

BYLAWS  
OF  
LA MONTANA CROSSING CONDOMINIUMS  
HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

Section 1. Submission to Regime. The Property located in Maricopa County, State of Arizona, known as LA MONTANA CROSSING CONDOMINIUMS has been previously submitted to a Condominium Regime, pursuant to the provisions of Sections 33-1201 et. seq., Arizona Revised Statutes (the "**Condominium Act**") To the extent the provisions hereof are not permitted under the provisions of the Condominium Act, the provisions of the Condominium Act shall govern..

Section 2. Definitions. Wherever capitalized terms are used herein which are defined in the Condominium Act, such words shall have the definitions set forth therein. In addition, capitalized terms used herein which are defined in the Declaration of Condominium and Declaration of Covenants, Conditions and Restrictions Establishing and Governing LA MONTANA CROSSING CONDOMINIUMS (the "**Declaration**") shall have the meanings set forth in the Declaration. To the extent not precluded by the Condominium Act, the definitions in the Declaration shall apply to the extent the terms are defined both in the Declaration and the Condominium Act. For purposes of these ByLaws the term "**Condominium Documents**" shall mean the Declaration, the Plat identified in the Declaration (the "**Plat**") and the ByLaws of the Association (the "**ByLaws**") as amended from time to time.

Section 3. Application of Bylaws. All present and future owners, tenants, future tenants or their employees or any other person that might use the facilities of the Property in any manner are subject to the provisions of these Bylaws. The ownership or rental of any of the Units on the Property or the mere action of occupancy of any of said Units will signify that these Bylaws are accepted, ratified and will be complied with by the occupant or Owner.

ARTICLE II

Section 1. Voting. Notwithstanding the number of Owners who may jointly or otherwise own a unit, voting on all matters shall be limited to one (1) of the Owners. Where two (2) or more persons own an interest in a Unit, they shall designate to the Association, in writing, one of their number who shall have the power to vote. In the absence of such designation and until such designation is made, the Board shall make such designation. In all matters requiring a vote of the Owners, voting shall be on a percentage basis and the percentage of the vote to which each Owner

is entitled is the same percentage assigned to each of said Units in the common elements in the Declaration submitting the Property to a horizontal property regime.

Section 2. Majority of Owners. As used in these Bylaws, the term "Majority of Owners" shall mean those Owners holding more than fifty percent (50%) of the votes in accordance with the percentages assigned to each Dwelling Unit.

Section 3. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Owners entitled to cast twenty percent (20%) of all the votes for each class of membership shall constitute a quorum, and a majority of those present either in person or by proxy at an annual or duly noticed special meeting shall be necessary to pass any proposal.

Section 4. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

### ARTICLE III

Section 1. Owners' Responsibilities. The Owners of the Units will have the responsibility of administering the Association, electing the Board of Directors, and exercising those duties and responsibilities provided for by law.

Section 2. Place of Meeting. Meetings of the Owners shall be at the principal place of business of the Association or at such other suitable place convenient to the Owners as may be designated by the Board of Directors.

Section 3. Annual Meetings. The first annual meeting of the Association shall be held on or before one year after the date of recording the Declaration. Thereafter, the annual meetings of the Association shall be held on the first day of April of each succeeding year. At such meetings there shall be elected by ballot of the Owners a Board of Directors in accordance with the requirements of Section 4 of Article IV of these Bylaws. The owners may also transact such other business of the Association as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board or upon a petition signed by a majority of the Owners and having been presented to the Secretary. The notice of any special meeting shall state the time and place of meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by agreement of more than fifty percent (50%) of the Owners present, either in person or by proxy. Although voting by proxy is permitted at Special Meetings, no proxy voting is permitted with respect to the removal of a director pursuant to Article IV, Section 6 of these ByLaws.

Section 5. Notice of Meeting. It shall be the duty of the Secretary-Treasurer to mail a notice of each annual or special meeting, stating the proposed purpose thereof with the time and the place where it is to be held, to each Owner of record, at least five (5) but not more than twenty (20) days prior to such meeting. The mailing of a notice in a manner provided in this section shall be

considered notice served.

Section 6. Adjourned Meetings. If any meeting of Owners cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting to a time not more than forty-eight (48) hours from the time the original meeting was called.

Section 7. Order of Business. The Order of business at all meetings of the Association shall be as follows:

- (a) Roll call and verification of proxies.
- (b) Proof of notice of meeting.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Report of Board.
- (f) Reports of committees.
- (g) Appointment of inspectors of election when required.
- (h) Election of members of the Board when required.
- (i) Unfinished business.
- (j) New business.

#### ARTICLE IV

Section 1. Number and Qualification of Board of Directors. The Association shall be governed by a Board of Directors. From and after the expiration of the Period of Declarant Control all of the Directors must be Owners. From and after the expiration of the Period of Declarant Control, the number of Directors must be at least three (3) but shall not be more than Nine (9). The number of Directors may be changed from time to time by the Board of Directors.

Section 2. Powers and Duties. 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, by the Declaration or by these Bylaws directed to be exercised and done by the Owners.

Section 3. Other Duties. In addition to the duties imposed by the Declaration, these Bylaws or by resolutions of the Association, the Board shall be responsible for the following:

- (a) Care, upkeep and surveillance of the Project and the Common Elements.
- (b) Preparation of an annual budget and allocation of the budget to the various units in accordance with the various percentages of interest owned.
- (c) Establishment and collection of monthly assessments, including special assessments from the Owners and the filing of liens and foreclosures thereof where necessary.
- (d) Employment and dismissal of the personnel necessary for the maintenance and the operation of the Property and the Common Elements.
- (e) Employment of a management agent at a compensation established by the Board to perform such duties and services as the Board shall authorize. The duties conferred upon the management agent by the Board may at any time be revoked, modified or amplified by a majority of the Board at a duly constituted meeting.
- (f) To make repairs within the individual units where such repairs are required for the welfare or safety of the members of the Association.
- (g) Obtain and keep in full force and effect fire and hazard insurance on the Building and all Common Elements, and public liability and other insurance as deemed necessary and advisable by the Board.
- (h) To grant or relocate easements required for the benefit of the Association.
- (i) Adopt and amend rules and regulations and enforce the same covering the operation and use of all of the Property and the Common Elements.
- (j) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.
- (k) Invest any excess funds held or controlled by the Association.

Section 4. Election and Term of office. At the first annual meeting of the Association following the expiration of the Period of Declarant Control the term of office of one (1) Director shall be fixed for one (1) year, one Director for two (2) years, and one Director for three (3) years. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and hold their first meeting. Until the first annual meeting of the Association the Board of Directors shall be designated by the Declarant, and shall serve until the first annual meeting of the Association or until their successors are duly elected.

Section 5. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Owners shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

Section 6. Removal of Directors. At any regular or special meeting duly called, anyone or more of the Directors, other than a Director appointed by the Declarant, may be removed with or without cause by

a two-thirds vote of the Owners present at such meeting and entitled to vote, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting. Pursuant to

Section 7. Compensation. No compensation shall be paid to Directors or officers for their services as Directors or officers. No remuneration shall be paid to a Director for services performed by him for the Association in any capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken. Neither a Director nor an officer may be an employee of the Association., Directors and officers, however, may be reimbursed for any actual expenses incurred in connection with their duties as such officers or Directors.

Section 8. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected.

Section 9. 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 (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President or Secretary on three (3) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as herein above provided) and purpose of the meeting.

Section 11. 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 the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all of the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. Board of Directors' 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. 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. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. Indemnification. The members of the Board of Directors shall not be liable to the Association or any owner for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Association shall indemnify and hold harmless each of the members of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these Bylaws.

## ARTICLE V

Section 1. Designation of Officers. The principal officers of the Council shall be a President and Secretary as well as such other officers as may be designated by the Board of Directors

Section 2. Election of officers. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of the Association including, but not limited to, the power to appoint committees from among the owners 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 5. Vice-President (if any). The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President shall be able to act, the Board of Directors shall appoint some other member of the Board to so do on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. Secretary. The Secretary shall have the responsibility for keeping the minutes of all meetings of the Board of Directors and Association and such correspondence as shall be necessary and such other duties as shall from time to time be imposed on him by the Board of Directors.

Section 7. Treasurer (if any). 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 and such depositories as may from time to time be designated by the Board of Directors.

## ARTICLE VI

Section 1. Assessments. All owners shall be obligated to pay for Common Expenses if imposed by the Board of Directors. The assessment may include the cost of maintenance and repair of the Common Elements, including the Limited Common Elements, utilities, taxes and assessments, if any, on Common Elements, and all other items necessary for the maintenance and operation of the Common Elements, if any. There shall also be included in the assessments reserves for replacements and impounds as required and the cost to the Property for the purchase, construction, development, operation and management of recreational facilities available to the Owners. The assessments shall be made pro-rata according to the percentage of interest of each Unit in the Common Elements as set forth in the Declaration. Assessments shall commence and be payable by each Owner as of the date of his acquisition of title to his Unit and said assessment shall be payable monthly in advance or at such other time or times as the Board of Directors shall determine. Any assessments levied or collected which are in excess of the amount required for the purposes herein set forth shall be refunded to Owners and no assessments shall be in excess of any restrictions set forth in the Condominium Act.

Section 2. Additional Services. In addition to said assessments the Board may in the exercise of its discretion provide that the Association shall render other services to Owners on a subscription basis and bill all charges related to said services directly to each Owner who chooses to use such service.

Section 3. Annual Budget. The Board of Directors may from time to time prepare a budget for the Association, the term and the amount of the common charges payable by the Owners to meet the common

expenses of the Association and allocate and assess such common charges among the Owners according to their respective common interests. The Board of Directors shall advise all Owners promptly in writing of the amount of common charges payable by each of them respectively and shall furnish copies of the budget on which common charges are based to all Owners and to their Mortgagees if requested in writing. The Board of Directors may levy a late penalty charge on any Owner who fails to pay his assessment on or before the due date as set by the Board of Directors.

Section 4. Insurance. The Board of Directors shall be required to obtain and maintain, to the extent obtainable, the insurance called for in the Declaration or such other insurance as may be determined by the Board of Directors from time to time

## ARTICLE VII

### Amendments-Saving Clause

These Bylaws may be amended by a majority vote of the Members at any regular or special meeting where notice of the proposed amendment is included in the call or notice of meeting, provided no Bylaws may be amended or added which would be in conflict with the Declaration or the Condominium Act. In addition, to the extent the provisions of these Bylaws may conflict with the Declaration or the Condominium Act, such conflict is unintentional and the provisions of the Declaration or the Condominium Act shall govern.

## ARTICLE VIII

### Notice of Mortgage

Any Owner who mortgages his Unit shall notify the Association through the Secretary of the Board of Directors of the name and address of his Mortgagee, and the Association shall maintain a record of such information in a book entitled "Book of Mortgagees."

## ARTICLE IX

### Management Agent

From this date and until the first annual meeting of the Association, the duties, rights and privileges given to the Board of Directors by the Bylaws for the administration of the Property and the Common Elements and the designation of a management agent shall be entrusted exclusively to and exercised by the Declarant. Thereafter the identity and duties of a management agent shall be established by the Board of Directors.

## ARTICLE X

### Rules and Regulations


The Board of Directors may promulgate and adopt rules and regulations for the management of the Property and the Common Elements, and said rules and regulations shall apply to and govern the occupation of the various Units and of the general Common Elements by the Owners and lessees, tenants and guests.

## ARTICLE XI

Section 1. Maintenance of Books and Records. The Board of Directors shall cause to be maintained at the principal office of the Association complete books of account concerning all Association funds, assets and liabilities. Such books of account shall be open to inspection upon the written demand of any Owner for a purpose reasonably related to his interest as an owner and shall be exhibited at any time when required by the demand at any Association meeting of the Owners holding 50% of the total votes represented at said meeting. Such inspection by an Owner may be made in person or by agent or attorney, and the right of inspection includes the right to make extracts or to perform audits. Demand of inspection shall be made in writing upon the President or Secretary of the Board of Directors.

Section 2. Annual Report to Owners. Annually, at least ten (10) days prior to the annual meeting, the Board of Directors shall cause to be prepared and sent to every Owner an annual report of the affairs of the Association. Said report shall contain a complete accounting of receipts and disbursements of all Association funds during the preceding calendar year and a balance sheet setting forth all Association assets and liabilities as of the end of the preceding calendar year. Upon written demand of Owners holding 40% or more of the total vote, given at least sixty (60) days prior to the date of the annual meeting, an independent audit of the Association's books and records shall be performed in accordance with generally accepted auditing standards by a duly licensed certified public accountant at the Association's expense. A copy of the report of such auditor shall then be rendered to each Owner in lieu of the annual report herein above required.

I, the undersigned duly elected and acting Secretary of the Association, do hereby certify that the foregoing Bylaws were duly adopted the 21<sup>st</sup> day of February, 2003.

  
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David F. Videlin  
Secretary



OFFICIAL RECORDS OF MARICOPA  
COUNTY RECORDER HELEN PURCELL  
20030449430 04/10/2003 15:51  
ELECTRONIC RECORDING  
Other 969606699-2-1-1--

969606699

When recorded mail to  
Security Title Agency  
13215 N. Verde River Drive, Suite 6  
Fountain Hills, Arizona 85268

FIRST AMENDMENT TO THE  
DECLARATION OF CONDOMINIUM AND  
DECLARATION OF COVENANTS AND  
RESTRICTION ESTABLISHING AND  
GOVERNING LA MONTANA CROSSING  
CONDOMINIUMS

FOUNTAIN HILLS, MARICOPA COUNTY, ARIZONA

THIS FIRST AMENDMENT TO DECLARATION is made this 9<sup>th</sup> day of April, 2003 by 6726 LA MONTANA DRIVE, L.L.C., an Arizona limited liability company as the Declarant under said Declaration of Reservations (the "Declaration") which were recorded as Document No. 2002-1113421 and which effects the real property as described as Units 101 through 108 inclusive, and Units 201 through 208 inclusive, together with all the common elements recorded in Book of Maps 604, page 13 of the official records of Maricopa County, Arizona.

The Declaration is Administratively amended in the following respects and except as expressly amended hereunder, shall remain in full force and effect:

Article IV, Maintenance, Section 4.2 is amended to add that the Homeowners Association owns and will maintain the water lines connecting the water meters to the individual condominium units.