

BYLAWS

HAYDEN VILLAS CONDOMINIUMS HOMEOWNERS ASSOCIATION

ARTICLE I

Section 1: Purpose.

These Bylaws for Hayden Villas Condominiums Homeowners Association (hereinafter called the "Association") are adopted pursuant to the Declaration of Horizontal Regime and Covenants, Conditions and Restrictions recorded in Docket 15747, commencing at page 13 and ending at page 59, in the office of the County Recorder of Maricopa County, the state of Arizona (the "Declaration"). The Association was created by Embassy Square Condominiums L.L.C., an Arizona limited liability company (the "Declarant") for the purpose of administering the affairs of the residential development known as La Marquis Townhomes (the "Development") located on the real property described on the Map recorded in Book 238 of Maps, page 38, records of Maricopa County, Arizona (the "Maps"). The words "Members" or "Members" as used in these Bylaws means and shall refer to "Owner" or "Owners", as defined in the Declaration.

Section 2: Office.

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

ARTICLE II

MEMBERS

Section 1: Eligibility.

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

Section 2: Succession.

The membership of each Member shall terminate when that Member ceases to be an Owner of a Unit, and upon the sale or other transfer or disposition of his ownership interest in the Unit, the Owner's membership in the

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

Section 3: Special Meetings.

The Members of the Association shall not have annual meetings nor shall they select the Members of the Board of Directors or otherwise take part in the management and affairs of the Association, except as set forth as follows. At any time from time to time when twenty (20%) percent of the number of votes as set forth below shall object to, or request, action of the Board in a written notice directed to the Board of Directors, a special meeting of the Members shall be called within fifty (50) days thereafter. The only business before such a special meeting shall be as stated in the notice, and each Member shall have the number of votes as set forth in Section 5, below.

Section 4: Notices.

Notices of all special meetings of the Members stating the time, the place and the objects for which the meeting is called shall be given by the President, Vice-President, Secretary or other agent or officer, unless said notice is waived in writing. Such notice must be in writing and addressed to each Member at his address as it appears in the books of the Association (or if no such address appears, at his last known place address), and shall be mailed within the time periods provided by law, but in any event the notices shall be given at least ten (10) days before the date of the meeting, but not more than fifty (50) days before the date of the meeting. Proof of such notice shall be given by the affidavit of the person giving the notice. Notice of meetings may be waived before or after the meeting.

Section 5: Voting.

At all special meetings of the Members, each Member shall be one (1) vote for each Unit owned by the Member in the Development. If a Unit is owned by more than one person or by a corporation, partnership, association, or some other entity capable of owning property, the vote attributable to that Unit shall be cast by the person named

in a certificate signed by all of the Owners of that Unit, or by the appropriate officers of the corporation or of such other entity, and filed with the Secretary of the Association. Such certificates shall be valid until revoked by the subsequent certificate, and if such a certificate is not on file with the Secretary of the Association, then the vote attributable to that Unit shall not be considered in determining the requirement for a quorum nor shall it be considered for any other purpose. Voting may be in person or by proxy, but proxies shall be valid only for the particular meeting designated therein and must be filed with the Secretary of the Association at or before the appointed time of the meeting.

Section 6: Quorum.

A quorum of Members for any special meeting shall consist of the persons or proxies entitled to cast one-fourth (1/4) of the votes of the entire membership and/or joinder of a Member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum. If any special meeting of the Members cannot be organized because a quorum has not attended, the Members present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

Section 7: Approval or Disapproval.

An approval or disapproval by a Member upon any matter whether or not the subject of the Association meeting shall be by the same person who would cast the vote of such Owner in an Association meeting. Unless otherwise required by the Declaration, the questions or issues presented at any special meeting shall be determined by a majority of the votes actually cast.

ARTICLE III

BOARD OF DIRECTORS

Section 1: Number and Qualification.

The initial Board of Directors shall consist of three (3) persons selected by the Declarant. The first Board of Directors shall hold office until the first annual meeting of Members and their successors are designated, all as set forth in the Declaration and as specified herein. Except for the Board of Directors designated by the Declarant, each Board Member shall be an Owner or the spouse of the same. If a Board Member shall cease to meet such qualification during his term, he shall thereupon cease to

be a Board Member and his place on the Board of Directors shall be deemed vacant.

Section 2: Selection of Directors.

The initial Board Members shall be designated by the Declarant, as set forth in the Declaration. On March 1 of each year, the entity entitled to select directors shall cause to be delivered an affidavit, naming the persons selected, to the office of the Association.

Section 3: Vacancies.

Any vacancies occurring in the Board of Directors may be filled by the entity to select the directorship.

Section 4: Annual Meetings.

The first annual meeting of the Members shall be held within sixty (60) days after the last to occur of either the conveyance by Declarant to Owners of more than one-half (1/2) of the Units subject to the Declaration or December 31, 1994; or at such earlier time as the initial Board of Directors shall designate. The meeting shall be held at such time and place as shall be fixed by the directors' predecessor directors, or in the absence thereof, at 7:30 p.m. on February 1, in the principal office of the Association. No notice shall be necessary to the newly elected directors in order to legally constitute such meeting, provided that the majority of the whole Board of Directors shall be present.

Section 5: Regular Meetings.

Regular meetings of the Board of Directors may be held at such times and at such places as shall be determined from time to time by a majority of the directors. Notice of regular meetings of the Board of Directors shall be given to each director personally or by mail, telephone or facsimile, at least three (3) days prior to the day named for such meeting.

Section 6: Special Meetings.

Special meetings of the Board of Directors may be called by the President and must be called by the Secretary upon the written request of one-third (1/3) of the Members of the Board of Directors. Such meetings shall be called upon three (3) days notice to each director given personally or by mail, telephone or facsimile, which notice shall state the time, place and purpose of the meeting.

Section 7: Waiver of Notice.

Before or at any meeting of the Board of Directors, any director may in writing waive notice of such meeting and such waiver shall be deemed equivalent to giving such notice. Attendance by a director at any meeting of the Board of Directors shall be a waiver of notice by him of the time and place thereof, and if all directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such a meeting.

Section 8: Quorum.

At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors; except as may otherwise be set forth in the Declaration. If at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice and the joinder of a director in the action of a meeting by his signing and concurring in the minutes thereof shall constitute the presence of such director for the purpose of determining a quorum.

Section 9: Removal.

Except as may be prohibited by law, any director may be removed from office upon the vote of two-thirds (2/3) of the total votes present and voting at a regular meeting of the Members, or at a special meeting of the Board of Directors of the Association called for that purpose.

Section 10: Presiding Officers.

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

Section 11: Compensation.

Directors shall receive no compensation for their services, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 12: Powers and Duties.

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

1. The election and removal of officers of the Association as hereinafter provided;
2. The administration of the affairs of the Association and of the property to the extent permitted by applicable law and the Declaration;
3. The engagement of the services of a manager or a managing agent who shall operate and manage the property for all of the Owners upon such terms and for such compensation and with such authority as the Board of Directors may approve; provided, however, that any such agreements shall provide for cancellation and termination, without payment of any fee, upon thirty (30) days' written notice.
4. To formulate policies for the administration, management and operation of the property; to provide for the operation, maintenance, repairs, and replacement of the common elements, payment therefor, and to approve payment vouchers or to delegate such approval to the officers or the manager or managing agent; to provide for the designation, hiring and removal of employees and other personnel, including accountants and attorneys, and to engage or contract for the service of others and to make purchases for the maintenance, repair, replacement, administration and operation of the property; and to delegate any such powers to the manager or managing agent (and any such employees or other personnel who may be the employees of a managing agent);
5. To appoint committees of the Board of Directors and to delegate to such committees the Board of Director's authority to carry out certain duties of the Board of Directors;
6. To estimate the amount of the annual budget and to provide the manner of assessing and collecting from the Owners their respective shares of such estimated expenses;

7. To comply with the instructions of a majority of the votes at a special meeting of the Members which are not inconsistent with the Declaration;

8. To make and amend rules and regulations respecting the use of the common areas and the Development, all in accordance with the Declaration;

9. To enforce the legal means the provisions of the Declaration and Constituent Documents, as defined therein;

10. To exercise all the rights, powers and duties granted to the Board of Directors by the Declaration.

ARTICLE IV

OFFICERS

Section 1: Selection.

At each annual meeting the Board of Directors shall elect the following officers of the Association:

1. A President who shall be a director and who shall preside over the meetings of the Board of Directors and the meetings of the Members, and who shall also be the chief executive officer of the Association;

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

3. A Secretary who shall keep minutes of all meetings of the Board of Directors and of the Members and who shall in general perform all the duties incident to the office of the Secretary;

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

5. Such additional officers as the Board of Directors shall see fit to elect.

Section 2: Powers.

The respective officers shall have the general powers usually vested in such officers, provided that the Board of Directors may delegate any specific powers to any other officer or impose such limitations or restrictions

upon the powers of any officer as the Board of Directors may see fit.

Section 3: Term.

Except as provided in Section 4 of this article, each officer shall hold office for the term of one (1) year or until his successor shall have been elected and qualified.

Section 4: Vacancies.

Vacancies in any office shall be filled by the Board of Directors at regular and special meetings thereof. Any officer may be removed peremptorily by a majority vote of the directors at any special meetings.

Section 5: Compensation.

The officers shall receive no compensation for their services unless expressly provided for in a resolution duly adopted by a two-thirds (2/3) vote of all the Members of the entire Board of Directors; however, any officer may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 6: Officers Holding More Than One Office.

Any two (2) of the following offices may be held by one (1) person: Vice-President, Secretary, and Treasurer.

ARTICLE V

ASSESSMENTS

Section 1: Annual Budget.

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

Section 2: Assessment.

In accordance with the provisions of the Declaration, and as herein set forth, the amount to be

assessed against each Unit shall be equal to one-twenty eighth (1/28) of the estimated annual budget provided for in Section 1 above. Areas not submitted to horizontal property regime shall be assessed the fraction specified in the Declaration. Unless otherwise expressly determined by the Board of Directors, assessments shall be paid in monthly installments, and each Owner shall be notified of the monthly installment amount of the assessment. The monthly amount shall be due and payable, in advance, on the first day of each month. In the event the Board of Directors does not establish an annual budget, or for some reason fails to establish new monthly assessments for any year, or portion thereof, each Owner shall continue to pay the monthly assessment previously established until otherwise notified by the Board of Directors. In the event that any monthly installment is not paid by the tenth of the month, it shall be deemed delinquent, and may bear interest and be subject to such late charges as the Board of Directors may adopt by regulation.

Section 3: Supplemental Budget.

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

Section 4: Records.

The Board of Directors shall cause to be kept detailed and accurate records of receipts and expenditures specifying the amounts received and the expenses incurred. All such records shall be available for examination at reasonable times by the Owners and First Mortgagees as set forth in the Declaration. An annual audit of the books and records of the Association shall be performed at the end of each fiscal year and the results thereof supplied to each Owner and First Mortgagee.

ARTICLE VI

MISCELLANEOUS

Section 1: Bonds.

Fidelity bonds are required as set forth in the Declaration and the Board of Directors may require other

officers and employees of the Association, and any contractor employer or agent, to be bonded. The amount of such bonds, if required, shall be determined by the Board of Directors. Premiums on such bonds shall be paid by the Association.

Section 2: Fiscal Year.

The fiscal year of this Association shall be the calendar year and shall end on the last day of December of every year. The fiscal year herein established shall be subject to change by resolution of the Board of Directors.

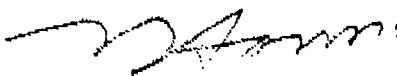
Section 3: Availability to Owners.

A copy of these Bylaws and all Amendments hereto shall be reduced to writing and be delivered and made available to every Owner.

Section 4: Inconsistencies.


In the event of any conflict or inconsistency with the Declaration or with the rules, regulations and requirements of the Federal Home Loan Mortgage Corporation, the terms and provisions of the Declaration and the rules, regulations and requirements of the Federal Home Loan Mortgage Corporation shall prevail and supersede such conflicting or inconsistent provisions of these Bylaws. Neither the Association, nor the Board of Directors, nor any agent or employee, shall be authorized or empowered to take any action inconsistent with the Declaration.

The foregoing were adopted as the Bylaws of Hayden Villas Condominiums Homeowners Association at a meeting of the Board of Directors held on the 13th day of September, 1994.



Designated Secretary

APPROVED:



Designated President