

FOUNTAIN COURT HOMEOWNERS' ASSOCIATION

BYLAWS

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BYLAWS
OF
FOUNTAIN COURT HOMEOWNERS' ASSOCIATION

ARTICLE I
GENERAL PROVISIONS

Section 1.1. Name. The name of this corporation Fountain Court Homeowners' Association, is hereinafter referred to as the "Association".

Section 1.2. Principal Office. The principal office of this corporation shall be located at _____ ^ _____ ^ _____

_____, _____, Arizona, but meetings of Members and Directors may be held at such place within the State of Arizona, County of Maricopa, as may be designated by the Board of Directors.

Section 1.3. Defined Terms. Terms used in these Bylaws without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions and Restrictions for Fountain Court recorded with the County Recorder of Maricopa County, Arizona, on the ___ day of _____, 198_, as Document No. _____.

Section 1.4. Inspection of Books and Records. The books, records and papers of the Association shall be subject to inspection by any Member during reasonable business hours. The Fountain Court Constituent Documents shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

Section 1.5. Corporate Seal. The Association may adopt a seal in a form approved by the Board of Directors.

Section 1.6. Amendments. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of the Members present in person or by proxy, having a majority of the total authorized votes of each class of membership, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is a Class B membership.

Section 1.7. Construction. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Section 1.8. Fiscal Year. The fiscal year of the Association shall begin on the 1st day of January and end on the

31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE II
MEETINGS OF MEMBERS

Section 2.1. Annual Meeting. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, on the date specified in the Articles of Incorporation, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter at the hour of 7:00 P.M. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour of the first day following which is not a legal holiday.

Section 2.2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board, or upon written request signed by Members having at least one-fourth (1/4) of the total authorized votes of each class of membership.

Section 2.3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of each notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote thereat, either in person or by proxy, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 2.4. Quorum. The presence at a meeting of, Members entitled to cast or proxies; entitled to cast, one-tenth (1/10) of the total authorized votes of each class of membership shall constitute a quorum for any action, except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time without notice other than announcement at the meeting. 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.

Section 2.5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE III
BOARD OF DIRECTORS; SELECTION;

TERM OF OFFICE

Section 3.1. Number. The affairs of this Association shall initially be managed by a board of three (3) directors, who need not be Members of the Association.

Section 3.2. Term of Office. The initial directors shall hold office until their successors are appointed and qualified at the first annual meeting of Members. Thereafter, terms of office shall be as set forth in the Articles of Incorporation.

Section 3.3. Cumulative Voting. Elections of the Board members shall be by secret written ballot. All elections in which a position on the Board is to be filled shall be conducted by cumulative voting.

Section 3.4. Removal. Unless the entire Board is removed from office by the vote of Association Members, an individual Director shall not be removed prior to the expiration of his/her term of office if the number of votes cast against his/her removal is greater than the quotient arrived at by dividing the total number of votes that may be cast under cumulative voting procedures by a divider equal to one (1) plus the authorized number of Directors.

Section 3.5. Vacancies. 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 he/she replaces or until a successor is elected at a special meeting of the members called for that purpose.

Section 3.6. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 3.7. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors.

ARTICLE IV
MEETINGS OF DIRECTORS

Section 4.1. Regular Meetings. Regular meetings of the Board of Directors may be held monthly without notice, at

such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 4.2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days' notice to each director.

Section 4.3. Quorum. A majority of the directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly-held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE V
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 5.1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and the improvements and facilities located thereon and the personal conduct of the Members and their guests and to establish penalties and fines for the infraction thereof;

(b) suspend the voting rights and the right to use of the Common Area of a Member during any period in which such Member shall be in default in the payment of any assessment or other charge levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for any infraction of published rules and regulations.

(c) establish fees or charges for the use of the Common Area and improvements or facilities located thereon;

(d) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles or the Declaration;

(e) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(f) hire or employ and dismiss a manager or executive director, whether as an independent contractor or as an employee, to perform such services and duties as the Board may direct, including, but without limitation, any of the duties granted to

the Board by these Bylaws or any of the duties granted to the officers of the Association by these Bylaws, and the Board shall have the power to delegate any of such duties to the manager or executive director subject to such limitations and restrictions upon the exercise of those duties by the manager or executive director as the Board may deem necessary and advisable.

Section 5.2. Duties. To the extent that such duties are not assigned or delegated to a manager or executive director pursuant to Section 5.1(f) of these Bylaws, it shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by any Member entitled to vote;

(b) supervise all offices, agents and employees of the Association and see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(i) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each fiscal year of the Association

(ii) send written notice of each assessment to every Owner subject thereto; and

(iii) record within a reasonable time a Notice and Claim of Lien against any Lot for which assessments are not paid, and foreclose the same within a reasonable time or, in the discretion of the Board, bring an action at law against the owner personally obligated to pay the same.

(d) issue, or cause an appropriate officer to issue upon demand to any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(e) procure and maintain adequate property, liability and hazard insurance on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Area to be maintained, as more fully set forth in the Declaration.

ARTICLE VI
OFFICERS AND THEIR DUTIES

Section 6.1. Enumeration of Officers. The officers of this Association shall be a president, vice-president, secretary, treasurer, and such other officers as the Board may from time to time by resolution create. The president and vice president must be members of the Board.

Section 6.2. Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

Section 6.3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year and until his successor is elected and qualified, unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 6.4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 6.5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. 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 6.6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 6.7. Multiple Offices. One person may not simultaneously hold the offices of president and treasurer or president and secretary. More than one of any of the other offices, including special offices created pursuant to Section 6.4., may be held simultaneously by one person.

Section 6.8. Duties. To the extent that such duties are not assigned or delegated to a manager or executive director pursuant to Section 5.1(f) of the Bylaws, the duties of the officers are as follows:

President

(a) 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 co-sign all checks and promissory notes.

Vice-President

(b) The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal, if any, of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members, 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.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

Section 6.9. Limitation of Authority of Officers. Unless authorized to do so by a duly adopted resolution of the Board, no officer shall, and no officer shall have the authority to, encumber any real or personal property owned by the Association.

Section 6.10. Fidelity Bonds. The Association shall maintain blanket fidelity bonds for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association. Where the Association has delegated some or all of the responsibility for the handling of funds to a management agent, the Association shall require the management agent to provide fidelity bonds for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. The total amount of fidelity bond coverage shall be based upon the best business judgment of the Board, and

shall not be less than the estimated maximum amount of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond. In no event shall the aggregate amount of such fidelity bonds be less than a sum equal to three months assessments on all Lots plus adequate reserve funds. Fidelity bonds obtained by the Association must also meet the following requirements:

(a) The fidelity bonds shall name the Association as an obligee;

(b) The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions;

(c) The bonds shall provide that they may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days' prior written notice to the Association and each Eligible First Mortgagee.

ARTICLE VII COMMITTEES

Section 7.1. Appointment. The Board of Directors shall appoint an Architectural Control Committee as provided in the Declaration. In addition, the Board of Directors shall appoint such other committees as it deems appropriate and necessary to perform its duties.

ARTICLE VIII INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 8.1. Indemnity of Officers and Directors. Each officer and director of the Association shall be indemnified in accordance with Section 10-1005(B), Arizona Revised Statutes, against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him or her by judgment or settlement in connection with any proceeding to which he or she may become involved by reason of his or 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 or her duties.

ESTABLISHMENT OF BYLAWS

We, the undersigned, being all of the Directors of FOUNTAIN COURT HOMEOWNERS' ASSOCIATION, do hereby certify:

That we are entitled to exercise all of the voting powers of said FOUNTAIN COURT HOMEOWNERS' ASSOCIATION; and

That we hereby assent to the within and foregoing Bylaws and hereby adopt the same as the Bylaws of said FOUNTAIN COURT HOMEOWNERS' ASSOCIATION.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 25 day of June, 1985.


BRIAN WARNOCK


HUGH JONES


FRANK PANKRATZ

I, the undersigned duly elected and acting Secretary of FOUNTAIN COURT HOMEOWNERS' ASSOCIATION, do hereby certify:

That the within and foregoing Bylaws were adopted as the Bylaws of said Association on the 25th day of June, 1985, and that the same do now constitute the Bylaws of said Association.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 25 day of June, 1985.


Secretary

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this the 25th day of June, 1985, before me, the undersigned Notary Public, personally appeared Brian P. Warnock, known to me to be the person whose name is subscribed to the within Bylaws, and acknowledged to me that he/she executed the same for the purposes therein contained.

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

Jessie M. Shelton
Notary Public

My commission expires:
My Commission Expires Apr. 2, 1989

CONSENT IN LIEU OF SPECIAL MEETING

RECITALS:

(A) It is inexpedient at this time to convene a formal meeting of the Board of Directors of FOUNTAIN COURT HOMEOWNERS' ASSOCIATION, an Arizona non-profit corporation (the "Corporation"), to take certain necessary corporate action.

(B) The Directors of the Corporation, therefore, hereby authorize the taking of certain corporate action informally by executing a written Consent thereto pursuant to the provisions of the Articles of Incorporation and the Arizona Business Corporation Act.

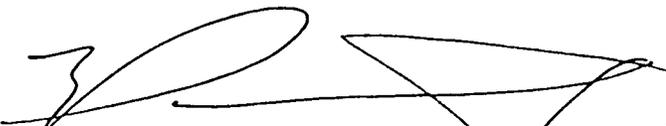
CONSENT:

The undersigned, being all of the Directors of the Corporation, have executed this Consent in Lieu of Special Meeting with the intent that their action have the same force and effect as if taken at a duly convened meeting of the Directors of the Corporation, and do hereby consent to and ratify the following:

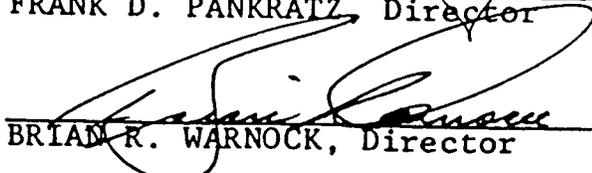
RESOLVED, that GEORGE GARDNER who was designated as an initial Director in the Articles of Incorporation of the Corporation, has resigned as such effective _____, 1985, and his resignation is hereby accepted; and

RESOLVED FURTHER, that HUGH JONES be and hereby is elected to serve as a Director of the Corporation effective _____, 1985, and shall serve in such capacity until the next Annual Meeting of Members or until his successor is duly elected and qualified.

DATED this _____ day of _____, 1985.



FRANK D. PANKRATZ, Director



BRIAN R. WARNOCK, Director