

BY-LAWS
OF
SAHUARO TOWNHOUSES, INC.

ARTICLE I
NAME AND LOCATION

Section 1:

The name of the corporation is SAHUARO TOWNHOUSES, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at Phoenix, Maricopa County, Arizona, but meetings of members and directors may be held at such places within the State of Arizona, County of Maricopa, as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1:

"Association" shall mean and refer to Sahuaro Townhouses, Inc., an Arizona nonprofit corporation, its successors and assigns.

Section 2:

"Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3:

"Common Areas" shall mean all property owned by the Association for the common use and enjoyment of the owners. The Common Areas to be owned by the Association at the time of the conveyance of the first lot are described as follows:

Tract "A" through Tract "G" of SAHUARO TOWNHOUSES, a planned area development of a portion of the N.W. 1/4 of Section 26, T.2N., R.3E., G. & S.R.B. & M., as recorded in Book 201, page 46, Maricopa County Recorder's Office and according to the Affidavit of Correction recorded in Docket 13138, page 1383, Maricopa County Recorder's Office.

Section 4:

"Lot" shall mean and refer to any plot of land shown upon the recorded subdivision map of the properties with the exception of the Common Areas and more particularly shall mean the separately designated Lots numbered 1 through 12, inclusive, shown on the recorded subdivision plat of the properties, together with any improvements thereon.

Section 5:

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of equitable title (or legal title if equitable title has merged) in any Lot which is part of the properties. An Owner does not include a person or entity who holds an interest in a Lot merely as security for the performance of an obligation.

Section 6:

"Declarant" shall mean and refer to SAHUARO DEL SOL, an Arizona corporation, as Trustee, its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from Declarant for the purpose of development.

Section 7:

"Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions recorded in Docket 13145, commencing at page 277 through 297, on the official records of the County Recorder of Maricopa County, Arizona, as amended.

Section 8:

"Member" shall mean and refer to those persons entitled to membership as provided in the Declaration and the Articles of Incorporation.

ARTICLE III

MEETING OF MEMBERS

Section 1: Annual Meetings.

The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held at 7:30 o'clock p.m. on the 2nd Tuesday of June of each year at such place as may be fixed by the Board of Directors and set out in the notice of the meeting, provided, however, that whenever such date falls on a legal holiday, the meeting shall be held on the next succeeding business day at the same hour.

Section 2: Special Meetings.

Special meetings of the Members may be held at such places and at such times as may be fixed by the Board of Directors whenever called by the President, the Board of Directors, or upon the written request of Members entitled to vote twenty-five percent (25%) of all the votes of the membership.

Section 3: Notice of Meetings.

Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote thereat, 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 4: Waiver.

No call or notice of any meeting of the Members shall be necessary if waiver of call and notice is signed by all the Members.

Section 5: Quorum.

The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-laws. 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, until a quorum as aforesaid shall be present or be represented.

Section 6: Voting.

Every Member shall be entitled to cast one vote for each Lot owned; provided, however, that in accordance with Section 10 of Article XIV of the Constitution of the State of Arizona, each Member in the election of a Board of Directors shall be entitled to accumulate his votes. If the Owner of any Lot is a partnership, corporation, association, or some other entity capable of ownership, or if a Lot is owned by more than one person, then and in such event, that Owner or Owners shall designate by written certificate to the Secretary a representative who shall have the sole power to vote on behalf of any such Owner or Owners. If such Owner or Owners fail to designate a representative, as aforesaid, any vote purportedly cast by such Owner or Owners shall be void. The representative may be changed upon written notice from the Owner or Owners to the Secretary at any time prior to a meeting of the Members.

Section 7: Proxies.

At all meetings of Members, each Member may vote in person or by proxy and every proxy shall be revocable and shall be valid only for the particular meeting designated therein, and must be filed with the Secretary of the Association before the appointed time of the meeting.

ARTICLE IV

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1: Number.

The affairs of this Association shall be managed by a Board of not less than three (3) nor more than seven (7) directors who need not be Members of the Association.

Section 2: Selection.

The first Board of Directors shall be three (3) in number and shall serve until the first annual meeting of the Members or until their successors are elected, whichever is first in time. Thereafter, at each annual meeting of the Members in which directors are elected, prior to said election, the Members present at such meeting shall determine the number of members of the Board of Directors (within the above limitation of from three to seven) by a majority vote.

Section 3: Term of Office.

The term of each director shall be for one year, or until his successor is duly elected and qualified. There shall be no limitation on the number of terms for which a director may be elected.

Section 4: Removal.

Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 5: 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.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1: Nomination.

Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of directors existing for that year. Such nominations may be made from among Members or non-members.

Section 2: Election.

Elections to the Board of Directors shall be by secret written ballot. At all such elections, every Member, in person or by proxy, shall have the right to vote the number of votes he is entitled to cast for as many persons as there are directors to be elected, or to accumulate said votes and give one candidate as many votes as the number of directors multiplied by the number of his votes shall equal, or to distribute them on the same principle among as many candidates as he shall set forth, all in accordance with Section 10 of Article XIV of the Constitution of the State of Arizona.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1: Annual and Regular Meetings.

An annual meeting of the directors shall be held immediately after the adjournment of, and at the place of, the annual meeting of the Members. Regular meetings of the directors may be held monthly without notice at such places and at such times 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 and in the same place on the next day which is not a legal holiday.

Section 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 (2) directors, after not less than three (3) days' notice to each director.

Section 3: Quorum.

A majority of the number of 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 VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1: Powers.

The Board of Directors shall have power to:

1. Adopt and publish rules and regulations governing the use of the Common Areas and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

2. Suspend the voting rights and right to use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations;

3. Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-laws, the Articles of Incorporation, or the Declaration;

4. 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

5. Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2: Duties.

It shall be the duty of the Board of Directors to:

1. 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 one-fourth (1/4) of the Members who are entitled to vote;

2. Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

3. As more fully provided in the Declaration, to:

- [a] Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;
- [b] Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
- [c] Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date, or to bring an action at law against the Owner personally obligated to pay the same.

4. Issue, or to cause an appropriate officer to issue, upon demand by 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;

5. Procure and maintain adequate liability and hazard insurance on property owned by the Association;

6. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; -

7. Cause the Common Areas and those other areas lying in the public right-of-way and/or adjacent to the development as set forth in the Declaration to be maintained.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1: Enumeration of Offices

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, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2: Election of Officers.

The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3: Term.

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

Section 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 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 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 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 7: 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 Section 4 of this Article.

Section 8: Duties.

The duties of the officers are as follows:

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 co-sign all checks and promissory notes.

2. Vice President. 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.

3. Secretary. 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 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.

4. Treasurer. 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 co-sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; 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.

ARTICLE IX

COMMITTEES

Section 1:

The Board shall act as the Architectural Control Committee, but if the Board so elects, the Board may appoint an Architectural Control Committee consisting of three (3) or more Members, all as more fully set forth in the Declaration, and the Board shall appoint a Nominating Committee as provided for in these By-laws. In addition, the Board may appoint other committees as it may deem appropriate to carry out its purposes.

ARTICLE X

BOOKS AND RECORDS

Section 1:

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation, and the By-laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable costs.

ARTICLE XI

ASSESSMENTS

Section 1:

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of six percent (6%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Areas or abandonment of his Lot.

ARTICLE XII

CORPORATE SEAL

Section 1:

The seal of the Association shall bear the name of the Association, the word "Arizona", and the year of incorporation.

ARTICLE XIII

AMENDMENTS

Section 1:

These By-laws may be amended at a regular or special meeting of the Members by a vote of a majority of a quorum of Members present in person or by proxy.

Section 2:

In the case of any conflict between the Articles of Incorporation and these By-laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-laws, the Declaration shall control.

ARTICLE XIV

MISCELLANEOUS

Section 1:

The fiscal year of the Association shall be as determined by the Board by resolution.

The foregoing were adopted as the By-laws of SAHUARA TOWN-
HOUSES, INC., a corporation not for profit under the laws of the
State of Arizona, at the first meeting of the Board of Directors
on the 15th day of SEPTEMBER, 1978.

Donald E. Surface
Secretary

APPROVED:

George A. Collamer
President

Beth Garrison
President, term expires 4/2003