

absentee ballot of one-third (1/3) of the Co-Owners shall constitute a quorum and a majority of those present either in person or by absentee ballot at an annual or duly noticed special meeting shall be necessary to act upon any matter before such meeting.

Section 5. Absentee Ballots. Votes may be cast in person or by absentee ballot. The absentee ballot shall set forth each proposed action. The absentee ballot shall provide an opportunity to vote for or against each proposed action. The absentee ballot is valid for only one specified election or meeting of the Members and expires automatically after the completion of the election or meeting. The absentee ballot specifies the time and date by which the ballot must be delivered to the Board of Directors in order to be counted, which shall be at least seven (7) days after the date that the Board delivers the unvoted ballot to the Member. The absentee ballot does not authorize another person to cast votes on behalf of the Member. Votes cast by absentee ballot or other form of delivery is valid for the purpose of establishing a quorum.

Section 6. Election of Directors. Election of Directors shall be by secret written ballot. At such election, the Members or their absentee ballot may cast as many votes in the aggregate as each is entitled to vote under the Declaration and the Articles of Incorporation, multiplied by the number of Directors to be elected. Cumulative voting is not allowed. The candidates receiving the largest number of votes shall be elected.

ARTICLE III

Section 1. Council Responsibilities. The corporation will constitute the Council of Co-Owners (herein referred to as the "Council") of the regime acting through its Board of Directors and its Members. The Board of Directors shall have the responsibility of administering the Regime and exercising all powers and duties provided for by law or in the Declaration, the Articles of Incorporation or these Bylaws, except such matters as are reserved to the Members by law or by such Declaration, Articles of Incorporation or Bylaws.

Section 2. Place of Meeting. Meetings of the Members shall be at the Horizon Heights development or at such other convenient place within the State of Arizona as may be designated by the Board of Directors.

Section 3. Annual Meetings. The annual meetings of the Members shall be held every February at a day, time and place to be determined by the Board of Directors. At such meetings there shall be elected by ballot a Board of directors in accordance with the requirements of the Declaration and the Articles of Incorporation and these Bylaws. The Members may also transact such other business as may properly come before them at such annual meetings.

Section 4. Special Meetings. Special meetings of the Members may be called by the President, by resolution of the Board of Directors, or by a petition signed by Owners holding at least ten percent (10%) of the total voting strength of the Corporation and presented to the Secretary, or in such manner as it is required by law. The notice of any

ARTICLE I

Section 1. Purpose. The corporation has been formed for the purpose of serving the Council of Co-Owners for Horizon Heights Condominiums (the "Regime"), a horizontal property regime existing by virtue of the Declaration of Horizontal Property Regime and Declaration of Covenants, Conditions and Restrictions for Horizon Heights Condominiums, recorded with the County recorder of Pima County, Arizona, in Docket 7572, at Pages 271-337 (such document as hereafter amended and in effect from time to time being hereinafter called the "Declaration").

Section 2. Definitions. Terms used herein which are defined in the Declaration shall have the same meanings as in the Declaration. Terms used herein shall conform to applicable Arizona law as it currently exists and may be changed in the future.

Section 3. Application of Bylaws. All present and future Owners, tenants, future tenants or other employees or any other person that might use the facilities of the Regime in any manner are subject to the provisions of these Bylaws. The ownership or rental of the Units in the Regime 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.

Section 4. Priority of Declaration. The provisions of the Declaration shall have priority over these Bylaws, and any provision hereof which is contrary to or inconsistent with the Declaration (as amended from time to time) shall be void to the extent of such inconsistency.

ARTICLE II

Section 1. Voting. Notwithstanding the number of co-owners who may jointly or otherwise own a Unit, voting on all matters shall be limited to one (1) of the co-owners. Where two (2) or more Persons own an interest in a Unit, they shall designate to the Board of Directors, 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 the designation.

Section 2. Relative Voting Rights. In all matters requiring a vote of the Owners, voting shall be on a percentage basis and the percentage of vote to which each Owner is entitled is the same as the percentage of interest in the Common Elements which is appurtenant to such Unit, as provided in the Declaration.

Section 3. Majority of Co-Owners. As used in these Bylaws, the term "Majority of Co-Owners" shall mean those Owners holding more than fifty percent (50%) of the votes in accordance with the percentages assigned to each Unit, as provided in Section 2 of this Article.

Section 4. Quorum. Except as otherwise provided in the Declaration, the Articles of Incorporation or these Bylaws, or as may be required by law, the presence in person or by

By laws

- (a) Care, upkeep and surveillance of the regime and the Common Elements and facilities.
- (b) Preparation of an annual budget and allocation of the budget to the various Units in accordance with the various percentage interests in the Common Elements appurtenant thereto.
- (c) Collection of monthly assessments from the Owners and the filing of liens and foreclosure thereof where necessary.
- (d) Employment and dismissal of the personnel necessary for the maintenance and the operation of the Regime and the Common Elements and facilities.
- (e) Employment of a management agent at a compensation established by the Board of Directors to perform such duties and services as the Board shall authorize. The duties conferred upon the management agent by the Board of Directors may at any time be revoked, modified or amplified by a majority of the Board of Directors at a duly held constituted meeting.
- (f) To make repairs within the Units where such repairs are required for the welfare or safety of the Regime or its residents.
- (g) To obtain and keep in full force and effect fire and hazard insurance on the buildings and all Common Elements in the Regime, and public liability and other insurance as required by the Declaration or as permitted and deemed necessary and advisable by the Board.
- (h) To grant or relocate easements required for the benefit of the Regime.
- (i) To adopt and amend rules and regulations and enforce the same covering the operation and use of all the property and recreational areas in the Regime.
- (j) To suspend, prohibit and restrain any Owner who is delinquent in the payment of any assessments or who violates any of the rules, regulations, bylaws or Declarations from using all or any part of the recreational facilities furnished and provided upon or in connection with the Regime and from voting on any issues brought before the membership.
- (k) To open bank accounts on behalf of the regime and designate the signatories required thereof.
- (l) To invest any excess funds held or controlled by the Corporation.

Section 4. Election and Term of Office. Director's terms shall be for 3 years. The Directors shall hold office until their successors have been elected and qualified or with respect to any individual Director, until the earliest to occur of his/her death, resignation or removal.

Section 5. Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum, or by a sole remaining Director, and any Director so chosen shall serve as a Director until the next election of Directors and their qualification.

Section 6. Resignation and Removal of Directors. A Director may resign at any time upon delivery of written notice to the President or Secretary of the Corporation. Such resignation shall be in effect upon receipt or at a later time specified therein, and unless

special meeting shall state the day and hour and the place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice thereof.

Section 5. Notice of Meeting. It shall be the duty of the Secretary, at the direction of the person or persons calling a meeting, to mail or deliver a notice of each annual or special meeting, stating the purpose or purposes thereof, the day and hour and the place where it is to be held, to each Member of record at least ten (10) but not more than thirty (30) days prior to such meeting. If the Secretary fails or refuses to act promptly, the person or persons calling the meeting may do so. The mailing of a notice in the manner provided in this section shall be considered notice served. The Board of Directors may delegate the mailing of notice of meeting, special and annual to the management company serving the Corporation.

Section 6. Adjourned Meetings. If any meeting of the Members cannot be organized because a quorum has not attended, the Members who are present may adjourn the meeting from time to time not more than thirty (30) days from and after the time the original meeting was called and no new notice shall be required for such adjourning session.

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

- (a) Roll call and verification of absentee ballots and determination of quorum
- (b) Reading and approval of minutes of preceding meeting
- (c) Reports of officers and committees as appropriate.
- (d) Elections of members of the Board of Directors when required.
- (e) Unfinished Business
- (f) New Business
- (g) Adjournment

ARTICLE IV

Section 1. Number and Qualifications of Board of Directors. The affairs of the Corporation shall be governed by a Board of Directors composed of five (5) persons, all of whom must be owners of Units in the Regime. No two family members (by blood relation or marriage) shall serve on the Board at the same time.

Section 2. Powers and Duties. The Board of Directors shall have all powers necessary or convenient and shall be responsible for the administration of the affairs of the Corporation and may do all such actions as allowed by law, by the Declaration or by the Articles of Incorporation or these Bylaws directed or allowed to be exercised by the Board of Directors, but excluding such actions reserved to the Co-Owners.

Section 3. Other Duties. Without limiting the generality of Section 2 of this Article, the Board of Directors may be responsible, either directly or through delegation to the management company, the following:

otherwise provided therein, acceptance of such resignation shall not be necessary to make it effective. On receipt of a petition that calls for the removal of a member of the Board of Directors and that is signed by the number of persons who are entitled to cast at least twenty-five percent of the vote in the Association, the Board shall call and provide written notice of a special meeting of the Association. The special meeting shall be called, noticed and held within 30 days after receipt of the petition. For purposes of a special meeting held pursuant to this Section 6, quorum of the Members shall be the presence of the number of Members (in person or by absentee ballot) to whom at least twenty-five percent of the votes are allocated. A petition that calls for the removal of the same member of the Board of Directors shall not be submitted more than once during each term of office for that member.

Section 7. Compensation. No compensation shall be paid to Directors or Officers for their service as Directors or Officers. No remuneration shall be paid to a Director for services performed by him for the Corporation 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 any Officer may be an employee of the Corporation. Directors and Officers, however, may be reimbursed for any actual expenses incurred in connection with their duties as such Officers or Directors. If any contract, decision or other action for compensation taken by or on behalf of the Board of Directors would benefit any member of the Board of Directors, or any person who is a parent, grandparent, spouse, child or sibling of a member of the Board of Directors, that member of the Board of Directors shall declare a conflict of interest for that issue. The member shall declare the conflict in an open meeting of the Board before the Board discusses or takes action on that issue and that member may then vote on that issue. Any contract entered into in violation of the foregoing process is void and unenforceable.

Section 8. Organization Meeting. The first meeting of a newly elected Board of Directors shall be called and held within sixty (60) days, after the election thereof at such place as a majority of such Directors shall approve.

Section 9. Regular Meeting. Regular meetings of the Board of Directors may be held at such time and place within the State of Arizona 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 at least three (3) days prior to the date set for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President or Secretary or by a majority of the Directors on three (3) days notice to each Directors, which notice shall state the time, place (as herein above provided) and purposes of the meeting.

Section 11. Waiver of Notice. Before, at or after 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 of a Director at any meeting shall constitute a waiver of notice of such meeting unless the Director attends for the sole

and express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 12. Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the number of Directors fixed in these Bylaws 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 shall be less than a quorum present the majority of those present may adjourn the meeting from time to time. At any such meeting which may be re-convened from time to time and at which a quorum is present, any business which might have been transacted at a meeting as originally called may be transacted without further notice.

Section 13. Fidelity Bonds. The Board of Directors shall require that all Officers and employees handling or responsible for funds of the regime shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Corporation.

Section 14. Action Without a Meeting. The Directors shall have the right to take any action in the absence of which they could take at a meeting by obtaining the written approval of all of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Board of Directors.

Section 15. Meetings Open to Members. All regular and special meetings of the Board of Directors shall be open to all Members of the Association or any person designated by a Member in writing as the Member's representative and all Members or designated representatives so desiring shall be permitted to attend and speak at an appropriate time during the deliberations and proceedings. The Board may place reasonable time restrictions on those persons speaking during the meeting but shall permit a Member or a Member's designated representative to speak before the Board takes formal action on any item under discussion in addition to any other opportunities to speak. The Board shall provide for a reasonable number of persons to speak on each side of an issue. Notice to Members of meetings the Board of Directors shall be given forty-eight (48) hours in advance of the meeting by newsletter, conspicuous posting or by any other reasonable means as determined by the Board of Directors.

Section 16. 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 consider one or more of the following: (1) Legal advice from an attorney for the Board or the Association. On final resolution of any matter for which the Board received legal advice or that concerned pending or contemplated litigation, the Board may disclose information about that matter in open meeting except for matters that are required to remain confidential by the terms of a settlement agreement or judgment; (2) Pending or contemplated litigation; (3) Personal, health or financial information about an individual Member of the Association, an individual employee of the Association or an individual employee of a contractor for the Association, including records of the Association related to the personal, health or financial information about an individual Member of the

Association, an individual employee of the Association or an individual employee of a contractor for the Association; and/or (4) Matters relating to the job performance of, compensation of, health records of or specific complaints against an individual employee of the Association or an individual employee of a contractor of the Association who works under the direction of the Association.

ARTICLE V

Section 1. Designation. The principal officers of the Corporation shall be a President, Secretary and Treasurer, all of whom shall be elected by the Board of Directors, and in the discretion of the Board, one or more Vice Presidents and such other officers as the Board may from time to time designate. A person may hold more than one office, except that the offices of President and Vice President and President and Secretary shall not be held by the same person simultaneously.

Section 2. Election of Officers. The officers of the corporation shall be elected annually by the Board of Directors at the first meeting of each new Board and shall hold office at the pleasure of the Board. If the Board of Directors shall fail to act at any such meeting, each current officer shall continue to hold office until his/her successor is elected and shall qualify or until the earliest to occur of his/her death, resignation or removal.

Section 3. Resignation and 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. Any officer may resign at any time by delivering written notice of such resignation to the Board, the President or the Secretary. Such resignation shall take effect upon receipt or at any later time specified therein, and unless otherwise provided therein, acceptance of such resignation shall not be necessary to make it effective. A vacancy in any office may be filled 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 corporation. He or she shall preside at all meetings of the Members and of the Board of Directors. He or she shall have all of the general powers and duties which are usually vested in the office of the President of a corporation, including, but not limited to, the power to appoint committees from among the Members from time to time as he or she may in his discretion decide is appropriate to assist in the conduct of the affairs of the Corporation.

Section 5. Vice-President. The Vice-President shall take the place of the President and perform his or her 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 do so on an interim basis. The Vice-President shall also perform such other duties as may from time to time be imposed upon him/her 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 the Members, such correspondence as may be necessary, the official Minute Book of the Corporation, and such other duties as may be from time to time be imposed on him/her by the Board of Directors.

Section 7. Treasurer. The Treasurer shall have the responsibility for funds and securities of the Corporation and shall be responsible, either directly or as delegated to the management company serving the Corporation, for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Corporation 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 monthly assessments for Common Element expenses under and in accordance with the Declaration. Without limiting the foregoing, the assessment shall include the cost of maintenance and repair of the 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. There shall also be included in the assessments reserves for replacements and impounds as required.

Section 2. Budget. The Board of Directors shall from time to time and at least annually prepare a budget for the Regime, determine the amount of the common charges payable by the Owners to meet the common expenses of the Regime and allocate and assess such charges among the Owners according to the interests in the Common Elements appurtenant to their respective units. The Board of Directors shall advise all Owners promptly in writing of the amount of such charges payable by each of them respectively and shall furnish copies of the budget on which such 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 all or any part of his assessment on or before the due date as set by the Board of Directors. Notwithstanding the foregoing, in the event that the Declaration does not provide otherwise, the following provisions shall apply:

- A. Within thirty (30) days after the adoption of any proposed budget for the Association, the Board of Directors shall provide a summary of the budget to all Members.
- B. Unless the Board of Directors is expressly authorized in the Declaration to adopt and amend budgets from time to time, any budget or amendment shall be ratified by the Members in accordance with the following procedures:
 - (1) The Board of Directors shall set a date for a meeting of the Members to consider ratification of the budget not fewer than

fourteen (14) nor more than thirty (30) days after mailing of the summary.

- (2) Unless at that meeting a majority of all members or any larger vote specified in the Declaration rejects the budget, the budget is ratified, whether or not a quorum is present.
- (3) If the proposed budget is rejected, the periodic budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board of Directors.

ARTICLE VII

Section 1. Committees. The Corporation may appoint committees of its Members and/or directors as deemed appropriate in carrying out its purposes.

Section 2. Nominating Committee. Nominations for election to the Board of Directors shall be made by a nominating committee, appointed by the presiding officer at a regular Board of Directors meeting, prior to the annual meeting of the membership. The nominating committee shall consist of a chairperson, who may be a member of the Board of Directors, and two or more other members of the Association. The committees shall make at least as many nominations for election to the Board of Directors as there may be vacancies to be filled. Such nominations must be made from the Association membership.

ARTICLE VIII

The Board of Directors may adopt a seal for the Corporation. The use of a seal shall not, however, be necessary to the validity of any Corporation act or signature.

ARTICLE IX

These Bylaws may be amended by a majority vote of the Membership at any regular or special meeting of the Membership where notice of the proposed amendment is included in the call or notice of meeting, provided that these Bylaws shall not be amended to contain any terms or provisions which would be contrary to the Declaration or the Articles of Incorporation as amended from time to time.

ARTICLE X

The Board of Directors may promulgate and adopt rules and regulation for the management of the Regime and said rules and regulations shall apply to and govern the

occupation of the various Units and such Common Elements by the Owners and lessees, tenants and guests and all other persons.

ARTICLE XI

Section 1. Maintenance of Books of Account and Other Records. The Board of Directors shall cause to be maintained complete books of account concerning all funds, assets and liabilities of the Corporation. The Corporation shall also keep complete minutes of the meetings of its Members, Board of Directors and any Committees thereof and a list of the names and addresses of all the Members entitled to vote absentee ballots. All such relevant books of account and other records shall be open to inspection upon the written demand, delivered to the President or Secretary and management company serving the Corporation, stating the purpose of such examination, by the Owner. Such books and records shall be kept at the Regime or at such other convenient location as the Board of Directors shall determine; provided, that the location or locations chosen by the Board of Directors under this Section shall be known to all Members. Such inspection may be made in person or by the Member's representative, and the right of inspection includes the right to make copies of or extracts from or to perform audits of such books and records. The Board reserves the right to deny access or inspection of materials by the Members to the extent permitted by applicable Arizona law. Directors have an absolute right of inspection of all books and records of the Corporation. The Association shall not charge a Member for making books and records available for review. The Association has ten (10) business days from a request by a Member or the Member's representative to make records available or copies of requested records. The Association can charge not more than 15 cents per page for copies of records.

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 Corporation. Said report shall contain a complete accounting of receipts and disbursements of all funds of the Corporation during the preceding calendar year and a balance sheet setting forth all assets and liabilities of the Corporation as of the end of the preceding calendar year.

ARTICLE XII

The fiscal year of the Corporation shall begin on the first (1st) day of January and end on the thirty-first (31st) day of December of each year.

Adopted at the Annual Meeting held on Feb. 9, 2007, by a majority vote of the Members.

Diana McFadden
Secretary