

BYLAWS OF  
CLUB SCOTTSDALE CONDOMINIUM ASSOCIATION

ARTICLE 1

Name and Location

1.1 The name of the homeowners association (the "Association") is CLUB SCOTTSDALE CONDOMINIUM ASSOCIATION. The principal office of the Association shall be located in Maricopa County, Arizona.

ARTICLE 2

Definitions

2.1 Definition of Declaration

"Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Property recorded on the 6th day of March, 1987, as Document No. 87 137049, in the office of the Maricopa County Recorder.

2.2 Declaration Definitions

The definitions contained in the Declaration are incorporated in these Bylaws by reference.

ARTICLE 3

Meetings of Members and Voting Rights

3.1 Annual Meetings

Regular meetings of Members of the Association shall be held annually on the Project or such other suitable place convenient to the Members as may be designated by the Board at the time and on the date set by the Board for such annual meeting, but in no event shall the first meeting be held later than six (6) months after the close of escrow for the sale of the first Condominium Unit.

3.2 Special Meetings

A special meeting of the Members of the Association may be called by the President of the Association, by the Board upon the vote for such a meeting by a majority of the Board, or upon receipt of a written request therefor signed by Members representing twenty-five percent (25%) of the allocated votes in the Association.

### 3.3 Notice of Meetings

Written notice of regular and special meetings shall be given to Members by the Board by hand-delivering or mailing a notice in the manner provided in Subarticle 12.4 to each Member which shall specify the place, day and hour of the meeting and, in the case of a special meeting, the nature of the items on the agenda to be undertaken including the general nature of any proposed amendment to the Declaration or Bylaws, and any proposal to remove a Director or Officer. Except as provided in Subarticle 3.8, notice shall be delivered or mailed to each Member at least ten (10) and not more than sixty (60) days prior to the meeting and shall be posted in a conspicuous place in the Common Elements.

### 3.4 Quorum

The presence in person or by proxy of at least twenty-five percent (25%) of the allocated votes in the Association shall constitute a quorum except as specifically provided to the contrary in the Declaration, the Articles or these Bylaws. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment notwithstanding the withdrawal of enough Members to leave less than a quorum.

### 3.5 Action Without a Meeting

Any action that, under the provisions of Arizona corporate law, may be taken at a meeting of the Members may be taken without a meeting if authorized by a writing signed by all of the Persons who would be entitled to vote upon such an action at a meeting and filed with the Secretary of the Association.

### 3.6 Joint Ownership of Condominium Units

When more than one Person owns an interest in any Condominium Unit, all such Persons shall be Members of the Association. The votes allocated to such Condominium Unit shall be exercised as a majority of the Owners of the Condominium Unit determine among themselves, but in no event shall more than the votes allocated to the Condominium Unit be cast for or with respect to any Condominium Unit concerning any one vote of the Association. The allocated votes for each Condominium Unit must be cast as a unit and fractional division of the allocated votes shall not be allowed. In the event that the joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner or Owners cast the allocated votes on behalf of a Condominium Unit, it will thereafter be conclusively presumed for all purposes that he/she or they was/were acting with the authority and consent of all Owners of the Condominium Unit unless any other Owners of the Condominium Unit promptly protests such action to the Person presiding over the meeting.

In the event more than the allocated votes are cast or such votes are fractionally divided as a result of being cast by more than one Owner of a particular Condominium Unit during a particular vote of the Association, none of said votes shall be counted and said votes shall be deemed void.

### 3.7 Proxies

At all meetings of Members, each Member may vote or register protest to the casting of allocated votes of the Member's Condominium Unit by another Owner of the Condominium Unit in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting. Every revocable proxy shall be revoked upon actual notice of revocation to the Person presiding over a meeting of the Association or upon presentation of a later dated proxy by the same Member. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates one year after its date unless it specifies a shorter term or unless it states that it is coupled with an interest and is irrevocable. All proxies, including irrevocable proxies coupled with an interest, shall automatically cease upon conveyance by the Member of his/her Condominium Unit or upon receipt of actual notice by the Secretary of the Board of the death or judicially declared incompetence of such Member.

### 3.8 Adjournment

In the absence of a quorum at a meeting of the Members, a majority of those present in person or by proxy may adjourn the meeting to another time but may not transact any other business. No additional notice to the Members need be given if the time and place of the following meeting are announced at the meeting at which the adjournment is taken and the following meeting is held within thirty (30) days of the adjourned meeting. Except as permitted under Subarticle 5.5 of the Declaration, any adjournment for lack of a quorum shall be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. The quorum for such a reconvened meeting shall be twenty percent (20%) of the allocated votes in the Association.

### 3.9 Classes of Membership

The Association shall have two (2) classes of voting membership established according to the Declaration.

### 3.10 Commencement of Voting Rights

Voting rights attributable to each Condominium Unit shall vest in accordance with the terms and provisions of the Declaration.

### 3.11 Record Date

For any meeting of the Members, the Board of Directors may fix in advance a date, not more than sixty (60) days nor less than ten (10) days before the date of such meeting nor more than sixty (60) days prior to any other action, as a record date for the determination of the Members of record entitled to notice of, and to vote at, such meeting. The Members entitled to vote at any meeting of the Members will be determined as of the applicable record date if one has been fixed as aforesaid, otherwise, as of the time the meeting is convened.

### 3.12 Organization and Conduct of Meetings

All meetings of Members will be called to order and thereafter chaired by the Chairman of the Board if there is one or, if not, or if the Chairman of the Board is absent or so requests, then by the President. If both the Chairman of the Board and the President are unavailable, such other Officer of the Association or such Member as may be appointed by the Board of Directors may call the meeting to order and chair the meeting. The Association's Secretary will act as secretary of each membership meeting. In his/her absence, the chairman of the meeting may appoint any Person (whether a Member or not) to act as secretary thereat. After calling a meeting to order, the chairman thereof may require the registration of all Members intending to vote in person and the filing of all proxies with the election inspector or inspectors, if one or more has/have been appointed (or, if not, with the secretary of the meeting). After the announced time for such filing of proxies has ended, no further proxies or changes, substitutions or revocations of proxies will be accepted. If Directors are to be elected, a tabulation of the proxies so filed, if any Person entitled to vote in such election so requests, will be announced at the meeting (or adjournment thereof) prior to the closing of the election polls. Absent a showing of bad faith on his/her part, the chairman of the meeting will, among other things, have absolute authority to fix the period of time allowed for the registration of Members and the filing of proxies, to determine the order of the business to be conducted at such meeting and to establish reasonable rules for expediting the business of the meeting (including any informal or question-and-answer portion thereof).

## ARTICLE 4

### Board of Directors; Selection; Term of Office

#### 4.1 Number; Qualifications and Term of Directors

The Board shall consist of three (3) Directors. The Directors may be Condominium Unit Owners or agents of Declarant (while Declarant remains a Condominium Unit Owner). If an Owner is a corporation, partnership or trust, a Director may be

an officer, partner, trustee, or beneficiary of such Owner. If a Director shall fail to meet such qualifications during his term, he will thereupon cease to be a Director, and his place on the Board shall be deemed vacant. The requirements of this sub-article do not apply to Directors appointed by the Declarant while Class B Membership exists or elected as a result of any of the votes cast by Declarant thereafter.

While Class B Membership exists, all Directors shall be appointed by Declarant for one year terms or for such other term as Declarant designates. After Class B Membership terminates, the Directors shall be elected by the entire Membership and at least a majority of the Directors must be Owners of Condominium Units. The Directors elected by the Association Membership shall serve staggered terms as follows: The first Director (the Director with the most votes), elected at the first annual meeting of the Association held after Class B Membership terminates as provided in the Declaration, shall serve a three-year term, the next Director elected at that meeting shall serve a two-year term, and the remaining Director shall serve a one-year term. Thereafter, all Directors shall be elected to three-year terms. All elections and appointments of Directors under these Bylaws by the entire Membership shall be for such terms as will preserve the staggering of terms as provided in this Subarticle 4.1.

#### 4.2 Election of Board of Directors After Termination of Class B Membership

##### 4.2.1 Nomination

After Class B Membership terminates as provided in the Declaration, nominations for election to the Board of Directors may be made from the floor at the annual meeting of the Association. Additionally, the Board may appoint a Nominating Committee which shall consist of a chairman (who shall be a member of the Board of Directors) and two (2) or more Members of the Association. If the Board determines to appoint a Nominating Committee, the Committee shall be appointed at least ninety (90) days prior to the annual meeting of the Members, to serve until the close of such annual meeting, and shall make as many nominations for election to the Board of Directors as it in its discretion shall determine but not less than the number of vacancies that are to be filled.

##### 4.2.2 Voting

After Class B Membership terminates as provided in the Declaration, elections of the Board members by the Association Membership shall be by secret written ballot.

4.3 Removal

While Class B Membership exists, the Declarant shall have the sole right to remove Directors. After Class B Membership terminates as provided in the Declaration, a Director may be removed by a vote of two-thirds (2/3) of the Members present and entitled to vote at a meeting of the Association at which a quorum is present.

4.4 Vacancies

While Class B Membership exists, the Declarant shall have the sole right to fill vacancies in the Board. After Class B Membership terminates as provided in the Declaration, vacancies in the Board caused by any reason other than the removal of a Director by a vote of the Members shall be filled by vote of the majority of the remaining Directors, and each Person so elected shall be a Director for the remainder of the term of the Director he/she replaces or until a successor is elected at a special meeting of the Members called for that purpose. Vacancies created by the removal of a Director by the Members as provided in Subarticle 4.3 hereof shall be filled by a vote of the Members.

ARTICLE 5

Meetings of Directors

5.1 Regular Meetings

Regular meetings of the Board shall be conducted at least quarterly at a time and place within or near the Project as may be fixed by the Board. Notice of the time and place of regular meetings shall be given to each Director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for the meeting, and shall also be posted at a prominent place or places within the Common Elements.

5.2 Special Meetings

A special meeting of the Board may be called by written notice signed by the President of the Association or by any two (2) Directors other than the President. Notice shall be provided to all Directors and posted in the Common Elements in the manner prescribed for notice of regular meetings and shall include a description of the nature of any special business to be considered by the Board.

5.3 Waiver of Notice

Before or at any meeting of the Board, any Director may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice to that Director. Attendance by a Director at any meeting of the Board shall

be a waiver of notice by him/her of the time and place of the meeting. Furthermore, any action to be taken by the Directors pursuant to the Articles, the Declaration or these Bylaws may be taken without a meeting if all Directors consent thereto in writing. Such consent shall have the same effect as a unanimous vote.

5.4 Quorum

The presence in person of a majority of the Directors at any meeting of the Board shall constitute a quorum.

5.5 Adjournment; Executive Session

The Board may, with the approval of a majority of a quorum of the Directors, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved and business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

5.6 Board Meetings Open to Members

Regular and special meetings of the Board shall be open to all Members of the Association, provided however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board.

ARTICLE 6

Powers and Duties of the Board of Directors

6.1 Powers and Duties

The Board shall have the powers and duties necessary for the administration of the affairs of the Association. Without limitation on the generality of the foregoing powers and duties, the Board shall be vested with, and responsible for, the following powers and duties:

6.1.1 To select, appoint, supervise and remove all agents and employees of the Association; to appoint Officers after Class B Membership terminates as provided in Subarticle 7.1 hereof; to prescribe such powers and duties for them as may be consistent with Arizona corporate and the Arizona Condominium Act and with the Articles, the Declaration and these Bylaws; to fix their compensation (if not prohibited under these Bylaws); and to require from them security for faithful service when deemed advisable by the Board.

6.1.2 To enforce the applicable provisions of the Declaration, the Articles, these Bylaws and other instruments relating to the ownership, management and control of the Project.

6.1.3 To adopt and publish rules and regulations governing the use of the Common Elements and facilities and the personal conduct of the Members and their guests thereon and to establish procedures and penalties for the infraction thereof, subject to approval of the Members as provided in Subarticle 9.1 hereof.

6.1.4 To adopt and publish rules and regulations governing the keeping of animals in the Project.

6.1.5 To contract for casualty, liability and other insurance on behalf of the Association as provided in the Declaration.

6.1.6 To cause the Common Elements to be maintained and to contract for goods and/or services for the Common Elements or for the Association, subject to the limitations set forth in this article.

6.1.7 To prepare, adopt and amend budgets and financial statements for the Association without the consent of the Members as prescribed in the Declaration and in these Bylaws.

6.1.8 To initiate and execute disciplinary proceedings against Members of the Association for violations of the provisions of the Articles, the Declaration, these Bylaws and such rules and regulations as may be promulgated by the Board in accordance with procedures set forth in these Bylaws and to impose suspensions of rights and reasonable monetary penalties as provided in Subarticle 9.1 hereof.

6.1.9 Upon the giving of reasonable notice, to enter upon any privately owned Condominium Unit as necessary in connection with construction, maintenance or emergency repair for the benefit of the Common Elements or the Owners.

6.1.10 To borrow money and incur indebtedness for purposes of the Association; to cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor; and to assign its right to future income, including the right to receive Common Expense Assessments, as provided in the Declaration.

6.1.11 To fix and collect regular and special Assessments according to the Declaration and these Bylaws and, if necessary, to record a notice of Assessment and foreclose the lien against any Condominium Unit for which an Assessment is not paid within thirty (30) days after the due date or bring an action at law against the Owner personally obligated to pay such Assessment. All reserves for capital expansion, repair and maintenance shall be transferred to and held in a trust fund or



funds for such purpose established by vote of a majority of Members and shall be expended only in the trust manner prescribed.

6.1.12 To prepare and file annual tax returns with the federal government and the State of Arizona and to make such elections as may be necessary to reduce or eliminate the tax liability of the Association. Without limiting the generality of the foregoing, the Board may, on behalf of the Association, elect to be taxed under Section 528 of the Internal Revenue Code or any successor statute conferring income tax benefits on homeowners associations. In connection therewith, the Board shall take such steps as are necessary to assure that the income and expenses of the Association for any taxable year shall meet the following limitations and restrictions:

6.1.12.1 At least sixty percent (60%) of the gross income of the Association for any taxable year shall consist solely of amounts received as membership dues, fees or Assessments from Condominium Unit Owners;

6.1.12.2 At least ninety percent (90%) or more of the expenditures of the Association for any taxable year shall be for the acquisition, construction, management, maintenance and care of the Common Elements and other Association property; and

6.1.12.3 No part of the net earnings of the Association shall inure to the benefit of any private individual (other than by acquiring, constructing or providing management, maintenance and care of the Common Elements and other Association property and other than by a rebate of excess membership dues, fees or Assessments).

6.1.13 To delegate to committees, Officers or employees of the Association or to a management company pursuant to a written contract the powers described in Subarticles 6.1.2 through 6.1.10 and 6.1.12 and the right to collect (but not to fix) the Assessments and to take all permitted actions to collect the same as provided in Subarticle 6.1.11.

## 6.2 Limitation on Board's Power

Except with the vote or written assent of a majority of the allocated votes in the Association residing in Members other than Declarant, the Board shall be prohibited from taking any of the following actions:

6.2.1 Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

6.2.2 Paying compensation to Directors or Officers of the Association for services performed in the conduct of the Association's business, provided however, that the Board may cause a Director or Officer to be reimbursed for expenses incurred in carrying on the business of the Association.

6.2.3 Entering into a contract with a third Person wherein the third Person will furnish goods or services for the Common Elements or the Association for a term longer than one (1) year with the following exceptions:

6.2.3.1 A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration and which otherwise complies with the terms of Subarticles 4.1 and 10.9 of the Declaration as the same may be amended from time to time.

6.2.3.2 A contract with a public utility company if the rates charged for the materials or services are regulated by the Arizona Corporation Commission or successor agency, provided however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate; and

6.2.3.3 Prepaid casualty and/or liability insurance policies not to exceed three (3) years' duration, provided however, that the policy permits short rate cancellation by the insured.

6.2.4 Entering into any contract or lease (including a management contract for the Common Elements), inconsistent with the provisions of Subarticles 4.1 and 10.9 of the Declaration as the same may be amended from time to time.

## ARTICLE 7

### Officers and Duties

#### 7.1 Enumeration and Term

The Officers of this Association shall be a president and vice president (who shall at all times be members of the Board of Directors), a secretary, a treasurer and such other Officers holding offices as the Declarant or the Board by resolution may from time to time create. The Officers, except as provided above, may, but are not required to be, Members of the Association. The Officers shall be appointed by the Declarant while Class B Membership exists and each shall hold office for one (1) year unless he/she shall sooner resign, shall be removed or shall otherwise be disqualified to serve. After Class B Membership terminates as provided herein, the Board shall appoint the Officers.

## 7.2 Election of Officers

After Class B Membership terminates as provided in the Declaration, the election of Officers by the Board shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

## 7.3 Resignation and Removal

At any time with or without cause, any Officer may be removed from office by the Declarant while Class B Membership exists and thereafter by a majority of the Board. Any Officer may resign at any time by giving written notice to the Declarant (if such Officer is appointed by the Declarant) or otherwise 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.

## 7.4 Vacancies

A vacancy in any office may be filled by appointment by the Declarant while Class B Membership exists and thereafter by the Board. The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer he/she replaces. If, however, the office of President becomes vacant, the Vice President (or Secretary if no Vice President exists) shall automatically fill the office of President and shall serve the remainder of the term. The Declarant or the Board, as applicable, shall then fill by appointment the vacant position of Vice President (or Secretary).

## 7.5 Multiple Offices

The offices of Secretary and Treasurer may be held by the same Person. No Person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to this article.

## 7.6 Duties

The duties of the Officers are as follows:

### 7.6.1 President

The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board are carried out, shall sign all leases, mortgages, deeds and other written instruments and shall cosign all checks (unless the authority to sign checks in the ordinary course of Association business has been delegated to a management company as provided in these Bylaws) and promissory notes. The President shall execute, certify and record all amendments to the

Declaration, the Articles or these Bylaws adopted by the Members from time to time.

7.6.2 Vice President

The Vice President shall act in the place and stead of the President in the event of his/her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him/her by the Board.

7.6.3 Secretary

The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, shall serve notice of meetings of the Board and of the Members, shall keep appropriate current records showing the Members of the Association together with their addresses and shall perform such other duties as required by the Board.

7.6.4 Treasurer

The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association, shall disburse such funds as directed by resolution of the Board of Directors, shall cosign all checks and promissory notes of the Association and shall keep proper books of account and prepare or have prepared financial statements as required in these Bylaws. The duty of the Treasurer to receive and deposit funds and to cosign checks in the ordinary course of Association business may be delegated to a management company as provided in these Bylaws.

ARTICLE 8

Maintenance and Assessments

8.1 Maintenance and Assessments

Pursuant to the procedures and guidelines set forth in the Declaration, the Board shall levy, collect and enforce regular and special Assessments for the operation of the Association and for the management, maintenance and operation of the Common Elements, Limited Common Elements, and Recreational Common Elements. The Assessments shall be used exclusively to promote the recreation, health, safety and welfare of all residents in the entire Project and for the improvement and maintenance of the Common Elements, Limited Common Elements, and Recreational Common Elements for the common good of the Project. Regular Assessments shall include an adequate reserve fund for maintenance, repair and replacement of the Common Elements, Limited Common Elements, and Recreational Common Elements and shall be subject to Sub-article 6.1.11.

## ARTICLE 9

Discipline of Members; Suspension of Rights9.1 Discipline of Members; Suspension of Rights

The Association shall have no power to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of his/her individually owned Condominium Unit on account of a failure by the Owner to comply with provisions of the Declaration, the Articles, these Bylaws or of duly enacted rules relating to operation of the Common Elements or Project, except where the loss or forfeiture is the result of the judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure by the Owner to pay Assessments levied by the Association. Notwithstanding the foregoing, the Board shall have the power to impose reasonable temporary suspensions of an Owner's voting rights as a Member of the Association and/or rights to use the Recreational Common Elements for failure to comply with the Declaration, the Articles, these Bylaws or duly enacted rules, provided that any suspension, except that resulting from failure to pay Assessments, shall not exceed sixty (60) days per violation, and further provided that the accused shall be given reasonable notice and the opportunity to be heard by the Board with respect to the alleged violation before a decision to impose discipline is reached. In a case in which monetary penalties are to be imposed, such penalties shall be according to a schedule of penalties related to specific offenses, which schedule shall be proposed by the Board and approved by the vote or written assent of a majority of the allocated votes in each class of Membership. Such penalties shall bear a reasonable relationship to the conduct for which the penalty is imposed and may only be imposed prospectively.

## ARTICLE 10

Budgets, Financial Statements, Books and Records10.1 Budgets and Financial Statements

Financial statements for the Association shall be regularly prepared and copies shall be distributed to each Member of the Association as follows:

10.1.1 A pro forma operating statement (budget) for each fiscal year shall be distributed not less than thirty (30) days before the beginning of the fiscal year.

10.1.2 A balance sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year shall be distributed within ninety (90) days after the close of the fiscal year.

As provided in the Declaration, and without limiting the foregoing, the Board may from time to time amend and adopt budgets without the consent of the Members and shall provide a summary of any such budget or amended budget to the Members not later than thirty (30) days after adoption of the same by the Board.

#### 10.2 Fiscal Year

The fiscal year of the Association shall be as determined by resolution of the Board. In the absence of such a resolution, the fiscal year shall be the calendar year.

#### 10.3 Inspection of Association's Books and Records

The membership register, current copies of the Project Documents, financial statements, books of account and minutes of meetings of the Members, the Board and committees of the Board and/or Association shall be made available for inspection and copying by Members of the Association, First Mortgagees and insurers or guarantors of First Mortgages or by their duly appointed representatives, at any reasonable time and for a purpose reasonably related to their interests as Members, as First Mortgagees or as insurers or guarantors of First Mortgages, at the office of the Association or at such other place within the Project as the Board shall prescribe. Such inspection may take place on weekdays during normal business hours following at least forty-eight (48) hours' written notice to the Board by the Member, First Mortgagee or insurer or guarantor of a First Mortgage desiring to make the inspection. Any Member, First Mortgagee or insurer or guarantor of a First Mortgage desiring copies of any document shall pay the reasonable cost of reproduction. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right to inspection by a Director includes the right to make extracts and copies of documents.

### ARTICLE 11

#### Amendment to Bylaws

##### 11.1 Amendment to Bylaws

These Bylaws may be amended by the vote or written assent of Members representing fifty-one percent (51%) of a quorum of the allocated votes in the Association, provided however, that the percentage of the allocated votes necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. For as long as there are two (2) classes of membership in the Association, the proposed amendment must be approved in advance by the Federal Housing Administration or the Veterans Administration if either of these agencies has approved the proposed development plan of the Project.

## ARTICLE 12

Miscellaneous Provisions12.1 Regulations

All Owners, tenants, their employees or any other Person who might use the facilities of the Project in any manner are subject to the regulations set forth in these Bylaws, the Project Documents and all reasonable rules enacted pursuant to the Declaration. Acquisition, rental or occupancy of any Condominium Unit shall constitute acceptance and ratification of the provisions of all such rules and regulations.

12.2 Indemnity of Officers and Directors

Each Officer and Director shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him/her by judgment or settlement in connection with any proceeding to which he/she may be a party or in which he/she may become involved by reason of his/her being or having been an Officer or Director of the Association, except in cases of fraud, gross negligence or bad faith of the Officer or Director in the performance of his/her duties.

12.3 Committees

The Board may appoint a Nominating Committee as provided in these Bylaws and shall appoint an Architectural Control Committee as provided in the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

12.4 Notices

Any notices permitted or required to be given by the Project Documents may be delivered either personally, by mail or as otherwise specifically provided in the Project Documents. If delivery is by mail, it shall be deemed to have been given seventy-two (72) hours after a copy of the same has been deposited in the United States mail, postage prepaid, certified or registered, return receipt requested, addressed to each Person at the current address given by such Person to the Secretary of the Association or addressed to the Condominium Unit of such Person if no address has been given to the Secretary; provided, however, that notice of regular or special meetings may be mailed by regular mail without request for a return receipt. In the case of notice to the Architectural Control Committee, notice may be delivered either personally or by registered or certified mail, postage prepaid, return receipt requested, addressed to the Board and to Declarant, at Declarant's business address, while Declarant may appoint Committee members pursuant to the Declaration.

STATE OF ARIZONA            )  
  ) ss.  
County of Maricopa         )

On this the 6<sup>th</sup> day of March, 1987, before me, the undersigned Notary Public, personally appeared SÜZANN KASMAR, known to me to be the person whose name is subscribed to the within Bylaws, and acknowledged to me that she executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal.

Susan G. Mann  
Notary Public

My Commission Expires:

January 24, 1990



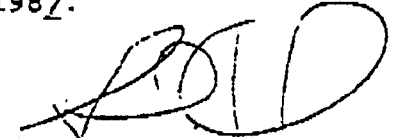
ESTABLISHMENT OF BYLAWS

We, the undersigned, being all of the Directors of CLUB SCOTTSDALE CONDOMINIUM ASSOCIATION, do hereby certify:

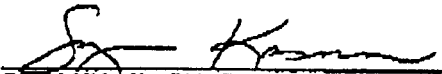
That we are required by law and by the provisions of the Project Documents for CLUB SCOTTSDALE CONDOMINIUM, to adopt Bylaws for CLUB SCOTTSDALE CONDOMINIUM ASSOCIATION; and

That we hereby assent to the within and foregoing Bylaws and hereby adopt the same as the Bylaws of said CLUB SCOTTSDALE CONDOMINIUM ASSOCIATION.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 6<sup>th</sup> day of March, 1987.

  
LARRY S. KUSH

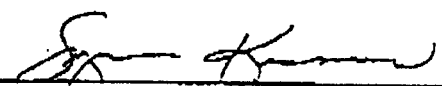
  
BRUCE W. BILTON

  
SUZANN KASMAR

I, the undersigned duly elected and acting Secretary of CLUB SCOTTSDALE CONDOMINIUM ASSOCIATION, do hereby certify:

That the within and foregoing Bylaws were adopted as the Bylaws of said Association on the 6<sup>th</sup> day of March, 1987, and that the same do now constitute the Bylaws of said Association.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 6<sup>th</sup> day of March, 1987.

  
Secretary