

**BYLAWS
OF
SANDCASTLE HOMEOWNERS ASSOCIATION
ADOPTED May 22, 2006**

WHEREAS, Sandcastle Homeowners Association (the "Association") was incorporated as a nonprofit corporation in the State of Arizona on or about May 22, 2006;

WHEREAS, Arizona Revised Statutes § 10-3101, *et seq.* vests the authority to adopt initial bylaws in the Board of Directors; and

WHEREAS, at a meeting of the Board of Directors duly called and held on May 22, 2006, a majority of the Directors present voted in favor of adopting these Bylaws as set forth herein.

NOW THEREFORE, the Bylaws of the Association are hereby adopted in their entirety as follows:

**ARTICLE I
NAME AND LOCATION OF ASSOCIATION**

Section 1.1 Name. The name of the Association is Sandcastle Homeowners Association.

Section 1.2 Principal Office. The principal office of the Association in the State of Arizona is currently located at 840 Beachcomber Blvd., Lake Havasu City, AZ 86403. The Association may change the location of its principal office as the Board of Directors may determine or as the affairs of the Association may require.

**ARTICLE II
REFERENCE TO DECLARATION**

Section 2.1 Reference to Declaration. Reference is made to the certain Declaration of Covenants, Conditions, Restrictions and Easements for Monacello and Toscana recorded on April 27, 2006 as instrument No. 2006043556 in the Official Records of Mohave County, Arizona, (the "Declaration"). Unless otherwise defined in these Bylaws, all capitalized words and phrases shall have the meanings set forth in the Declaration.

**ARTICLE III
PURPOSE**

Section 3.1 Purpose. The primary purpose of the Association is to serve as the governing body for the Owners of Lots and to fulfill such obligations and exercise such rights as are given by statute and the Association's Governing Documents, as they may hereafter be amended.

ARTICLE IV MEMBERSHIP

Section 4.1 Qualification. Membership in the Association shall be limited to Owners of Lots.

Section 4.2 Voting Rights. Subject to the provisions of Section 4.3, the Owner of a Lot shall be entitled to one (1) vote on each matter submitted to a vote of the Members. The vote attributable to each Lot must be cast as a whole; fractional votes shall not be allowed. In the event that a Lot is owned by two (2) or more Persons, the joint or common owners shall designate to the Association in writing one of their number who shall have the right to cast votes with respect to such Lot. If multiple Persons own a Lot and are unable to agree upon how their vote shall be cast, they shall lose their right to vote on the matter in question. If any Member casts a vote representing a certain Lot, it will thereafter be conclusively presumed that he was acting with the authority and consent of all other owners of the same Lot unless objection thereto is made at the time the vote is cast. In the event that more than one (1) vote is cast with respect to particular Lot, all such votes shall be deemed void. In the event that an Owner owns more than one (1) Lot, such Member shall be entitled, subject to the provisions of Section 4.3, to one (1) vote for each Lot owned.

Section 4.3 Good Standing. If a Member otherwise entitled to vote is delinquent in the payment of periodic or special assessments, fines, penalties, interest, late charges, transfer fees, refinance fees, costs of collection, lien fees, attorneys' fees or other monies owed to the Association or is not in compliance with the terms of the Association's Governing Documents, the Bylaws or the Rules and Regulations of the Association, the Board of Directors may, in its sole discretion, certify that such Member is not in good standing and such Member's right to vote shall be suspended until the delinquency, breach or violation is paid in full, cured or corrected.

Section 4.4 Transfer of Membership. Membership in the Association is inextricably and irrevocably connected with ownership of a Lot and may not be transferred independently of such ownership.

ARTICLE V MEETINGS OF MEMBERS

Section 5.1 Annual Meeting. An annual meeting of the Members of the Association shall be held at least once every twelve (12) months at a date and time determined by the Board of Directors for the purpose of electing or announcing the results of the election of Directors and transacting such other business as may properly come before the meeting.

Section 5.2 Special Meetings. Special meetings of the Members may be called by the President, the Board of Directors, or by the written request signed by Members having at least one-fourth (1/4th) of the total authorized votes in the Association.

Section 5.3 Record Date. For any meeting of the Members, the Board of Directors may fix a date not more than fifty (50) nor less than ten (10) days before the date of such

meeting, as a record date for the determination of the Members of record entitled to vote at such meeting. If a record date has not been fixed in advance of a meeting as provided herein, the time of commencement of the meeting shall be deemed the record date.

Section 5.4 Place of Meeting. Meetings of the Members shall be held in Arizona, at a suitable place designated by the Board of Directors.

Section 5.5 Notice of Meetings. Written notice stating the place, day and hour of the annual meeting of Members or a special meeting of Members shall be hand delivered or delivered by first-class U.S. Mail to all Members, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the Secretary. The notice of the meeting shall be deemed to be delivered when left with a person of suitable age and discretion at the address that appears on the records of the Association or when deposited, postage prepaid, in the United States Mail and addressed to the Member at the address that appears on the records of the Association. In the case of special meetings, the purpose for which the special meeting is called shall be stated in the notice and no business shall be transacted at such special meeting except as stated in the notice.

Section 5.6 Quorum. Those Members present in person or by proxy at a properly noticed meeting of Members consisting one-tenth (1/10) of the total members of the Association shall constitute a quorum at all meetings of the Members.

Section 5.7 Proxies. At any meeting of Members, any Member entitled to vote may vote by proxy executed in writing by the Member or by his duly authorized attorney-in-fact. Proxies may be granted in favor of only another Member, the granting Member's attorney, the lessee of a granting Member's Lot, the Secretary of the Association or the Board of Directors. Proxies shall be duly executed in writing and shall be valid only for the particular meeting designated therein or any adjournment thereof. All proxies must be filed with the Secretary prior to the commencement of the meeting for which they are given. Proxies shall be deemed revoked only upon the appearance in person of the Member granting a proxy at the meeting for which the proxy was granted or upon the actual receipt by the person presiding over the meeting of a notice of revocation signed by the Member who granted the proxy.

Section 5.8 Manner of Acting. A majority of the votes entitled to be cast on a matter to be voted upon by the Members present or represented by proxy at a meeting at which a quorum is present shall be necessary for the adoption thereof unless a greater proportion is required by statute, the Declaration or these Bylaws.

Section 5.9 Minutes. Minutes shall be taken at all meeting of Members. Copies of the minutes shall be available for inspection at the office of the Association by Members and Directors at all reasonable times.

Section 5.10 Non-cumulative Voting. All voting shall be done on a non-cumulative basis.