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**BY LAWS**

**OF**

**SHADOW ROCK**

**AT THE**

**FOOTHILLS**

**FORMERLY KNOWN AS SERENA PEAK**

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BYLAWS  
OF  
SERENA PEAK AT THE FOOTHILLS  
NEIGHBORHOOD ASSOCIATION

ARTICLE 1

DEFINITIONS

Except as otherwise expressly provided herein, all capitalized terms shall have the meanings assigned to them in that certain Declaration of Covenants, Conditions and Restrictions for Serena Peak at The Foothills recorded (or hereafter to be recorded) in the office of the Maricopa County, Arizona Recorder.

ARTICLE 2

OFFICES AND CORPORATE SEAL

2.1 Principal Office. The Association shall maintain its principal office and known place of business at 4820 South Mill Avenue, Tempe, Arizona 85282, or at such other address as may be designated by the Board.

2.2 Other Offices. The Association may also maintain offices and places for conducting business at such other place or places, both within and without the State of Arizona, as may be designated from time to time by the Board, and the business of the Association may be transacted at such other offices with the same effect as that conducted at the principal office.

2.3 Corporate Seal. A corporate seal shall not be requisite to the validity of any instrument executed by or on behalf of the Association, but nevertheless if in any instance a corporate seal be used, the same shall be a circle having on the circumference thereof the name of the Association and in the center the words "corporate seal," the year incorporated, and the state where incorporated.

ARTICLE 3

MEMBERS

3.1 Membership. The Members of the Association shall be determined in the manner set forth in the Declaration.

3.2 Place of Members Meetings. The annual meetings of Members shall be held at 4820 South Mill Avenue, Tempe, Arizona 85282, or at such other place as may be fixed from time

1 to time by the Board, or in the absence of direction by the  
2 Board, by the president or secretary of the Association, and  
3 shall be stated in the notice of the meeting or in a duly executed  
4 waiver of notice thereof.

5 3.3 Annual Members Meetings. The annual meeting of  
6 the Members shall be held on the third Tuesday of March in each  
7 year, commencing with Tuesday, March 21, 1989 (or if that day  
8 shall be a legal holiday, then on the next succeeding business  
9 day), or at such other date and time as shall be designated  
10 from time to time by the Board and stated in the notice of the  
11 meeting. At each annual meeting the Members shall elect the  
12 Board and transact such other business as may properly be  
13 brought before the meeting.

14 3.4 Special Meetings of Members. Unless otherwise  
15 prescribed by Arizona statute or by the Articles, special meet-  
16 ings of the Members, for any purpose or purposes, may be called  
17 by: (a) the president; (b) a majority of the directors; or  
18 (c) Members having at least twenty-five percent (25%) of all  
19 Class "A" votes.

20 3.5 Notice of Members Meetings. Not less than ten  
21 (10) nor more than sixty (60) days before the date of any  
22 annual or special meeting of the the Members, either the secre-  
23 tary or any other officer of the Association shall cause  
24 written notice stating the place, date and time of the meeting  
25 (and, in the case of a special meeting, the items on the  
26 agenda, including, but not limited to, the general nature of  
any proposed amendment to the Declaration, Articles or Bylaws,  
any budget changes and any proposal to remove a director or  
officer) to be hand-delivered or sent prepaid by United States  
mail to the mailing address of each Lot (or to any other  
mailing address designated in writing by a Member). If mailed,  
such notice shall be deemed to be delivered when mailed.  
Business transacted at any special meeting of Members shall be  
limited to the items stated in the notice unless determined  
otherwise by a unanimous vote of the Members present at such  
meeting.

3.6 Quorum. Unless otherwise required by the  
Declaration, the Articles or applicable law, a quorum shall be  
deemed present for all purposes throughout any meeting of  
Members if Members entitled to cast at least ten percent (10%)  
of all outstanding votes are present in person or by valid  
proxy at the beginning of the meeting. Further, except as  
otherwise provided in Section 13.1 of these Bylaws and except  
as may otherwise be provided by the Declaration, the Articles  
or applicable law, the action by Members holding a majority of  
votes represented at a meeting at which a quorum is present  
shall constitute the act of the full membership of the

1 Association. Whether or not a quorum is present, a meeting may  
2 be adjourned from time to time by the vote of Members holding a  
3 majority of the votes represented at such meeting, whether in  
4 person or by valid proxy, without notice other than by  
5 announcement at the meeting of the time and place at which the  
6 adjourned meeting will be reconvened and without further notice  
7 to any absent Members, provided, however, that if the adjourn-  
8 ment is for more than thirty (30) days, notice of the time and  
9 place at which the adjourned meeting will be reconvened shall  
10 be given to each Member in the manner provided in Section 3.5  
11 above. If a quorum is present at the time and place the  
12 adjourned meeting is reconvened, any business may be transacted  
13 at the reconvened meeting which might have been transacted at  
14 the meeting as originally noticed.

8 3.7 Voting. The Members shall be entitled to the  
9 voting rights set forth in the Declaration. At every meeting  
10 of Members each Member in good standing shall be entitled to  
11 vote either: (a) in person; or (b) by a proxy duly appointed by  
12 a written instrument signed by the Member, dated not more than  
13 eleven (11) months prior to such meeting (unless such instru-  
14 ment provides for a longer period not to exceed 25 months from  
15 the date of its execution and states that it is coupled with an  
16 interest and is irrevocable). The vote for directors and upon  
17 any question before the meeting shall be by voice vote, except  
18 that, upon demand of any ten (10) or more Members, a vote shall  
19 be taken by ballot. Except as otherwise provided herein or by  
20 applicable Arizona law, the Declaration or the Articles, all  
21 elections and other matters to be determined by the Members  
22 shall be decided by Members (whether present in person or by  
23 proxy) holding a majority of votes represented at a meeting at  
24 which a quorum is present, and cumulative voting shall not be  
25 permitted.

18 3.8 Freezing of List of Members or Fixing of Record  
19 Date. For the purpose of determining Members entitled to  
20 notice of or to vote at a meeting of Members, or in order to  
21 make a determination of Members for any other proper purpose,  
22 the Board may provide that the list of Members shall be frozen  
23 for a stated period not to exceed ten (10) days. If the list  
24 of Members shall be frozen for the purpose of determining  
25 Members entitled to notice of or to vote at a meeting of  
26 Members, such list shall be frozen for not more than ten (10)  
days immediately preceding such meeting. In lieu of freezing  
the list of Members, the Board may fix in advance a date as the  
record date for any such determination of Members, such date in  
any case to be not more than ten (10) days prior to the date of  
the particular meeting of Members or the date on which the par-  
ticular action requiring such determination of Members is to be  
taken, as applicable. If the list of Members is not frozen and  
no record date is fixed for the determination of Members enti-

1 tled to notice of or to vote at a meeting of Members,  
2 record date for such determination of Members shall be four  
3 o'clock in the afternoon on the day before the day on which  
4 notice of the meeting is mailed. When a determination of  
5 Members entitled to vote at any meeting of Members has been  
6 made as provided in this Section, such determination shall  
7 apply to any continuation of such meeting following an adjourn-  
8 ment.

9 3.9 Action Without Meeting. Any action required or  
10 permitted to be taken at any annual or special meeting of  
11 Members may be taken without a meeting, without prior notice,  
12 and without a vote, if a consent in writing, setting forth the  
13 action so taken, shall be signed by all Members.

14 3.10 Waiver of Notice. Whenever any notice is  
15 required to be given to any Member under the provisions of the  
16 Articles, the Bylaws, the Declaration, applicable Arizona law,  
17 or otherwise, a waiver thereof in writing signed by the person  
18 or persons entitled to such notices, whether before or after  
19 the time stated therein, shall be equivalent to the giving of  
20 such notice. Attendance of a person at a meeting shall consti-  
21 tute a waiver of notice of such meeting, except when the person  
22 attends a meeting for the express purpose of objecting to the  
23 transaction of any business because the meeting is not properly  
24 called or convened.

25 3.11 Assessments. As more particularly provided in  
26 the Declaration, the Association has the right, power and  
authority to establish and levy Assessments against the Lots  
and the Owners thereof, and to enforce the payment of such  
Assessments.

3.12 Suspension. As more particularly provided in  
the Declaration, the Board may impose sanctions for violations  
of the Declaration and of the rules and regulations of the  
Association, which sanctions may include suspension of the  
right to vote, suspension of the right to use recreational  
facilities on or constituting part of the Common Area, if any,  
and, in certain instances, imposition of reasonable monetary  
fines. The duration of any suspension of a Member's right to  
vote or to use recreational facilities shall be limited as  
provided in the Declaration.

#### ARTICLE 4

#### DIRECTORS

4.1 Election. The business and affairs of the  
Association shall be managed, conducted and controlled by the  
Board. Except for the initial directors appointed in the



1 Articles (who shall serve until their successors are duly  
2 elected and qualified at the first regular annual meeting of  
3 Members), and except as provided in Section 4.3 below, each  
4 director shall be elected for a one (1) year term and shall be  
5 elected at the annual meeting of Members concurrent with the  
6 expiration of the term of the director he or she is to succeed,  
7 and, except as otherwise provided in these Bylaws or in the  
8 Articles or the Declaration, shall hold office until his or her  
9 successor is elected and qualified. Nothing herein shall be  
10 construed to prevent the election by the Members of any person  
11 or persons to two or more terms as director, whether or not  
12 such terms shall be consecutive. If, after election: (a) any  
13 director (except for a director designated by Declarant or by a  
14 corporate, partnership or other non-individual Owner) ceases to  
15 be a Member, he or she shall thereupon no longer be a director  
16 and his or her office shall become vacant; or (b) a corporate,  
17 partnership or other non-individual Owner ceases to be a  
18 Member, any director serving by virtue of having been desig-  
19 nated by such corporate, partnership or other non-individual  
20 Owner shall thereupon no longer be a director and his or her  
21 office shall become vacant.

12 4.2 Number. The number of directors which shall con-  
13 stitute the whole Board shall be three, provided that, at any  
14 time after the Class "B" membership ceases to exist (as  
15 provided in the Declaration), such number may be increased to a  
16 total not to exceed seven (7) directors upon the affirmative  
17 vote of Members holding a majority of all Class "A" votes rep-  
18 resented in person or by proxy at any annual meeting of Members  
19 or at a special meeting of Members called for such purpose.

16 4.3 Vacancies. Vacancies and newly created  
17 directorships resulting from any increase in the authorized  
18 number of directors may be filled by the affirmative vote of a  
19 majority of the remaining directors then in office, or by a  
20 sole remaining director, and the directors so chosen shall hold  
21 office, in the case of a vacancy, for the remaining term of  
22 their predecessors, and, in the case of an increase in the  
23 authorized number of directors, until the next annual meeting  
24 of Members. If there are no directors in office, any officer  
25 or Member may call a special meeting of Members for the purpose  
26 of electing the Board.

22 4.4 Annual Board Meetings. Within thirty (30) days  
23 after each annual meeting of Members, the newly elected direc-  
24 tors shall meet forthwith for the purpose of organization, the  
25 election of officers, and the transaction of other business  
26 and, if a quorum of the directors is present, no prior notice  
of such meeting shall be required to be given, provided that  
the place and time of such first meeting of newly-elected  
directors may be changed by written consent of all of the  
directors.

1           4.5 Special Board Meetings. Special meetings of t  
2 Board may be called by the president or secretary and must be  
3 called by either of them on the written request of any member  
4 of the Board.

5           4.6 Notice of Board Meetings. Notice of all meetings  
6 of the Board, except as otherwise provided herein, shall be  
7 given by mailing the same at least three (3) days, or by other-  
8 wise causing the same to be delivered at least one (1) day,  
9 before the meeting to the usual business or residence address  
10 of each of the directors, but such notice may be waived by any  
11 director. Regular meetings of the Board may be held without  
12 notice at such time and place as may be determined by the  
13 Board. Any business may be transacted at any meeting of the  
14 Board. Attendance of a person at a meeting shall constitute  
15 waiver of notice of such meeting, except when the person  
16 attends the meeting for the express purpose of objecting to the  
17 transaction of any business because the meeting is not properly  
18 called or convened.

19           4.7 Quorum. One-half (1/2) of the number of the  
20 directors then serving shall constitute a quorum at a meeting  
21 of the Board (except that if three (3) directors be then  
22 serving, a quorum shall be two (2), and if one (1) director be  
23 then serving, a quorum shall be one (1)). If at any meeting  
24 there is less than a quorum present, the directors present y  
25 adjourn the meeting from time to time without further notice o  
26 any absent director.

          4.8 Action Without a Meeting. Unless otherwise  
restricted by the Declaration, the Articles or these Bylaws,  
any action required or permitted to be taken at any meeting of  
the Board or of any committee thereof may be taken without a  
meeting, if all members of the Board or committee, as the case  
may be, consent to the action in writing; such written consents  
shall be filed with the minutes of proceedings of the Board or  
committee.

          4.9 Powers. Subject to the provisions of the  
Declaration, the Articles, these Bylaws and applicable law, the  
Board shall have power:

          4.9.1 To elect and remove the officers of the  
Association;

          4.9.2 To administer the affairs of the  
Association and the Common Area;

          4.9.3 To engage the services of a manager or  
managing agent who shall manage and operate the Common Area for

1 all of the Members upon such terms, for such compensation and  
2 with such authority as the Board may approve;

3 4.9.4 To formulate policies for the administra-  
4 tion, management and operation of the Common Area;

5 4.9.5 To provide for the operation, maintenance,  
6 repair and replacement of the Common Area and payments  
7 therefor, and to approve payment vouchers or to delegate such  
8 approval to the officers or the manager or managing agent;

9 4.9.6 To provide for the designation, hiring and  
10 removal of employees and other personnel, including accountants  
11 and attorneys, and to engage or contract for the services of  
12 others, and to make purchases for the maintenance, repair,  
13 replacement, administration, management and operation of the  
14 Common Area, and to delegate any such powers to the manager or  
15 managing agent (and any such employees or other personnel who  
16 may be the employees of a managing agent);

17 4.9.7 To appoint or dissolve committees of the  
18 Board, to remove any director from a committee at any time, and  
19 to delegate to such committees the Board's authority to carry  
20 out certain duties of the Board;

21 4.9.8 To estimate the amount of the annual bud-  
22 get, and to provide the manner of assessing and collecting from  
23 the owners their respective shares of such estimated expenses;

24 4.9.9 To exercise all of the rights, powers and  
25 duties granted to it by the Declaration;

26 4.9.10 Unless otherwise provided herein or in the  
Declaration, the Articles or applicable law, to comply with the  
instructions of a majority of the Members as expressed in reso-  
lution duly adopted at any annual or special meeting of the  
Members; and

4.9.11 To exercise for the Association all other  
powers, duties and authority vested in or delegated to the  
Association.

4.10 Removal and Resignation of Directors. Any  
director or the entire Board may be removed, with or without  
cause, by Members holding a majority of all votes. Any direc-  
tor may resign upon written notice pursuant to Article 8 of  
these Bylaws.

4.11 Place of Board Meetings. The Board shall hold  
meetings, both regular and special, in Maricopa County,  
Arizona, or at such other place or places, and such meetings

1 may be held by means of conference telephone or similar commu-  
2 nications equipment by means of which all persons participating  
3 in the meeting can hear each other, and participation in a  
meeting pursuant to this Section 4.11 shall constitute presence  
in person at such meeting.

4 4.12 Waiver of Notice. Whenever any notice is  
5 required to be given to any director of the Association under  
6 the provisions of the Articles, these Bylaws, the Declaration,  
7 applicable Arizona law or otherwise, a waiver thereof in writ-  
ing signed by the person or persons entitled to such notices,  
whether before or after the time stated therein, shall be  
equivalent to the giving of such notice.

8 4.13 Committees of the Board. The Board, by resolu-  
9 tion adopted by a majority of the full Board, may designate  
10 from among its members an executive committee and one or more  
11 other committees each of which, to the extent provided in such  
12 resolution and permitted by law, shall have and may exercise  
13 all the authority of the Board. The Board, with or without  
cause, may dissolve any such committee or remove any member  
thereof at any time. The designation of any such committee and  
the delegation thereto of authority shall not operate to  
relieve the Board, or any member thereof, of any responsibility  
imposed by law.

14 4.14 Compensation. Directors shall receive no com-  
15 pensation for their services unless expressly provided for in a  
16 resolution duly adopted by Members holding, personally or by  
valid proxy, a majority of the votes then entitled to be cast  
at a meeting expressly called for that purpose.

## 17 ARTICLE 5

### 18 OFFICERS

19 5.1 Designation of Titles. The officers of the  
20 Association shall be a president, vice president, secretary and  
21 a treasurer, and shall be chosen by the Board; the Board may  
22 also choose a chairman of the Board. No person may hold, at  
any time, more than one of such offices, except that the  
offices of secretary and treasurer may be held by the same per-  
son. The officers need not be directors of the Association.

23 5.2 Election, Term of Office, Qualification. Except  
24 for the initial officers chosen by the Board at its first meet-  
25 ing following the incorporation of the Association (who shall  
26 serve until their successors shall have been duly chosen and  
shall qualify), each of the officers of the Association shall  
be chosen annually by a majority of the Board, and shall hold  
office for one year or until his or her successor shall have

1 been duly chosen and shall qualify, or until his or her death  
2 or until he or she shall resign or shall have been removed pur-  
3 suant to these Bylaws or the Articles or the Declaration. No  
4 person shall be eligible for election as an officer who is not  
5 at the time of election a Member of the Association, except  
6 such persons as may be designated from time to time by  
7 Declarant or by a corporate partnership or other non-individual  
8 Owner. If, after election: (a) any officer (except for an  
9 officer designated by Declarant or by a corporate, partnership  
10 or other non-individual Owner) ceases to be a Member, he or she  
11 shall thereupon no longer be an officer and his or her office  
12 shall become vacant; or (b) a corporate, partnership or other  
13 non-individual Owner ceases to be a Member, any officer serving  
14 by virtue of having been designated by such corporate,  
15 partnership or other non-individual Owner shall thereupon no  
16 longer be an officer and his or her office shall become vacant.

9           5.3 Subordinate Officers, Agents or Employees. The  
10 Board may appoint such subordinate officers, agents or employ-  
11 ees as the Board may deem necessary or advisable, including one  
12 or more assistant vice presidents, one or more assistant trea-  
13 surers and one or more assistant secretaries, each of whom  
14 shall hold office for such period, have such authority and  
15 perform such duties as are provided in these Bylaws or as the  
16 Board may from time to time determine. The Board may delegate  
17 to the president or to any committee of the Board the power to  
18 appoint any such additional officers, agents or employees.  
19 Notwithstanding the foregoing, no assistant treasurer shall  
20 have power or authority to collect, account for, or pay any tax  
21 imposed by any federal, state or city government.

16           5.4 Removal. Any officer or agent may be removed by  
17 the Board whenever in its judgment the best interests of the  
18 Association will be served thereby. Election or appointment of  
19 an officer or agent shall not of itself create contract rights.

19           5.5 Vacancies. A vacancy in any office because of  
20 death, resignation, removal or any other cause, shall be filled  
21 for the unexpired portion of the term in the manner prescribed  
22 in Sections 5.1, 5.2 and 5.3 for election or appointment to  
23 such office.

22           5.6 Chairman of the Board. The chairman of the  
23 Board, if one shall have been appointed and be serving, shall  
24 preside at all meetings of the Board and shall perform such  
25 other duties as may be assigned to him or her from time to time.

24           5.7 President. The president shall preside at all  
25 meetings of Members, and if a chairman of the Board shall not  
26 have been appointed or, having been appointed, shall not be  
serving or be absent, the president shall preside at all meet-

1 ings of the Board. The president shall be the principal officer of the Association and, subject to the control of the  
2 Board, shall in general supervise and control all of the business and affairs of the Association. The president may sign,  
3 with the secretary or any other proper officer of the Association authorized by the Board, deeds, mortgages, bonds,  
4 contracts or other instruments which the Board has authorized to be executed, except in cases where the signing and execution  
5 thereof shall be expressly delegated by the Board or by the Declaration, the Articles or these Bylaws to some other officer  
6 or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all  
7 duties incident to the office of president and such other duties as may be prescribed by the Board from time to time.

8  
9 5.8 Vice President. The vice president shall have such powers and perform such duties as the Board or the president may from time to time prescribe and shall perform such  
10 other duties as may be prescribed by the Declaration, the Articles or these Bylaws. At the request of the president, or  
11 in case of the president's absence or inability to act, the vice president shall perform the duties of the president, and  
12 when so acting shall have all powers of, and be subject to all the restrictions upon, the president.

13  
14 5.9 Treasurer. The treasurer shall be responsible for the charge and custody of funds and securities of the  
15 Association, keeping full and accurate accounts of receipts and disbursements in books belonging to the Association and  
16 depositing all moneys and other valuable effects in the name of and to the credit of the Association in such banks and other  
17 depositories as may be designated by the Board. The treasurer shall be responsible for disbursing the funds of the  
18 Association as may be ordered by the Board, taking proper vouchers for such disbursements, and rendering to the president  
19 and to the directors at the regular meetings of the Board (or at such other times as they may require it), a statement of all  
20 financial transactions and an account of the financial condition of the Association; and, in general, the treasurer shall  
21 perform all the duties incident to the office of treasurer and such other duties as may from time to time be assigned to the  
22 treasurer by the Board.

23  
24 5.10 Secretary. The secretary shall: (a) act as secretary of, and keep the minutes of, all meetings of the  
25 Board and of the Members; (b) cause to be given notice of all meetings of the Members and directors; (c) be custodian of the  
26 corporate seal (if any) and shall affix the seal, or cause it to be affixed, to all proper instruments when appropriate;  
(d) have charge of the books, records and papers of the Association relating to its organization as a corporation;

1 (e) see that all reports, statements and other documents  
2 relating to the Association and required by law are properly  
3 kept or filed; and (f) in general perform all the duties inci-  
4 dent to the office of secretary. The secretary shall also have  
5 such powers and perform such duties as are assigned to the sec-  
6 retary by these Bylaws or applicable law, and shall have such  
7 other powers and perform such other duties, not inconsistent  
8 with these Bylaws, as the Board shall from time to time pre-  
9 scribe.

6 5.11 Compensation. The officers shall receive no  
7 compensation for their services, unless expressly provided for  
8 in a resolution duly adopted by Members holding a majority of  
9 outstanding votes at a meeting expressly called for that pur-  
10 pose.

9 5.12 Bonding. Fidelity bond coverage shall be  
10 obtained and maintained by the Board in accordance with the  
11 Declaration.

## 11 ARTICLE 6

### 12 ASSESSMENTS

13 6.1 Assessments, Liens and Budgets. Each Member, as  
14 an Owner, and each Lot shall be subject to the Assessments  
15 provided for in the Declaration. The Board shall have all  
16 rights, powers, authorities and obligations as are conferred  
17 upon it by the Declaration and by applicable law in connection  
18 with: (a) the preparation and adoption of budgets; (b) computa-  
19 tion, levying, collection and enforcement of Assessments; and  
20 (c) adoption of reasonable charges for issuance of certificates  
21 regarding Assessments.

18 6.2 Capital Expenditures. Except as may be provided  
19 to the contrary in the Declaration, the Board shall not approve  
20 any capital expenditure (as opposed to a maintenance expense)  
21 in excess of \$10,000.00 without the prior approval of Members  
22 holding two-thirds (2/3) of the votes represented, personally  
23 or by valid proxy, at a duly convened meeting of Members.

21 6.3 Records and Statement of Account. The Board  
22 shall cause to be kept detailed, itemized and accurate records  
23 of all receipts and expenditures of the Association. Payment  
24 vouchers may be approved in such manner as the Board may deter-  
25 mine.

24 6.4 Discharge of Liens. The Board may cause the  
25 Association to discharge any mechanics' lien or other encum-  
26 brance which in the opinion of the Board may constitute a lien  
against the Common Area, rather than against a particular Lot

1 only. When less than all of the Owners are responsible for the  
2 existence of any such lien, the Owners responsible shall be  
3 jointly and severally liable for the amount necessary to dis-  
4 charge the same and for all costs and expenses, including,  
5 without limitation, attorneys' fees incurred by reason of or in  
6 connection with such lien.

#### 7 ARTICLE 7

#### 8 PARLIAMENTARY RULES

9 The proceedings of all meetings of the Members, of the  
10 Board and of any committees of the Board shall be governed and  
11 conducted according to the latest edition of Robert's Manual of  
12 Parliamentary Rules.

#### 13 ARTICLE 8

#### 14 RESIGNATIONS

15 Any director or officer may resign his or her office  
16 at any time by giving written notice of such resignation to the  
17 president or the secretary of the Association. Such resigna-  
18 tion shall take effect at the time specified therein or, if no  
19 time be specified therein, at the time of the receipt thereof,  
20 and the acceptance thereof by the Board or the Association  
21 shall not be necessary to make it effective.

#### 22 ARTICLE 9

#### 23 FISCAL YEAR

24 The fiscal year of the Association shall be from  
25 January 1 to December 31.

#### 26 ARTICLE 10

#### CONTRACTS, LOANS, CHECKS AND DEPOSITS

10.1 Contracts. Except as limited or restricted by  
the Declaration, the Articles, these Bylaws or applicable law,  
the Board may authorize any officer or officers, agent or  
agents, to enter into any contract or execute and deliver any  
instrument in the name of and on behalf of the Association, and  
such authority may be general or confined to specific  
instances. No contract or other transaction between the  
Association and one or more of its directors or between the  
Association and any corporation, firm or association in which  
one or more of the directors of the Association are directors,  
or are financially interested, is void or voidable because such  
director or directors are present at the meeting of the Board



1 or a committee thereof which authorizes or approves the con-  
2 tract or transaction or because his, her or their votes are  
3 counted, if the contract or transaction is just and reasonable  
4 as to the Association at the time it is authorized or  
5 approved. Common or interested directors may be counted in  
6 determining the presence of a quorum at a meeting of the Board  
7 or a committee thereof which authorizes, approves or ratifies a  
8 contract or transaction.

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10 10.2 Loans. No loans shall be contracted on behalf  
11 of the Association and no evidences of indebtedness shall be  
12 issued in its name unless authorized by a resolution of the  
13 Board. No loan approved by the Board in an amount in excess of  
14 \$10,000.00 shall be contracted until approved by Members hold-  
15 ing two-thirds (2/3) of the votes represented, personally or by  
16 valid proxy, at a duly convened meeting of Members.

17  
18 10.3 Checks and Drafts. All checks, drafts or other  
19 orders for the payment of money, notes or other evidences of  
20 indebtedness issued in the name of the Association shall be  
21 signed by such officer or officers, agent or agents of the  
22 Association and in such manner as shall from time to time be  
23 determined by resolution of the Board.

24  
25 10.4 Deposits. All funds of the Association not  
26 otherwise employed shall be deposited from time to time to the  
credit of the Association in such banks, trust companies or  
other depositories as the Board may elect.

## ARTICLE 11

### VOTING UPON SHARES OF OTHER CORPORATIONS

Unless otherwise ordered by the Board, the president shall have full power and authority on behalf of the Association to vote either in person or by proxy at any meeting of shareholders of any corporation in which the Association may hold shares or membership(s), and at any such meeting may possess and exercise all of the rights and powers incident to the ownership of such shares or membership(s) which, as the owner thereof, the Association might have possessed and exercised if present. The Board may confer like powers upon any other person and may revoke any such powers as granted at its pleasure.

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ARTICLE 12

PROHIBITION AGAINST SHARING  
IN CORPORATE EARNINGS

None of the net earnings or pecuniary profit from the operations of the Association shall at any time inure to any Member, director, officer or employee of, or member of a committee of or person connected with, the Association, or any other private individual, provided that this shall not prevent the payment to any such person of such reasonable compensation for services rendered to or for the Association in effecting any of its purposes as shall be fixed by the Board and other payments and disbursements which may be made in furtherance of one or more of its purposes. To the extent that Members receive a benefit from the general maintenance, acquisition, construction, management and care of the Common Area, this benefit shall not constitute an inurement; to the extent a rebate of excess dues, fees or Assessments (and not net earnings) is paid to Members, such payment shall not constitute an inurement.

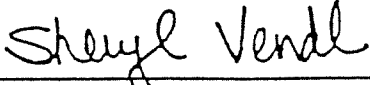
ARTICLE 13

REPEAL, ALTERATION OR AMENDMENT

13.1 Amendment. Subject to the requirements of applicable law, these Bylaws may be repealed, altered or amended, or substitute Bylaws may be adopted, only in accordance with the procedures set forth in the Articles of Incorporation, provided, however, that any matter stated herein to be or which is in fact governed by the Declaration may not be amended except as provided in the Declaration.

13.2 Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control, and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

The foregoing Bylaws were adopted by the Board of Directors of SERENA PEAK AT THE FOOTHILLS NEIGHBORHOOD ASSOCIATION, at the first meeting of the Board of Directors held at Tempe, Arizona on May 20, 1988.

  
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Sheryl Vendl, Secretary