

TIFFANY PLACE HOMEOWNERS' ASSOCIATION

An Arizona Nonprofit Corporation

BYLAWS

ARTICLE I

Offices

Section 1 - Principal Offices. The principal offices of TIFFANY PLACE HOMEOWNERS' ASSOCIATION (the "Association") shall be located at 85 North Country Club Drive, Phoenix, Arizona.

Section 2 - Other Offices. The Association may establish such office or offices at such other places within the State of Arizona as the Board of Directors may from time to time designate.

ARTICLE II

Membership

Membership in the Association shall be limited as set forth in the Articles of Incorporation (the "Articles") of the Association. In the event any such member of the Association ("Member") shall be in arrears in the payment of any amount due and payable by such Member to the Association, whether pursuant to any of the provisions of these Bylaws, the Articles, the Declaration of Covenants, Conditions and Restrictions (the "Declaration") referred to in the Articles (which Declaration is hereby incorporated herein by this reference) or any rules or regulations promulgated pursuant thereto, for a period in excess of fourteen (14) days, or in the event any Member shall be in default in the performance of any other obligation provided for or contemplated by these Bylaws, the Articles, Declaration, or any rules or regulations promulgated pursuant thereto, for a period in excess of fourteen (14) days, in addition to any other available remedies, said Member's right to vote and his other rights and privileges as an Owner and a Member shall be suspended and shall remain suspended until all payments are brought current and all defaults remedied, unless otherwise determined by a majority of the Board of Directors.

No transfer of membership in the Association shall be made, except as provided in the Articles and the Declaration, and no such transfer shall be made upon the books of the Association within ten (10) days next preceding the annual meeting of the Members.

## ARTICLE III

### Property Rights; Rights of Enjoyment

Section 1 - Use and Enjoyment. Consistent with the purposes of the Association, and to the extent reasonably practicable, the Association shall make the property and facilities subject to its control and administration available for the common use and enjoyment of the Members. Any Member may delegate his rights and privileges of using and enjoying such property and facilities to tenants, lessees or other persons residing on the property which entitles such Member to the benefits of membership in the Association; provided, however, that any Member so delegating rights and privileges shall notify the Secretary in writing of the name of the delegee and the terms of the delegation. Notwithstanding any such delegation, the Member shall remain liable with respect to all duties as such, and the rights and privileges of any delegee shall remain subject to suspension in the event of any failure to perform such duties.

Section 2 - Reasonable Fees; Regulations. If the Board of Directors of the Association deems it necessary or appropriate, the Association may charge reasonable admission and other fees for use of the property and facilities subject to its control and administration. The Board of Directors, or a duly appointed committee thereof, may establish pursuant to the method set forth in the Declaration, such rules and regulations as it may determine to be necessary or appropriate for the regulation of the use and enjoyment of such property and facilities. Copies of any schedule of admission charges and other fees, or of any rules and regulations, so adopted shall be made available to Members and any delegee referred to in Section 1 of this Article.

## ARTICLE IV

### Meetings of the Members of the Association

Section 1 - Annual Meetings. An annual meeting of the Members shall be held on the first Monday of December of each year, commencing in 1981, at the principal place of business of the Association, or on such other date and at such other place as the Board of Directors may specify. If the date set for the annual meeting of the Members is a legal holiday, the meeting will be held on the first day following which is not a legal holiday. At such meeting there shall be elected a Board of Directors in accordance with the requirements of Article V of these Bylaws. The Members may also transact such other business of the Association as may properly come before them.

Section 2 - Notice of Annual Meeting. Written notice of the annual meeting shall be given to each Member entitled to vote thereat at least ten days (but no more than fifty days) before the date of the meeting.

Section 3 - Special Meetings. A special meeting of the Members, for any purpose or purposes, unless otherwise prescribed by statute or by the Articles, may be called by the President and shall be called by the President or Secretary at the request in writing of a majority of the Board of Directors, or at a request in writing signed by Members entitled to cast one-tenth (1/10) of all the votes of the entire membership. Such request shall state the purpose or purposes of the proposed meeting.

Section 4 - Notice of Special Meeting. Written notice of a special meeting of the Members, stating in reasonable detail the time, place and purpose thereof, shall be given to each Member entitled to vote thereat, at least ten days (but no more than fifty days) before the date fixed for the meeting.

Section 5 - Business Transacted at Special Meeting. Business transacted at any special meeting of Members shall be limited to the purposes stated in the notice, unless by consent of four-fifths (4/5) of the Members present and entitled to vote thereat, either in person or by proxy.

Section 6 - Voting Rights. The Association shall have two classes of voting membership, as more fully set forth in the Declaration and the Articles. Whenever in the Articles or in these Bylaws provision is made for a vote of a specified percentage or proportion of Members, such percentage or proportion shall be determined (except as otherwise specifically directed therein or herein or required by law) according to the aggregate number of votes eligible to be cast by all Members of the Association, whether or not present and irrespective of class of membership.

Section 7 - Quorum. The presence, either in person or by proxy, of the Members (and of each class thereof if voting by classes shall be required) holding at least ten percent (10%) of the votes entitled to be cast shall constitute a quorum of the Association for all purposes unless the representation of a larger group shall be required by law, by the Declaration, by the Articles, or by these Bylaws, and in that event representation of the number so required shall constitute a quorum. Except as expressly provided in the Declaration, the Articles or these Bylaws for certain particular matters, all actions may be taken at any meeting of the Association Members upon the affirmative vote of a majority of the aggregate voting power of

the Members present in person or by proxy and voting, provided that a quorum is present as provided for herein.

Section 8 - Adjournment of Meetings. If the number of Members necessary to constitute a quorum shall fail to attend in person or by proxy at the time and place of the meeting, the Chairman of the meeting, or a majority of the Members present in person or by proxy may adjourn the meeting from time to time without notice other than an announcement at the meeting, until a quorum shall be present or represented. At any adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally noticed. If an adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each Member entitled to vote at the meeting.

Section 9 - Proxies. As contemplated by the Declaration and the Articles, a Member may grant a proxy (whether or not revocable) to any person holding an interest in the Apartment Unit with respect to which such membership exists. Further, a revocable proxy for any meeting of Members may be granted to any person holding an interest in any other Apartment Unit subject to the Declaration or to any employee, agent or representative of the Declarant, as defined in the Declaration. A revocable proxy may be granted pursuant to the second sentence of this Section by a person holding a proxy pursuant to the first or second sentence of this Section, whether or not specifically permitted by the terms of the instrument granting proxy, unless expressly provided to the contrary by such instrument. Any proxy granted hereunder must be in writing and filed, or on file, with the Secretary. Any such proxy shall automatically be revoked upon termination of the membership of the person originally granting the same.

## ARTICLE V

### Directors

Section 1 - Powers and Duties. The business, property and affairs of the Association shall be managed, controlled and conducted by a Board of Directors. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association, and may do all such acts and things as are not by law or otherwise directed to be exercised and done by the Members. The powers of the Board of Directors shall include, but not be limited to, all of the rights and duties of the Board of Directors as set forth elsewhere in these Bylaws, the Articles and the Declaration and shall also include the power to promulgate such rules and regulations pertaining to the rights and duties of Members and

all other matters, as may be deemed proper and which are consistent with the foregoing. The Board of Directors may delegate to one or more committees thereof, and to other persons, such duties and powers, all as appears to the Board of Directors to be in the best interests of the Association and to the extent permitted by law.

Section 2 - Number and Qualification. The number of directors shall be fixed from time to time by resolution of the Board of Directors but shall in no event consist of less than three (3) or more than fifteen (15) persons. The initial size of the Board of Directors shall be three (3) members. Except as otherwise provided herein, the directors shall be elected at the annual meeting of the Members, and each director elected shall hold office until his successor is elected and shall qualify.

Members of the Board of Directors shall not be required to be Members; however, at least one member of the Board shall be a resident of Maricopa County, Arizona.

Section 3 - Election and Term of Office. The term of the Directors named in the Articles shall be until the first annual meeting of the Members or until their successors are duly elected and qualify. A new Board of Directors shall be elected by the Members at each annual meeting thereafter.

At least fifteen (15) days prior to any annual meeting, the Board of Directors shall select a Nominating Committee, and such Nominating Committee shall recommend to the annual meeting one (1) nominee for each position on the Board of Directors to be filled at that particular annual meeting. Nominations for the Board of Directors may also be made from the floor at the annual meeting with the consent of the person so nominated or by petition filed with the Secretary at least seven (7) days prior to the annual meeting, which petition shall be signed by five (5) or more Members and include a letter signed by the nominee(s) named therein indicating his (their) willingness to serve as a member of the Board of Directors if elected. The election of Directors shall be by written ballot, or by unanimous acclamation. Cumulative voting only need be used if expressly required by law.

Except as otherwise provided herein, members of the Board of Directors shall serve for a term of one (1) year.

Section 4 - Removal of Directors. At any regular or special meeting of the Members, except as may otherwise be provided by applicable law, any one or more of the Directors may be removed with or without cause by the affirmative vote of a majority of the Members; provided, however, if less than the entire Board is to be removed no one of the Directors may be

removed if the votes cast against his removal would be sufficient to elect him if voted for him at an election of the entire Board of Directors. A successor may immediately thereafter be elected by the Members to fill the vacancy thus created, and a Director so chosen shall hold office until the next annual election and until his successor is duly elected and shall qualify, unless sooner displaced. Any Director whose removal is proposed to the Members shall be given an opportunity to be heard at the meeting considering his removal.

Section 5 - Resignation of Directors. Any Director may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6 - Vacancies. Except as otherwise provided herein, vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the director(s) then in office, though less than a quorum, and directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced.

Section 7 - Compensation. No compensation shall be paid to Directors for their services as Directors. No remuneration shall be paid to a Director for services performed by him for the Association in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken. Upon the unanimous vote of the Board of Directors, a Director may be reimbursed for his reasonable out-of-pocket expenses.

Section 8 - Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least two such meetings (including an organization meeting within ten (10) days of election of Directors by the Members at the annual meeting) shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director at least three (3) days prior to the date set for the meeting.

Section 9 - Special Meetings. Special meetings of the Board of Directors may be called by the President on at least twenty-four (24) hours' notice to each Director, which notice shall state the time, place and purpose of the meeting. Spe-

cial meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice, upon the written request of a majority of the Directors.

Section 10 - Quorum. A majority of the Board of Directors then serving (although in no event less than one-third [1/3] of the number of directors then set pursuant to these Bylaws) shall constitute a quorum for the transaction of business, but if at any meeting of the Board there be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum shall be present. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum exists shall be regarded as the act of the Board except as may be otherwise specifically provided by the Articles, these Bylaws, the Declaration or applicable law.

Section 11 - Adjournments. The Board of Directors may adjourn any meeting from day to day or for such other time as may be prudent or necessary in the interests of the Association, provided that no meeting may be adjourned for a period longer than thirty (30) days. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally noticed.

Section 12 - Action Taken Without a Meeting. Any action required or permitted to be taken at a meeting of Directors may be effected by an instrument in writing setting forth such action, executed by each Director, which instrument shall be filed at the principal office of the Association or with the minutes maintained for meetings of Directors.

Section 13 - Fidelity Bonds. The Board of Directors may require, in a manner consistent with the Declaration, that all officers and employees of the Association handling or responsible for Association funds shall have fidelity bonds. To the extent such bonds are required upon determination of the Board of Directors, the premiums therefor shall be paid by the Association.

Section 14 - Committees. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of two or more of the directors and/or Members of the Association, which (to the extent provided in the resolution, but not to an extent prohibited by the Articles, the Declaration or by applicable law) shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Association and may authorize the seal of the Association to be

affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

## ARTICLE VI

### Notices

Section 1 - Notices. Notices to Directors (except as specifically hereinafter provided in this Section) and Members shall be in writing and delivered or mailed to the Directors or Members at their addresses appearing on the books of the Association. Notice by mail shall be deemed to be given three days after the time when the same shall be mailed, postage prepaid, to such addresses. Notice to Directors may be given by telegram or telephone.

Section 2 - Waiver. Whenever any notice is required to be given under the provisions of the Articles, of the Declaration, of these Bylaws, or of applicable law, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. The presence of the person or persons entitled to notice at any meeting requiring such notice shall also be deemed a waiver of such notice, unless such attendance shall be solely for the express purpose of objecting to transaction of any business because the meeting is not lawfully called or convened.

## ARTICLE VII

### Officers

Section 1 - Designation. The principal officers of the Association shall be a President, one or more Vice Presidents, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. The Directors may appoint Assistant Secretaries and Assistant Treasurers, and such other officers as in their judgment may be necessary. Any one person may hold two or more offices at the same time, except that no one person shall simultaneously hold the office of President and Secretary.

Section 2 - Election of Officers, Term. The Board of Directors at its first meeting after each annual meeting of the Members (or unanimous consent in lieu thereof) shall elect a president from among the directors, and shall choose one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the Board or Member of the Association. Except as otherwise provided herein, officers shall hold office until their successors are chosen and qualify.



Section 3 - Other Agents. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 4 - Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors then serving, any officer or other agent may be removed, either with or without cause, at any time.

Section 5 - Resignation of Officers. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6 - Vacancies. A vacancy in any office, for any reason whatsoever, may be filled by vote of a majority of the Board of Directors then in office. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7 - President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Members and of the Board of Directors. He shall have all of the general powers and duties which are normally vested in the office of the President of an association, including, but not limited to, the power to appoint committees from among the Members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 8 - Vice President. The Vice President (or most senior Vice President, if there shall be more than one) shall take the place of the President and perform his duties whenever the President shall be absent, unable to act or refuses to act. If neither the President nor a Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. A Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 9 - Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Members; he shall have the custody of the seal of the Association; he shall have charge of the membership books and such other books and papers as the

Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

Section 10 - Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

Section 11 - Compensation. No compensation shall be paid to officers for their services as officers. No remuneration shall be paid to an officer for services performed by him for the Association in any other capacity, unless a resolution authorizing such remuneration shall have been unánimously adopted by the Board of Directors before the services are undertaken. Upon unanimous vote by the Board of Directors, an officer may be reimbursed for his reasonable out-of-pocket expenses.

## ARTICLE VIII

### Managers

The Board of Directors shall have the express authorization, right and power to enter into one or more management agreements in order to facilitate efficient operation of the facilities and property subject to control and administration by the Association, which management agreements (if any) may provide for the administration, management, repair and maintenance of said facilities and property. The terms of said management agreements shall be as determined by the Board of Directors to be in the best interests of the Association, and shall be subject to the Articles, these Bylaws and the Declaration.

Consistent with the foregoing, the Board of Directors may enter into management agreements delegating any of its duties, powers or functions for such period of time and pursuant to such terms and conditions as it deems advisable, to any person, firm or entity (whether or not affiliated with a Member, officer or director) designated to act as manager of the project. Any such delegation which extends beyond the term of office of the delegator shall be binding upon successor Board of Directors. The Board of Directors shall not be liable for any omission or improper exercise by the manager of any of such duties, powers or functions so delegated.

## ARTICLE IX

### Indemnification of Directors and Officers

Subject to the further provisions hereof the Association shall indemnify any and all of its directors, officers, former directors and former officers, to the full extent permitted under applicable law against all expense incurred by them and each of them, including but not limited to legal fees, costs, judgments, fines and amounts paid in settlement which have or may be incurred, rendered or levied in any legal action, whether civil, criminal, administrative, investigative or otherwise, brought or threatened against any of them for or on account of any action or omission alleged to have been committed while acting within the scope of his duties as a director or officer of the Association. Whenever any present or former director or officer shall report to the President of the Association that he has incurred or may incur such expenses and it is thereafter determined (within a reasonable time thereafter and in accordance with applicable law) that such person acted, failed to act, or refused to act in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association in regard to the matter involved in the action or contemplated action and, with respect to any criminal action or proceeding, that he had no reasonable cause to believe his conduct was unlawful, indemnification shall be mandatory and shall be automatically extended as specified herein; provided, however, that the Association shall have the right to refuse indemnification in any instance in which the person to whom indemnification would otherwise have been applicable shall have unreasonably refused to permit the Association, at its own expense and through counsel of its own choosing, to defend him in the action. Nothing contained herein is intended to nor shall it limit any right of indemnification provided by Arizona Revised Statutes § 10-1005, or other applicable law.

## ARTICLE X

### Powers, Rights and Duties of the Association and Members Thereof

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

## ARTICLE XI

### Corporate Seal

The Board of Directors shall provide a suitable corporate seal containing the name of the Association, which seal shall be in the custody and control of the Secretary. The corporate seal shall be in circular form, shall have inscribed thereon the name of the Association, the year it was organized and the words, "Corporate Seal, Arizona." If and when so directed by the Board of Directors, a duplicate seal may be kept and used by such officers or other person as the Board of Directors shall name.

## ARTICLE XII

### Miscellaneous

Section 1 - Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer and in accordance with the reasonable standards of accounting procedure and prudence.

Section 2 - Inspection of Books. The books, records and papers of the Association, and the membership records of the Association, shall be available at the principal offices of the Association for inspection at reasonable times by any Member, holder of a first mortgage or first beneficiary under a first deed of trust on an Apartment Unit. The Declaration, the Articles and the Bylaws, rules and regulations of the Association shall likewise be available for inspection by any Member at the principal offices of the Association.

Section 3 - Execution of Corporate Documents. With the prior authorization of the Board of Directors, all notes, checks and contracts or other documents or instruments shall be executed on behalf of the Association by such officer or officers of the Association as said Board shall designate, or in absence of such designation, by the President.

Section 4 - Fiscal Year. The fiscal year of the Association shall be determined by the Board of Directors.

Section 5 - Loans to Directors and Officers Prohibited. The Association shall not lend money to or use its credit to assist its directors or officers, whether or not employees. Any director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment of the loan.

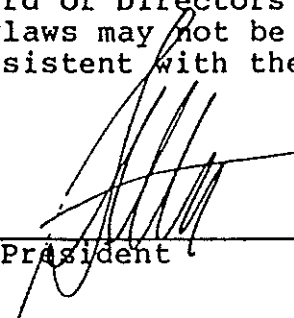
Section 6 - Defined Terms. Defined terms used herein shall, where appropriate by context, have the definitions given said terms in the Declaration.

Section 7 - Conflict in Documents. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control; and in the case of any conflict between the Articles and the Declaration, the Declaration shall control. This provision shall be amended or repealed only in accordance with the most stringent amendment provision regarding amendment or repeal then contained in these Bylaws, the Articles and the Declaration.

#### ARTICLE XIII

##### Amendment of the Bylaws

These Bylaws may be altered or repealed by the affirmative vote of a majority of the Board of Directors or of the Members of the Association. These Bylaws may not be amended insofar as such amendment would be inconsistent with the Declaration or the Articles.

  
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President

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Secretary