

BY-LAWS  
OF  
ESTATE LOS ARBOLES IMPROVEMENT ASSOCIATION, INC.

ARTICLE I

NAME

Section 1:

The name of the corporation shall be ESTATE LOS ARBOLES IMPROVEMENT ASSOCIATION, INC. (hereinafter sometimes called the "Association").

ARTICLE II

MEMBERSHIP

Section 1: Reference to Declaration of Restrictions.

Reference is made to that certain Declaration of Restrictions entitled Second Amended Declaration of Restrictions for Estate Los Arboles recorded on the 8th day of December, 1970, in Docket 8431, pages 40 to 45, inclusive, as heretofore amended by the Amendment to Second Amended Declaration of Restrictions for Estate Los Arboles recorded February 4, 1971, in Docket 8519, pages 33 to 34, inclusive, records of Maricopa County, Arizona (hereinafter called the "Declaration"). The Declaration, as amended from time to time as therein provided, is incorporated herein by reference.

Section 2: Qualification for Membership; Voting.

Every owner (as said term is defined in the Declaration) of a lot within the properties shall be a member of the Association. Each member shall be entitled to cast one vote for each lot owned by him.

or his designated Representative.  
The owners Representative shall be designated as in Article II, Sec. 3.

Section 3: Corporate Owner.

If the owner of any lot is a partnership, corporation, association or other entity, then such owner shall designate, in writing to the Secretary of the Association, a representative who shall have the sole power to vote on behalf of such owner. If the owner fails to designate a representative as aforesaid, any vote purportedly cast by said owner shall be void. The representative may be changed upon written notice from the owner to the Secretary of the Association at least five days prior to any meeting of the members.

Section 4: Owner Consisting of More than One Person.

If the owner of any lot consists of more than one person or entity, the membership as to each lot shall be deemed a single



membership. Such persons or entities shall designate in writing to the Secretary of the Association one of themselves (or a representative, if a corporation or other entity is one of the owners) who shall have the sole power to vote on behalf of the owner. Any person designated to vote on behalf of the owner as aforesaid may be changed upon written notice from the owner to the Secretary of the Association at least five days prior to any meeting of the members. If any vote purportedly cast on behalf of an owner (who consists of more than one person or entity) is not cast by the person designated to the Secretary, then any such vote shall be void.

#### Section 5: Termination of Membership.

An owner's membership in the Association automatically shall cease when such owner ceases, for any reason whatsoever, to hold the record equitable title (or legal title, if the equitable title has merged) to his lot. Thus, upon recordation of a deed or other appropriate instrument evidencing a sale, transfer, gift, devise or other disposition of a lot, the person or entity disposing of or transferring the record equitable title (or legal title, if equitable title has merged) shall cease to be an owner and have no voting rights hereunder and his membership shall be deemed null and void; the person or entity acquiring the record title shall, upon notification to the Association by the new owner, be reflected on the Association's books and records as the member entitled to vote with respect to said lot.

#### Section 6: Membership List.

The Secretary shall keep a list of the names and last known addresses of the owners of lots within the properties, and said list shall reflect the designated representative (if any) authorized to vote on behalf of each owner. Each member shall be responsible for notifying the Secretary, in writing, of any change of his address.

### ARTICLE III

#### MEMBERSHIP MEETINGS

#### Section 1: Annual Meetings.

The Annual Meetings of the members shall be held at 7:30 o'clock P.M. on the 15 day of January of each year at such place as may be fixed by the Board of Directors and set out in the notice of the meeting; provided, however, that whenever such date falls on a legal holiday the meeting shall be held on the next succeeding business day, and further provided that the Board of Directors may by resolution fix the day of the annual meeting at such other date as the Board may deem appropriate.

#### Section 2: Special Meetings.

Special meetings of the members may be held at such places and at such times as may be fixed by the Board of Directors whenever

called in writing by the President, the Vice President, a majority of the Board of Directors, or twenty-five percent of the members.

### Section 3: Notices.

Each member of the Association shall be notified by the Secretary by written notice mailed to such member's address within the properties (unless the Secretary has received a written notice from such member designating a different address) at least ten (10) days before the date of the annual meeting, stating the time and place of the meeting. Special meetings may be called in like manner after five days notice, but any such notice also shall designate the purpose of the meeting. If a member owns more than one lot, one notice to such member mailed to the address for any of said lots shall be sufficient. In all such cases the date of mailing of the notices shall be considered the date such notices were given; and notices need only be given to members appearing as such on the books of the Association at the time of mailing of the notices.

### Section 4: Waiver.

No call or notice of any meeting of the members shall be necessary if waiver of call and notice is signed by all of the members.

### Section 5: Quorum.

At any regular or special meeting of the members, the owners (or their representatives designated pursuant to Section 43 and 4 of Article II) of fifty percent (50%) of the lots ~~shall~~ ~~constitute~~ shall constitute a quorum for the transaction of business. A majority of the quorum shall be necessary to elect directors and/or, subject to certain exceptions set forth in the Declaration and Articles of Incorporation or any amendments thereto, transact any other business. In the absence of a quorum the Chairman of the meeting may adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present any business may be transacted which might have been transacted at the meeting as originally notified.

### Section 6: Members Entitled to Vote; Manner of Voting.

At any meeting of the members only such persons authorized pursuant to Sections 2, 3 and 4 of Article II hereof who are present at the meetings shall be entitled to cast a vote. All votes shall be cast in person, with each member being entitled to cast one vote for each lot owned by him. \* IN PERSON OR BY PROXY,

### Section 7: Irregularities.

All informalities and/or irregularities in calls, notices of meetings and in the manner of voting, credentials, and methods of ascertaining those present, shall be deemed waived if no objection is made at the meeting.



## ARTICLE IV

### DIRECTORS

#### Section 1: Management.

The control and management of the property, affairs and business of the Association shall be vested in a Board of Directors of not less than three nor more than seven members. The first Board of Directors shall be three in number, and within the above limitations (meaning from three to seven), the majority of members present at any annual or special meeting called for that particular purpose may increase or decrease the number of directors. Except for the persons serving on the first Board of Directors, who need not be members of the Association, directors shall be members of the Association. The Board of Directors shall be elected at the annual meeting of the members.

#### Section 2: Quorum.

A quorum for the transaction of business at any meeting of the Directors shall consist of a majority of the Board of Directors then in office.

#### Section 3: Annual and Regular Meetings.

An annual meeting of the directors shall be held immediately after the adjournment of, and at the place of, the annual meetings of the members. Additional regular meetings of the directors may be held without notice at regular intervals at such places and at such times as the Board of Directors may from time to time by resolution provide.

#### Section 4: Special Meetings.

Special meetings of the Board of Directors shall be held at such times and places as may be designated by the Board of Directors whenever such meetings are called orally or in writing by the President, Vice President or a majority of the Board. Notices of special meetings shall be given by the Secretary to each director, orally or in writing, at least three (3) days before the time fixed for the meeting. Such notice shall advise each director of the time, place and general purpose of the meeting, and shall be delivered personally, or shall be given by telephone or telegram, or, if sent by mail, such three day notice shall be deemed to have been given if the notice is postmarked at least five (5) days before the date of the meeting. By unanimous consent of the directors, special meetings of the Board may be held at any time without call or notice, or waiver of call and notice.

#### Section 5: Term.

The term of each director shall be for one (1) years, or until his successor is duly elected and qualified. There shall be no limitation on the number of terms for which a director may be elected.

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Section 6: Vacancies.

The office of any director may be terminated by the Association for any reason deemed sufficient by the Board of Directors, upon a vote of two-thirds (2/3) of all of the directors then in office at a properly called meeting of the Board. In the event of the death, resignation, or termination of office of a director for any reason, the Board shall elect his successor, who shall serve until the next annual meeting or until his successor is duly elected and qualified.

Section 7: Expenses.

No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE V

OFFICERS

Section 1: Designation of Officers.

The directors shall elect the officers of the Association at the annual meeting of the directors, provided, however, that elections of additional officers may be held at any other meeting of the Board of Directors specifically called for such purpose. The officers of the corporation shall consist of a President, Vice President, Secretary and Treasurer, who shall be members of the Board of Directors. In addition, the Board of Directors may appoint other assistant officers as prescribed by the Articles of Incorporation, which assistant officers shall have authority to perform such duties as may be prescribed by the Board of Directors or the President.

Section 2: Duties of Certain Officers.

(a) President. The President shall be the chief executive of the Association. He shall preside at all meetings of the directors; shall be ex-officio a member of all standing or special committees; shall have general charge of the activities of the Association; shall sign on behalf of the Association all contracts and other written instruments to be executed by the Association; and shall see that all resolutions of the Board are carried into effect. He shall do and perform such other acts and duties as may be required of him by the Board of Directors, but his authority shall be subject to the control and direction of the Board of Directors at all times.

(b) Vice President. The Vice President, in the absence or disability of the President, shall perform the duties and exercise the powers of the President, and shall perform such other duties as the Board of Directors shall prescribe.

(c) Secretary. The Secretary shall keep a permanent and complete record of all proceedings of each meeting of the members and



each meeting of the Board of Directors; shall give or cause to be given, when required, notice of all meetings of the members and/or the Board of Directors; shall keep an accurate list of all members of the Association and their addresses; and shall perform such other duties as may be prescribed by the Board of Directors or the President. An Assistant Secretary, or Executive Secretary, if appointed, shall, in the event of the Secretary's absence or inability to act, perform the duties and functions of the Secretary.

(d) Treasurer. The Treasurer shall have the custody of the Association's funds and shall keep full and accurate accounts of receipts and disbursements, and shall deposit all moneys and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board, demanding proper vouchers for such disbursements. He shall prepare and submit a written financial report at each annual meeting of the members; and shall render to the President an account of all his transactions as Treasurer and such additional reports of the financial condition of the Association as the Board may require. The Treasurer may be required to furnish a surety bond in an amount determined by the Board, the premium of which shall be paid by the Association. An Assistant Treasurer, if appointed, shall, in the event of the Treasurer's absence or inability to act, perform the duties and functions of the Treasurer.

### Section 3: Other Employees.

The Board of Directors may engage the services of such other employees, including but not limited to an Executive Secretary and/or Managing Director, as may from time to time be deemed necessary or advisable for the objects and purposes of the Association.

### Section 4: Removal of Officers; Vacancies.

All officers, agents and employees shall be subject to removal at any time by the affirmative vote of the majority of the members of the Board of Directors then in office. Any vacancy caused by removal, resignation, death or for any other reason whatsoever may be filled by the Board of Directors as the Board may deem appropriate.

### Section 5: Committees.

The President shall, with the approval of the Board of Directors, appoint such standing or special committees, councils or boards of such size as the President or Board of Directors may deem necessary to properly carry on the activities and effect the objects and purposes of the Association. Such committees shall perform such duties as the President or the Board of Directors may direct.

### Section 6: Compensation.

The President, Vice President, Secretary and Treasurer shall not receive any compensation for their services rendered to the

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Corporation. However, said officers may be reimbursed for their actual expenses incurred in the performance of their duties. The Board of Directors may fix and pay such compensation for other officers or employees of the Corporation as the Board deems proper.

#### ARTICLE VI

#### AMENDMENTS

##### Section 1.

The Board of Directors shall have the power to adopt the original By-Laws of the corporation, which said By-Laws may be amended or repealed by a vote of a majority of all the directors present at any regular or special meeting of the Board, together with the concurrence of a majority of a quorum of the members present at any meeting called for that purpose.



**FIRST AMENDMENT TO**  
**BYLAWS OF ESTATE LOS ARBOLES IMPROVEMENT ASSOCIATION, INC.**

A First Amendment to Bylaws of Estate Los Arboles Improvement Association, Inc. (the "First Amendment"), is made effective as of the 17th day of November, 2002, by owners of lots within Estate Los Arboles and members of Estate Los Arboles Improvement Association, Inc. (collectively, "Members").

WHEREAS, Article VI of the Bylaws of Estate Los Arboles Improvement Association, Inc. (the "Bylaws"), permits amendment of the Bylaws by a majority of a quorum of Members present at any meeting called for that purpose; and

WHEREAS, at a meeting of the Members called on November 17, 2002, a quorum of Members were present in person or by proxy; and

WHEREAS, a majority of Members present at such meeting voted to amend the Bylaws as follows:

Amend the quorum requirements to provide that a quorum shall consist of twenty (20%) percent of the Members.

Amend the election of Board of Directors to provide for staggered terms with each term being two (2) years in duration.

NOW, THEREFORE, in consideration of the foregoing, the Bylaws are amended as follows:

1. Article III, Section 5 is deleted in its entirety and the following substituted therefor:

At any regular or special meeting of the members, the owners (or their representatives designated pursuant to Sections 3 and 4 of Article II) of twenty (20%) percent of the lots shall constitute a quorum for the transaction of business. A majority of the quorum shall be necessary to elect directors and/or subject to certain exceptions set forth in the Declaration and Articles of Incorporation or any amendments thereto, transact any other business. In the absence of a quorum the Chairman of the meeting may adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present any business may be transacted which might have been transacted at the meeting as originally notified.

2. Article IV, Section 5 is deleted in its entirety and the following substituted therefor:

Commencing with the 2003 Board of directors, the Board shall consist of directors serving staggered terms. The 2003 Board shall consist of four (4) directors serving a two (2) year term and three (3) directors serving a one (1) year term. All subsequently elected directors shall serve two (2) year terms.



3. Except as provided herein, the Bylaws shall remain in full force and effect.