includes a building or obligates the seller to complete construction of a building within two years from the contract date does not constitute the purchase of an unimproved lot. Therefore, if your purchase includes a lot and a building or a building to be built, you are not entitled to the rescission rights described in paragraphs 2 and 3.

GENERAL

This report includes:

UNITS A-101, A-102, B-101, B-102, C-101, C-102, D-101, D-102

The map of this subdivision is recorded at Reception Number 2005-15500, records of Mohave County, Arizona.

The subdivision is approximately .71 acres in size. It has been divided into 8 Condominium Units.

YOU ARE ADVISED TO OBTAIN A COPY OF THE RECORDED MAP AND CORRECTION DOCUMENTS, IF ANY, AND NOTE ALL EASEMENTS, RESTRICTIONS AND STATEMENTS CONTAINED THEREIN.

SUBDIVISION LOCATION

Location: 1810 Magnolia Drive, Lake Havasu City, Az 86403

SUBDIVISION CHARACTERISTICS

Topography: Subdivider describes the terrain as flat

Flooding and Drainage: Subdivider advises the subdivision is not subject to any known flooding or drainage problems. James C. Roach, Registered Land Surveyor, in a letter dated January 18, 2005 states:

"This property does not lie within a Special Flood Hazard Area (SHFA), as defined by the Federal Emergency Management Agency. The property lies within Zone "C" as determined by the Federal Emergency Management agency. Therefore there is no flood insurance required."

Soils: Subdivider advises this subdivision is not subject to subsidence or expansive soils.

Adjacent Lands and Vicinity: East of the property is Zoned R-3 (Multi-Family Residential) and is residential property. West of the property is Zoned R-3 (Multi-Family Residential) and is residential property. North, and directly across the street, is Zoned R-3 (Multi-Family Residential) and is residential property. South of the property is Zoned R-1 (Single Family Residential) and is residential property.

AIRPORTS

Public Airport: Lake Havasu City Municipal Airport, 5600 North Highway 95, Lake Havasu City, Az, is located approximately 6 miles north of the project.

UTILITIES

Electricity: Unisource Energy Services, (928) 855-2138. Subdivider has completed the electric facilities to the units and the cost is included in the purchase price. Costs to the purchasers to begin service include a \$20.00 (plus tax) establishment fee for next day service during weekdays

(Monday through Friday). A \$160.00 security deposit or a letter of credit from purchaser's present utility company may be required.

Telephone: Frontier, A Citizens Communication Company, (928) 453-1122. Subdivider has completed the telephone facilities to the units and the cost is included in the purchase price. Costs to purchasers to being service include a \$60.00 to \$70.00 connection fee. A \$70.00 (average) deposit may be required.

Water: City of Lake Havasu, (928)855-2618. Subdivider has completed the water lines to the units and the cost is included in the purchase price. Subdivider advises there are no other costs to purchaser since water, sewage disposal and refuse collection are included in the Association fees.

Sewage Disposal: City of Lake Havasu , (928) 855-2116, Subdivider has completed the sewage disposal facilities to the units and the costs is included in the Sales Price. Subdivider advises there are no other costs to purchaser since water, sewage disposal and refuse collection costs are included in the Association Fees.

THE ABOVE COSTS ARE SUBJECT TO CHANGE BY SERVICE PROVIDERS. YOU SHOULD CONTACT THE ABOVE PROVIDERS REGARDING EXTENSION RULES AND REGULATIONS, SERVICE CONNECTIONS AND COSTS INVOLVED.

STREETS, ROADS AND DRAINAGE

Access to the Subdivision: Subdivider advises asphalt paved public streets are completed and being maintained by the City of Lake Havasu, with costs to purchaser included in the real property taxes.

Access within the Subdivision: Subdivider has completed the paved private street within the subdivision. Costs to the purchaser are included in the Association Fees.

Flood and Drainage: Subdivider advises there will be no flood protection or drainage facilities installed in the subdivision.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: Subdivider advises that the only common area is Landscaping which has been completed and the cost to maintain said Landscaping in included in the Association Fees.

Within the Master Planned Community: Subdivider advises the subdivision is not located within a master planned community

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: Subdivider advises that all facilities are completed

Assurances for Maintenance of Subdivision Facilities: The utility companies are responsible for continuing maintenance of their respective facilities, the City of Lake Havasu is responsible for the continuing maintenance of the public streets, water facilities, and sewage disposal facilities (outside of the subdivision) and the Association is responsible for the continued maintenance of the private streets, common area facilities noted above, and water facilities and sewage disposal system (within the subdivision)

LOCAL SERVICES AND FACILITIES

Schools: Elementary School is Smoketree Elementary (K-5), located at 2395, N Smoketree, is approximately 2 miles North; Dayton Middle School (6-8), located at 98 Swanson Plaza, is approximately 1 mile East; and Lake Havasu High School (9-12), located at 2675 South Palo Verde Boulevard, is approximately 3 miles North. County school bus transportation is only available for the Middle School

SCHOOL FACILITIES AND BUS SERVICE MAY CHANGE. YOU SHOULD CONTACT THE LOCAL SCHOOL BOARD REGARDING THE CURRENT LOCATION OF SCHOOLS AND BUS SERVICE.

Shopping Facilities: K-Mart is located at 1870 McCulloch Blvd which is approximately ½ mile from the subdivision. Safeway and Albertsons Grocery Stores are also located on McCulloch Blvd and is approximately ½ mile from the subdivision.

Public Transportation: City Transportation is available for a fee on a per call for pick-up basis

Medical Facilities: Havasu Regional Medical Center, 101 Civic Center Lane, is approximately 1 mile from the subdivision

Fire Protection: Lake Havasu City Fire Department, with costs to the purchaser included in the property taxes.

Ambulance Service: Available by dialing 911

Police Services: Lake Havasu City Police Department

Garbage Services: River City Waste Service, with costs to purchasers included in the Association Fees.

LOCATIONS AND COSTS OF THE ABOVE SERVICES AND FACILITIES MAY CHANGE. YOU SHOULD VERIFY THEIR CURRENT LOCATIONS AND COSTS PRIOR TO PURCHASE.

SUBDIVISION USE AND RESTRICTIONS

Use: This offering is for improved lots with dwelling (condominium units) Zoning: R-3 Limited Multiple Family Residential

Conditions, Reservations and Restrictions: Set forth in recorded Declaration of Condominium and Covenants, Conditions and Restrictions for Magnolia Condominiums (CC & R's), Articles of Incorporation and Bylaws for the subdivision.

PURCHASERS ARE ADVISED THAT THE RECORDED DECLARATION OF CONDOMINIUM AND COVENTANTS, CONDITIONS AND RESTRICTIONS FOR THE SUBDIVISION PROVIDES FOR ARCHITECTURAL CONTROL BY THE ASSOCIATION'S BOARD OF DIRECTORS.

Restrictions and Other Matters of Record: Conditions, reservations and restrictions that may run with the land including City or County zoning restrictions should be investigated by you. Copies of those items which are recorded may be inspected at the Office of the Mohave County Recorder. Information about zoning may be obtained at the Office of the City of Lake Havasu Planning and Zoning Department Planning and Zoning Department. Restrictions are recorded as cited in the following title exceptions and per the subdivision plat.

TITLE

Title to this subdivision is vested in POTD LLC., an Arizona Limited Liability Company.

Subdivider's interest in this subdivision is evidenced by recorded deed (fee title)

Title is subject, among other things, to all taxes, assessments, covenants, conditions, restrictions, limitations, reservations, rights, obligations, powers, easements, rights of way, liens, and charges of record. **YOU SHOULD INVESTIGATE THE TITLE AND SATISFY YOURSELF AS TO WHAT EFFECT, IF ANY, THESE MATTERS MAY HAVE ON THE USE OF THE LAND.** Title exceptions affecting the condition of title are listed in the Preliminary Title Report dated February 22, 2005 issued by State Title Agency. **You should obtain a title report and determine the effect of the listed exceptions.**

METHOD OF SALE OR LEASE

Sales: Your vested interest/ownership in the property will be evidenced by the Subdivider delivering a recorded deed to you and by your signing a promissory note and mortgage or deed of trust for the unpaid balance, if any. You should read these documents before signing them. Cash sales are allowed.

Subdivider advises that Purchaser's deposit and earnest monies will be deposited and held in a neutral escrow account with a title company and, excepting other terms stated in the purchase contract, cannot be used or released prior to close of escrow.

Release of Liens and Encumbrances: Subdivider advised that arrangements have been made with the lender in the Deed of Trusts (see attached Exhibit "A") for the release of individual units.

Use and Occupancy: Purchaser will be able to occupy his/her unit upon close of escrow.

THE PURCHASE CONTRACT IS A BINDING AGREEMENT. CONTRARY TO THE TERMS AND PROVISIONS OF THE CONTRACT, YOU MAY HAVE ADDITIONAL RIGHTS, REMEDIES AND WARRANTIES PROVIDED BY LAW. READ THOROUGHLY BEFORE SIGNING. IF NOT UNDERSTOOD, SEEK COMPETENT ADVICE PRIOR TO COMMITMENT TO PURCHASE.

TAXES AND ASSESSMENTS

Real Property Taxes: The combined primary and secondary property tax rate for this subdivision for the year 2004 is \$ 10.00 per \$100.00 assessed valuation. The estimated property tax for an improved lot (lot with dwelling), based on the above tax rate and average sales price of \$180,000.00, is \$1800.00. .

Special District Tax or Assessments: Subdivided advises no special district tax or assessment has been formed or proposed for the subdivision.

AMOUNT OF TAXES AND ASSESSMENTS SET FORTH ABOVE ARE APPROXIMATE ONLY AND SUBJECT TO CHANGE.

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: Magnolia Homeowners Association, with monthly Association assessments payable by unit at the rate of \$85.00 per month per unit until January 1, of the year immediately following the conveyance of the first unit. Then said amounts can be increased based on the terms as stated in the CC & R's.

Control of Association: Per the recorded CC&R's, control of the Association will be transferred to the unit purchasers at the time whichever ends earlier:

- a) Ninety (90) days after the conveyance of seventy-five percent (75%) of the Units which may be created in the Condominium to Unit Owners other than the Declarant; or
- b) Four (4) years after all Declarants have ceased to offer Units for sale in the ordinary course of business

Title to Common Areas: Will be deeded at the same time as the Control of the Association is transferred

Membership: All unit purchasers will be members of the Association

PAYMENTS TO PROPERTY OWNERS ASSOCIATIONS ARE SUBJECT TO CHANGE IN ACCORDANCE WITH RECORDED RESTRICTIONS. SAID ASSOCIATION MAY ALSO IMPOSE SPECIAL ASSESSMENTS.

YOU ARE ADVISED TO READ THE RECORDED DECLARATION OF (COVENANTS, CONDITIONS AND RESTRICTIONS, ARTICLES OF INCORPORATION, DECLARATION OF CONDOMINIUM, BYLAWS) FOR THIS SUBDIVISION TO DETERMINE THE RIGHTS OF LOT/UNIT OWNERS TO PARTICIPATE IN THE CONTROL OF THE PROPERTY OWNERS' ASSOCIATION AND TO DETERMINE THE RIGHTS, DUTIES AND LIMITATIONS OF OWNERS IN AND TO USE OF

THEIR LOT/UNITS. FURTHER, YOU SHOULD DETERMINE FOR YOURSELF IF SUBDIVIDER'S ARRANGEMENTS AND PLANS FOR THE PAYMENT OF ASSESSMENTS ON UNSOLD LOTS/UNITS WILL BE SUFFICIENT TO FULFILL THE NEEDS, DEMANDS AND FINANCIAL OBLIGATIONS OF THE ASSOCIATION, AS SET FORTH IN THE DECLARATION AND BYLAWS.

AZ CORPORATION COMMISSION
FILED

DEC 13 2004

FILE NO. -1156755-0ARTICLES OF INCORPORATION OF
MAGNOLIA HOMEOWNERS ASSOCIATION

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, do hereby associate ourselves for the purpose of forming a non-profit corporation pursuant A.R.S. §10-2301, et. seq. of the State of Arizona and for that purpose do hereby adopt the following Articles of Incorporation.

ARTICLE I

The name of the corporation shall be MAGNOLIA HOMEOWNERS ASSOCIATION. The initial place of business shall be at 1641 McCulloch Blvd., #25-500, Lake Havasu City, Arizona 86403. The corporation shall have members.

ARTICLE II

The name and address of the incorporators are as follows:

Phil Oliver
Linda Oliver
1641 McCulloch Blvd., #25.500
Lake Havasu City AZ 86403

ARTICLE III

The name and address of the initial statutory agent of this corporation is KENNETH E. MOYER, 2240 McCulloch Boulevard, Lake Havasu City, AZ 86403.

ARTICLE IV

The purpose for which this corporation is organized for the transaction of any and all business for which corporations may

1 be incorporated under the laws of the State of Arizona. The
2 character of the business which the corporation initially intends
3 to conduct in this State is that of the operation and management
4 of an owners association for the MAGNOLIA HOMEOWNERS ASSOCIATION,
5 including but not limited to, the collection of dues, contracting
6 for maintenance and repairs, landscaping and other related and
7 necessary obligations.

8 ARTICLE V

9 The corporation may indemnify, in its discretion, to the
10 extent permitted by the laws of the State of Arizona, any person
11 who incurs liability by reason of the fact that he or she is an
12 officer, director or agent of the corporation.

13 ARTICLE VI

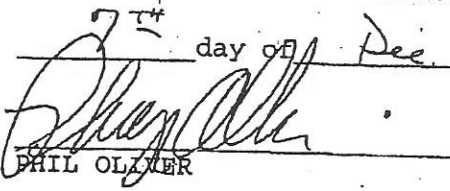
14 Two (2) persons shall constitute the initial Board of
15 Directors, and the names and addresses of those who are to serve
16 as such are as follows:

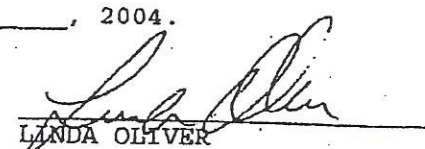
17 PHIL OLIVER
18 LINDA OLIVER
19 1641 McCulloch Blvd., #25-500
20 Lake Havasu City AZ 86403

21 Until the next annual meeting, PHIL OLIVER shall be
22 President and LINDA OLIVER shall be Secretary/Treasurer.

23 IN WITNESS WHEREOF, I have hereunto set my hand this

24 7th day of Dec., 2004.

25 
PHIL OLIVER

26 
LINDA OLIVER

1
2
3 BYLAWS

4 MAGNOLIA HOMEOWNERS ASSOCIATION

5
6 ARTICLE I

7 NAME

8 The name of the corporation is MAGNOLIA HOMEOWNERS
9 ASSOCIATION, hereinafter referred to as the Association.
10

11 ARTICLE II

12 PRINCIPAL OFFICE

13 The principal office of the corporation shall be
14 located in Lake Havasu City, Arizona. The meetings of members
15 and directors may be held at such places in the State of
16 Arizona, County of Mohave, as may be designated by the Board
17 of Directors.

18 ARTICLE III

19 DEFINITIONS

20 1.0 General Definitions. Capitalized terms not
21 otherwise defined in this Declaration shall have the meanings
22 specified for such terms in the Arizona Condominium Act,
23 A.R.S. §§ 33-1201 et seq., as the same may be amended from
24 time to time (the "Condominium Act").
25
26

1 1.1 Defined Terms. The following capitalized terms
2 shall have the general meanings described in the Condominium
3 Act and for purposes of this Declaration shall have the
4 specific meanings set forth below:

5 (A) "Articles" means the Articles of Incorporation
6 of the Association, as they may be amended from time to time.

7 (B) "Assessments" means the Common Expense
8 Assessment and Special Assessments levied and assessed against
9 each Unit pursuant to Article 7 of the Declaration.

10 (C) "Association" means the Arizona nonprofit
11 corporation organized by the Declarant to administer and
12 enforce the Condominium Documents and to exercise the rights,
13 powers and duties set forth therein, and its successors and
14 assigns.

15 (D) "Board of Directors" means the Board of
16 Directors of the Association.

17 (E). "Bylaws" means the Bylaws of the Association,
18 as they may be amended from time to time.

19 (F) "Common Elements" means all portions of the
20 Condominium other than the Units, including, without
21 limitation, any recreational amenities, walkway areas, and
22 private drives.

23 (G) "Common Expenses" means expenditures made by,
24 or financial liabilities of, the Association, together with
25 required allocations to reserves.
26

1 (H) "Common Expense Assessment" means the
2 assessment levied against the Units pursuant to Section 7.1
3 (A) of the Declaration.

4 (I) "Common Expense Liability" means the liability
5 for common expenses allocated to each Unit by the Declaration.

6 (J) "Condominium" means the real property located
7 in Mohave County, Arizona, which is described in Exhibit "A"
8 attached to the Declaration and on the Plat, together with all
9 Buildings and other Improvements located thereon and all
10 easements, rights, and appurtenances belonging thereto. The
11 name of the Condominium created by this Declaration is
12 "Magnolia Condominiums."

13 (K) "Condominium Documents" means the Declaration,
14 including the Plat, and the Articles, Bylaws, and Rules.

15 (L) "Declarant" means POLO, L.L.C., an Arizona
16 limited liability company, and any Person to whom it may
17 transfer any Special Declarant Right.

18 (M) "Declaration" means the Declaration of
19 Condominium and of Covenants, Conditions and Restrictions
20 Magnolia Condominiums, as it may be amended from time to time,
21 together with the exhibits, and where appropriate by context,
22 the Plat.

23 (N) "Member" means any Person who is or becomes a
24 member of the Association.
25
26

1 (O) "Person" means a natural person, corporation,
2 business trust, estate, trust, partnership, association,
3 limited liability company, joint venture, government,
4 government subdivision or agency, or other legal or commercial
5 entity.

6 ARTICLE IV

7 MEMBERSHIP

8 Section 1. MEMBERS

9 Every Owner of a Unit which is subject by the
10 covenants of record to Assessment shall be a member of the
11 Association. Membership shall be appurtenant to and may not
12 be separated from ownership of any Unit which is subject to
13 Assessment. The rights and obligations of an Owner and
14 membership in the Association shall not be assigned,
15 transferred, pledged, conveyed, or alienated in any way except
16 upon transfer of ownership to such Unit, or by intestate
17 succession, testamentary disposition, foreclosure of a
18 mortgage of record, or such other legal process that is now in
19 effect or as may hereafter be established under or pursuant to
20 the laws of the State of Arizona. Any attempt to make a
21 prohibited transfer shall be void. Any transfer of ownership
22 shall operate to transfer said membership to the new Owner,
23 and a reasonable charge may be assessed by the Association for
24 each such transfer.
25
26

\$100.00

1 Section 2. ASSESSMENT

2 The rights of membership are subject to the payment
3 of monthly and special Assessments levied by the Association,
4 the obligation of which Assessment is imposed against each
5 Owner and becomes a lien upon the property against which
6 Assessments are to be made as provided by the Declaration.

7 Section 3. SUSPENSION

8 The membership rights of any person whose interest
9 in the properties is subject to Assessments under this
10 Article, whether or not he be personally obligated to pay such
11 Assessments, may be suspended by action of the Directors,
12 during the period when the Assessments remain unpaid; but,
13 upon payment of such Assessments, his/her rights, and
14 privileges shall be automatically restored. After the Board
15 has adopted and published rules and regulations governing the
16 use of Common Areas and facilities and the personal conduct of
17 any person thereon, as provided in these Bylaws, they may, in
18 their discretion, suspend the rights of any such members for
19 violation of such rules and regulations for a period not to
20 exceed SIXTY (60) days or levy fines according to such a
21 schedule as may be adopted or revised by the Board of
22 Directors from time to time.

23 ARTICLE V

24 VOTING RIGHTS

25 All Owners of a Unit shall be Members and entitled
26

1 to one vote for each Unit owned. When more than one person
2 holds an interest, all such person shall become Members. The
3 vote for such Unit shall be exercised as they among themselves
4 determine, but in no event shall more than one vote be cast
5 with respect to any Unit, and fractional votes shall not be
6 allowed.

7 ARTICLE VI

8 PROPERTY RIGHTS AND RIGHTS OF

9 ENJOYMENT OF COMMON AREAS

10 Section 1. MEMBERS

11 Each Member shall be entitled to the use and
12 enjoyment of the Common Areas and facilities as provided by
13 the Declaration, these Bylaws and reasonable Rules and
14 Regulations affecting the properties.
15

16 Section 2. DELEGATION OF USE

17 Any Member may delegate his/her rights of enjoyment
18 in the Common Areas and facilities to the Members of his/her
19 family who use the properties or to any of his/her tenants who
20 rent/lease the Unit. Such Members shall notify the Secretary
21 in writing of the name of any such person and of the
22 relationship of the Member to such person. The rights and
23 privileges of such person are subject to suspension to the
24 same extent as those of the Member delegating the right of
25 enjoyment.
26

ARTICLE VII

ASSOCIATION PURPOSES AND POWERS, RIGHTS AND

DUTIES OF ASSOCIATION AND ITS MEMBERS

Section 1.

The purposes for which the Association has been organized are set forth in Article IV of the Articles of Incorporation.

Section 2.

The Association and its Members shall have all the powers, rights, duties and obligations set forth in the Articles of Incorporation for the Association, these Bylaws, rules and regulations pursuant thereto, and recorded restrictions of the property, and as any of the same may be duly adopted or amended.

ARTICLE VIII

DIRECTORS

Section 1. NUMBER

The initial number of directors of the corporation shall be TWO (2). Following Declarant's Period of Control, the authorized number of Directors of the corporation shall be not less than THREE (3) nor more than FIVE (5) until changed by amendment of the Articles of Incorporation or by a Bylaw duly adopted by the Members amending this Section of Article VIII of the Bylaws.

1 Section 2. ELECTION

2 The term of the Directors named in the Articles of
3 Incorporation shall be until the first annual meeting of the
4 Members, or, if the Association is still under Declarant's
5 control, until their successors are duly chosen and qualify.
6 At the expiration of the initial terms of office of each
7 Director, his/her successor shall be elected to service for a
8 One (1) year term. The Directors shall hold office until
9 their successors have been elected and hold their first
10 meeting, and, thereafter, the Directors shall be elected at
11 the annual meeting of Members to be held each year.

12 Section 3. REMOVAL

13 Following Declarant's Period of Control, any
14 Director may be removed from the Board, with or without cause,
15 by a majority vote of the Members of the Association. In the
16 event of death, resignation, or removal of a Director, such
17 vacancy may be filled by the affirmation vote of a majority of
18 the remaining Directors even though less than a quorum of the
19 Board of Directors. A Director elected to fill a vacancy
20 shall serve for the unexpired term of his predecessor.

21 Section 4. COMPENSATION.

22 No Director shall receive compensation for any
23 service he may render to the Association. However, any
24 Director may be reimbursed for his actual expenses incurred in
25 the performance of his duties.
26

1 Section 5. ACTION TAKEN WITHOUT A MEETING

2 The Directors shall have the right to take any
3 action in the absence of a meeting which they could take at a
4 meeting by obtaining the written approval of all the
5 Directors. Any action so approved shall have the same effect
6 as though taken at a meeting of the Directors.

7 ARTICLE IX

8 NOMINATION AND ELECTION OF DIRECTORS

9 Section 1. NOMINATION.

10 Nomination for election to the Board of Directors
11 may be made by a Nominating Committee. Nominations may also
12 be made from the floor at the annual meeting. The Nominating
13 Committee shall consist of a Chairman, who shall be a member
14 of the Association. The Nominating Committee shall be
15 appointed by the Board of Directors prior to each annual
16 meeting of the members, to serve from the close of such annual
17 meeting until the close of the next annual meeting and such
18 appointment shall be announced at each annual meeting. The
19 Nominating Committee shall make as many nominations for
20 election to the Board of Directors as it shall in its
21 discretion determine, but not less than the number of
22 vacancies that are to be filled. Such nominations must be
23 made from among members or non-members. The Board may serve
24 as the nomination committee, at its option.
25
26

1 Section 2. ELECTION

2 Election to the Board of Directors shall be as
3 specified by the Board. At such election each member entitled
4 to vote shall have the right to vote, in person or by proxy,
5 one vote for each Unit owned by him/her for as many persons as
6 there are to be elected and give one candidate as many votes
7 as the number of directors to be elected multiplied by the
8 number of his/her Units shall equal, or to distribute the
9 votes on the same principle among as many candidates as he may
10 see fit. The persons receiving the largest number of votes
11 shall be elected.
12

13
14 ARTICLE X

15 POWERS AND DUTIES OF THE BOARD OF DIRECTORS

16 Section 1.

17 The Board of Directors shall have power:

18 (a) To call special meetings of the Members whenever
19 it deems necessary and it shall call a meeting at any time
20 upon written request of one-fourth (1/4) of the voting
21 membership, as provided in Article XIV, Section 2.

22 (b) To appoint and remove at pleasure all officers,
23 agents and employees of the Association, prescribe their
24 duties, fix their compensation, and require of them such
25 security or fidelity bond as it may deem expedient. Nothing
26 contained in these Bylaws shall be construed to prohibit the

1 employment of any Member, Officer or Director of the
2 Association in any capacity whatsoever.

3 (c) To establish, levy and assess, and collect the
4 assessments or charges referred to in Article IV, Section 2.

5 (d) To adopt and publish rules and regulations
6 governing the use of the Common Areas and facilities and the
7 personal conduct of the Members and their guests thereon.

8 (e) To exercise for the Association all powers,
9 duties and authority vested in or delegated to this
10 Association, except those reserved to Members in the
11 covenants.

12 (f) In the event that any Member of the Board of
13 Directors of this Association shall be absent from Three (3)
14 consecutive regular meetings of the Board of Directors, the
15 Board may by action taken at the meeting during which said
16 third absence occurs, declare the office of said absent
17 Director to be vacant.

18 (g) To retain the services of an experienced,
19 professional manager to manage the Property. Appropriate
20 fidelity bond coverage shall be required for any employee of
21 the manager who handles funds of the Association. The Board
22 of Directors may by written contract delegate in whole or in
23 part to a manager such of duties, responsibilities, functions
24 and powers hereunder of the board of Directors as are
25 delegable. The services of any manager retained by the Board
26

1 of Directors shall be paid for with funds from the Common
2 Expense Fund. Any management contract, employment contract or
3 lease of recreational or parking areas or facilities, or any
4 contract lease, including franchises or licenses, to which the
5 Declarant or an affiliate of the Declarant is a party which
6 binds the Association either directly or indirectly shall
7 provide that without cause such agreement may be terminated by
8 the Board of Directors or the Association, without penalty at
9 any time after transfer of control by the Declarant, upon no
10 more than thirty (30) days written notice to the other party
11 thereto.

12 Section 2.

13 It shall be the duty of the Board of Directors:

14 (a) To cause to be kept a complete record of all
15 its acts and corporate affairs and to present a statement
16 thereof to the Members at the annual meeting of the Members or
17 at any special meeting when such is requested in writing by
18 one-fourth (1/4) of the voting membership, as provided in
19 Article XIV Section 2.

20 (b) To supervise all officers, agents and employees
21 of this Association, and to see that their duties are properly
22 performed.

23 (c) As more fully provided in the Declaration:

24 (1) To fix the amount of the Assessment
25 against each unit for each Assessment period at least (30)
26

1 days in advance of such date or period and, at the same time;

2 (2) To prepare a roster of the properties and
3 Assessments applicable thereto which shall be kept in the
4 office of the Association and shall be open to inspection by
5 any Member, and, at the same time;

6 (3) To send written notice of each Assessment
7 to every Owner subject thereto.

8 (d) To issue, or to cause an appropriate officer to
9 issue, upon demand by any person a certificate setting forth
10 whether any Assessment has been paid. Such certificate shall
11 be conclusive evidence of any Assessment therein stated to
12 have been paid.

13 (e) To procure and maintain adequate liability and
14 hazard insurance on property owned by the Association.

15 (f) To cause all officers or employees having
16 fiscal responsibilities to be bonded, as it may deem
17 appropriate; and

18 (g) To cause the Common Area to be maintained.

19 ARTICLE XI

20 MEETINGS OF DIRECTORS

21 Section 1. REGULAR MEETINGS.

22 The first Board of Directors shall meet annually and
23 thereafter, regular meetings of the Board of Directors shall
24 be held at such place and hour as may be fixed from time to
25 time by resolution of the Board. Should said meetings fall
26

1 upon a legal holiday, then that meeting shall be held at the
2 same time on the next day which is not a legal holiday.

3 Section 2. SPECIAL MEETING

4 Special meetings of the Board of Directors shall be
5 held when called by the president of the Association, or by
6 any two directors, after not less than Three (3) days notice
7 to each director.

8 Section 3. WAIVERS

9 The transaction of any business at any meeting of
10 the Board of Directors, however called and noticed, or
11 wherever held, shall be as valid as though made at a meeting
12 duly held after regular call and notice if a quorum is present
13 and, if either before or after the meeting, each of the
14 directors not present signs a written waiver of notice, or a
15 consent to the holding of such meeting, or an approval of the
16 minutes thereof. All such waivers, consents or approvals
17 shall be filed with the corporate records and made a part of
18 the minutes of the meeting.

19
20 The officers of this Association shall be elected
21 annually by the Board and each shall hold office for One (1)
22 year unless he shall sooner resign, or shall be removed, or
23 otherwise disqualified to serve.

24 Section 4. SPECIAL APPOINTMENTS

25 The Board may elect such other officers as the
26 affairs of the Association may require, each of whom shall

1
2 such duties as the Board may, from time to time, determine.

3 Section 5. RESIGNATION AND REMOVAL

4 Any officer may be removed from office with or
5 without cause by the Board. Any officer may resign at any
6 time by giving written notice to the Board, the president or
7 the secretary. Such resignation shall take effect on the date
8 of receipt of such notice or at any later time specified
9 therein, and unless otherwise specified therein, the
10 acceptance of such resignation shall not be necessary to make
11 it effective.

12
13 Section 6. VACANCIES

14 A vacancy in any office may be filled in the manner
15 prescribed for regular election. The officer elected to such
16 vacancy shall serve for the remainder of the term of the
17 officer he/she replaced.

18 Section 7. MULTIPLE OFFICES

19 The offices of secretary and treasurer may be held
20 by the same person. No person shall simultaneously hold more
21 than one of any of the other offices except in the case of
22 special offices created pursuant to Section 4 of this Article.

23
24 ARTICLE XII

25 DUTIES OF OFFICERS

26 The duties of the offices are as follows:

1 President

2 (a) The president shall preside at all meetings of
3 the Board of Directors; shall see that orders and resolutions
4 of the Board are carried out; shall sign all leases,
5 mortgages, deeds and other written instruments and shall co-
6 sign all checks and promissory notes.

7 Vice President

8 (b) The vice president shall act in the place and
9 stead of the president in the event of his absence, inability
10 or refusal to act, and shall exercise and discharge such other
11 duties as may be required of him by the Board.

12 Secretary

13 (c) The secretary shall record the votes and keep
14 the minutes of all meetings and proceedings of the Board and
15 of the members; keep the corporate seal of the Association and
16 affix it on all papers requiring said seal; serve notice of
17 meetings of the Board and of the members; keep appropriate
18 current records showing the members of the Association
19 together with their addresses, and shall perform such other
20 duties as required by the Board.

21 Treasurer

22 (d) The treasurer shall receive and deposit in
23 appropriate bank accounts all monies of the Association and
24 shall disburse such funds as directed by resolution of the
25 Board of Directors; shall sign all checks and promissory notes
26

1 of the Association; keep proper books of account; cause an
2 annual review or compilation of the Association books to be
3 made at the completion of each fiscal year; and shall prepare
4 an annual budget and a statement of income and expenditures to
5 be presented to the membership at its regular annual meeting,
6 and deliver a copy of each to the members.
7

8 ARTICLE XIII

9 COMMITTEES

10 Section 1. OPTIONAL COMMITTEES

11 The Board of Directors may appoint a Nominating
12 Committee, as provided in these Bylaws, and in addition, may
13 appoint other committees as deemed appropriate in carrying out
14 the purposes of the Association such as:
15

16 (a) A Maintenance Committee which shall advise the
17 Board of Directors on all matters pertaining to the
18 maintenance, repair and improvement of the Common Properties,
19 and shall perform such other functions as the Board in its
20 discretion determines.

21 (b) A Review or Compilation Committee which shall
22 supervise a annual review or compilation of the Association's
23 books if ordered by the Board and approve the annual budget
24 and statement of income and expenditures to be presented to
25 the membership at its regular meeting. The Treasurer shall be
26 an ex officio member of the Committee.

1 Section 2. DUTIES

2 It shall be the duty of each committee to receive
3 complaints from members on any matter involving Association
4 functions, duties and activities within its field of
5 responsibility. It shall dispose of such complaints as it
6 deems appropriate or refer them to such other committee,
7 director or officer of the Association as is further concerned
8 with the matter presented.
9

10 ARTICLE XIV

11 MEETINGS OF MEMBERS

12 Section 1. ANNUAL MEETINGS

13 Regular annual meetings of the Members shall be
14 held.

15 Section 2. SPECIAL MEETINGS

16 Special meetings of the Members may be called at any
17 time by the president or by the Board of Directors, or upon
18 written request of the Members who are entitled to vote One-
19 fourth (1/4) of all of the votes of the entire membership.

20 Section 3. NOTICE OF MEETINGS

21 Notice of any meetings shall be given to the Members
22 by the Secretary. Notice may be given to the Member either
23 personally, or by sending a copy of the notice through the
24 mail, postage thereon fully prepaid to his address appearing
25 on the books of the corporation. Each Member shall register
26 his address with the Secretary, the notices of meetings shall

1 be mailed to him/her at such address. Notice of any meeting,
2 regular or special, shall be mailed at least Fifteen (15) days
3 in advance of the meeting and shall set forth in general the
4 nature of the business to be transacted.

5 ARTICLE XVIII

6 AMENDMENTS

7 Section 1.

8 These Bylaws may be amended, at a regular or special
9 meeting of the Members, by a majority vote of a quorum
10 consisting of at least twenty-five percent of the Members
11 present in person or by proxy, provided that those provisions
12 in these Bylaws which are governed by the Articles of
13 Incorporation of this Association may not be amended except as
14 provided in the Articles of Incorporation or applicable law;
15 and provided further that any matter stated herein to be or
16 which is in fact governed by the Declaration applicable to the
17 Properties may not be amended except as provided in such
18 Declaration.
19

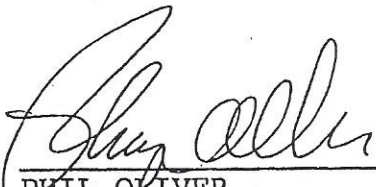
20 Section 2.

21 In the case of any conflict between the Articles of
22 Incorporation and these Bylaws, the Articles shall control;
23 and in the case of any conflict in the Declaration applicable
24 to the Properties referred to in Section 1 of this Article and
25 these Bylaws, the said Declaration shall control; and in the
26 case of any conflict in the Declaration applicable to the

1 Properties referred to in Section 1 and these Bylaws, the said
2 Declaration shall control.

3 READ AND APPROVED this 8TH day of FEB, 2005.

4 POLO, L.L.C., an Arizona Limited
5 Liability Company

6
7 By: 
8 PHIL OLIVER
9 Manager

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