

BYLAWS OF THE CLIFF TOP HOUSE CONDOMINIUM

HOMEOWNERS ASSOCIATION

ARTICLE I

PLAN OF CONDOMINIUM OWNERSHIP

Section 1. Condominium Ownership. The project, located on Lots 1 through 4, inclusive, in Beverly Hills Unit One, according to the plat of record in the office of the Maricopa County Recorder, Book 104 of Maps page 26; Together with an easement for ingress and egress over that portion of said Beverly Hills Unit One designated as Private roadway - Tract "A", is a condominium, to be governed in accordance with the provisions of Arizona Revised Statutes, Section 33-551 and following, and such other State and Federal statutes as may be applicable.

Section 2. Bylaws Applicability. The provisions of these Bylaws are applicable to the project, (the term "Project" as used herein shall include the land and all structures and improvements thereon).

Section 3. Personal Application. All present or future owners, tenants, future tenants, or their employees, or any other person that might use the facilities of the project in any manner, are subject to the regulations set forth in these Bylaws and to the Declaration of Horizontal Property Regime (establishing a Plan for Condominium Ownership) applicable to the property or any portion thereof, recorded, or to be recorded, (hereinafter referred to as the "Declaration"), and as the same may be amended from time to time as therein provided.

Section 4. Assent. The mere acquisition or rental of any of the units of the project or the mere act of occupancy of any of the units will signify that these Bylaws and the provisions of the Declaration are accepted, ratified, and will be complied with.

ARTICLE II
MEMBERSHIP, VOTING, MAJORITY OF OWNERSHIP,
QUORUM, PROXIES

Section 1. Membership. Every beneficial owner of a condominium unit within the project (as distinguished from a security owner) shall automatically become a member of the Association upon acquiring ownership; the Association shall have one class of members only, and the property and other rights, interests and privileges of each member in good standing shall be equal.

Section 2. Certificate of Membership. The Board of Directors may, in its discretion, issue Certificates of Membership in such form as the Board of Directors may direct, and if so issued, each Certificate shall be signed by the President and countersigned by the Secretary and express on its face the number of the condominium unit and the lot in said condominium project covered thereby, the date of issuance, and the person to whom it was issued, and shall contain a statement of the property rights, interests and obligations of the membership evidenced by such Certificate, and that the membership represented by the Certificate shall be transferred only with the unit described in said Certificate; upon any such transfer the Certificate shall be marked "cancelled on the books of the Association", and a new Certificate of ownership may thereupon be issued to the transferee.

Section 3. Voting. Voting shall be on a percentage basis and the percentage of the vote to which the owner is entitled is the percentage assigned to his condominium or condominiums in paragraph 5 and 6 in the Declaration; voting at meetings shall be by voice vote, except that Directors shall be elected by secret ballot. Cumulative voting shall be required.

by ballot of the owners a Board of Directors in accordance with the requirements of Section 5 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 of Directors 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 such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of eighty (80%) percent of the owners present, either in person or by proxy.

Section 5. Notice of meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each owner of record, not less than seven (7) days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served.

Section 6. Waiver of Notice of Meetings. The transactions of any meeting of members, however called and noticed, shall be valid as though had at a meeting duly held after regular notice and call, if a quorum is present, either by person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote but not present signs a written waiver of notice, or a consent to the holding of the meeting, or an approval of the Minutes thereof, which is filed with the secretary.

Section 7. 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

(b) Contract for and pay maintenance, gardening, utilities, materials and supplies, and services relating to the common areas and to employ personnel necessary for the operation of the project, including legal and accounting service;

(c) Contract for and pay fire, casualty, liability and other insurance insuring the condominium owners or the Association;

(d) Pay taxes and special assessments which are or would become a lien on the entire project or common areas;

(e) Pay for reconstruction of any portion or portions of the project damaged or destroyed which are to be rebuilt;

(f) Delegate its powers;

(g) Enter into any unit when necessary in connection with maintenance or construction for which the Association is responsible.

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

(a) Care, upkeep and surveillance of the project and the common areas and facilities;

(b) Collection of monthly and special assessments from the owners; and

(c) Designation and dismissal of the personnel necessary for the maintenance and operation of the project, and the common areas and facilities.

Section 4. Management Agent. The Board of Directors may employ for the Association a management agent at a compensation established by the Board to perform such duties and services as

a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 8. Order of Business. The order of business at all meetings of the owners of units shall be as follows: (a) roll call; (b) proof of notice of meeting or waiver of notice; (c) reading of Minutes of preceding meeting; (d) reports of officers; (e) election of inspectors of election; (f) election of Directors; (g) report of committees; (h) unfinished business; and (j) new business.

Section 9. Action without Meeting. Any action, which under the provisions of the Arizona Code may be taken at a meeting of the owners, may be taken without a meeting if authorized by a written document, signed by all of the owners who would be entitled to vote at a meeting for such purpose, and filed with the Secretary.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of three (3) persons, all of whom must be owners of condominiums in the project, except the first 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 or by these Bylaws directed to be exercised and done by the owners. The powers of the Board of Directors shall include but not be limited to the following:

(a) Enforce the provisions of the Horizontal Property Regime, Bylaws or other agreement;

the Board shall authorize including, but not limited to, the duties listed in Section 3 of this article.

Section 5. Election and Term of Office. At the first annual meeting of the Association the term of office of one (1) Director shall be fixed for one (1) year. The term of office of one (1) Director shall be fixed at eighteen (18) months, and the term of office of one (1) Director shall be fixed at two (2) years. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of eighteen (18) months. The Directors shall hold office until their successors have been elected and have attended their first meeting.

Section 6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association 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 7. Removal of Directors. At any regular or special meeting of owners duly called, any one or more of the Directors may be removed with or without cause by a majority of the owners and a successor may then and there be elected to fill the vacancy created. Cumulative voting shall be required.

Section 8. Organization Meeting. The first meeting of a newly elected Board of Directors shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

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 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 not less than seven (7) days prior to the day named for such meetings.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days notice to each Director, given personally or by mail, which notice shall state the time, place and purpose of the meeting; special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least one Director.

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 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. 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. Action Without 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. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 14. Payables. No homeowner shall withhold any monies from dues or assessment payments for any payments they may have made on behalf of Clifftop Condominium Homeowners Association. Full dues and assessment payments must be made. Homeowner paying any such bills on behalf of C.C.H.A. shall submit the paid invoice and proof of payment to the Board of Directors for approval, who in turn will submit said bill to bookkeeper for reimbursement.

Section 15. Independent Audit. Within sixty (60) days of the close of each fiscal year, the Board shall cause an independent review of the accounts of the Association by certified public accountants, and upon completion of said review, cause to be prepared and delivered to each unit owner within thirty (30) days after completion, a true and exact copy thereof.

ARTICLE V

OFFICERS

Section 1. Designation. The principal officers of the Association shall be a President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint an assistant secretary, and such other officers as in their judgement may be necessary.

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 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 the Board of Directors; he shall have all of the general powers and duties which are usually vested in the office of President of an Association, including, but not limited to appoint committees from the owners from time to time as he may in his discretion decide appropriate to assist in the conduct of the affairs of the Association.

Section 5. Secretary. The Secretary shall keep the Minutes of all meetings of the Board of Directors and the Minutes of all the meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident of the office of Secretary.

Section 6. Treasurer. The Treasurer shall have 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; he shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VI

OBLIGATIONS OF THE OWNERS

Section 1. Assessments.

(a) All owners are obligated to pay monthly (and any special) assessments imposed by the Association for the purpose of paying the expenses of the Association, which expenses may include a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of hurricane, fire, earthquake, or other hazard. The assessments shall be made pro rata according to the proportionate shares of each condominium owner, as set forth in paragraph 5 and 6 of the Declaration. Such assessments shall include monthly payments to a General Operating Reserve. Assessments shall not be used to pay for the cost of capital improvements, unless approved of by a majority of the members of the Association. Not later than thirty days prior to the beginning of each fiscal year, as determined for accounting purposes, the Association shall estimate the total charges to be assessed against each condominium. Each owner thereof shall thereafter pay to the Association his assessment in twelve (12) equal monthly installments, each installment to be paid on or before the tenth (10) day of each month. In the event the Association shall determine that the estimate of total charges for the current year is, or will become, inadequate to meet all expenses of the project for any reason, including nonpayment of any owner's assessment on a current basis, it shall immediately determine the approximate amount of such inadequacy and issue a supplemental estimate of the total charges to be assessed against each condominium. The Association may, at its discretion, prorate any such supplemental assessment between the remaining months of the fiscal year, or immediately levy a special assessment against each condominium.

Each monthly installment shall become delinquent if not paid on or before the tenth (10) day of each month. Each special assessment shall become delinquent if not paid within ten (10) days after the levy thereof. There shall accrue with each such delinquent monthly installment and with each such delinquent special assessment, a late charge of five dollars (\$5.00) together with interest at six percent (6%) per annum on such delinquent sums, calculated from the date of delinquency to and including the date full payment is received by the Association.

(b) The Board of Directors or the Management Agent of the Association, on behalf of the Association, may cause to be recorded in the office of the county recorder of the county in which the project is situated, a notice of any delinquent sums due the Association from any condominium owner; which notice shall state the amount of such delinquent sums and other authorized charges and interest (including the cost of recording such notice), a sufficient description of the condominium against which the same has been assessed, and the name of the record owner or owners thereof. Upon payment to the Association of such delinquent sums and charges in connection therewith, or other satisfaction thereof, the Board of Directors or Management Agent shall cause to be recorded a further notice stating the satisfaction and release of such delinquent sums and charges. Such notices shall be signed on behalf of the Association by any member of the Board of Directors or by the Management Agent. The Association may demand and receive the cost of recordation of such release before recording same. Any purchaser or encumbrancer, acting in good faith and for value, may rely upon such notice of satisfaction and release as conclusive proof of full satisfaction of the sums stated in the notice of delinquent sums.

(c) All such delinquencies shall be enforced, collected and/or foreclosed in the manner provided in the Declaration.

Section 2. Maintenance and Repair.

(a) Every owner must perform promptly all maintenance and repair work within his own unit, which if omitted would affect the project in its entirety or in a part belonging to other owners, being expressly responsible for all damages and liabilities that are caused by his failure to do so.

(b) All the repairs of internal installations of the unit such as water, light, gas, power, sewage, telephone, air conditioners, sanitary installations, doors, windows, lamps and all other accessories belonging to the unit area shall be at the owner's expense.

(c) An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common area and facility damaged through fault of an owner.

Section 3. Use of Family Units - Internal Changes.

(a) All units shall be utilized for residential purposes only.

(b) An owner shall not make structural modifications or alterations within his unit or installations located therein without previously notifying the Association in writing, through the Management Agent, if any, or through the President of the Board of Directors, if no Management Agent is employed. The Association shall have the obligation to answer within thirty (30) days and failure to do so within that time shall be deemed to be approval of the proposed modification or alteration.

Section 4. Right of Entry.

(a) An owner shall grant to the Management Agent or to any other person authorized by the Board of Directors of the

Association in case of any emergency originating in our threatening his unit, whether the owner is present at the time or not.

(b) An owner shall permit other owners, or their representatives, when so required, to enter his unit for the purpose of performing installations, alterations, or repairs to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner. In case of an emergency, such right of entry shall be immediate.

Section 5. Rules of Conduct.

(a) No resident of the project shall post any advertisements or posters of any kind in or on the project, except as authorized by the Association or except a sign of customary and reasonable dimensions advertising the unit for sale.

(b) No unit shall be used in such a manner as to obstruct or interfere with the enjoyment of residents of other units or annoy them by unreasonable noises or otherwise, nor shall any nuisance or immoral or illegal activity be committed or permitted to occur; no noxious or offensive activity shall be carried on.

(c) No exterior clothesline shall be erected or maintained and there shall be no drying or laundering of clothes on the balconies, patios, porches or other areas; dogs, cats or other household pets may be kept, provided that they are not kept, bred, or maintained for any commercial purpose.

(d) No owner, resident or leasee shall install wiring for electrical or telephone installation, television antennas, machines or air conditioning units, etc., on the exterior of the buildings

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Section 3. Voting. Voting shall be on a percentage basis and the percentage of the vote to which the owner is entitled is the percentage assigned to his condominium or condominiums in paragraph 5 and 6 in the Declaration; voting at meetings shall be by voice vote, except that Directors shall be elected by secret ballot. Cumulative voting shall be required.

BYLAWS OF THE CLIFF TOP HOUSE CONDOMINIUM

HOMEOWNERS ASSOCIATION

ARTICLE I

PLAN OF CONDOMINIUM OWNERSHIP

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Section 4. Assent. The mere acquisition or rental of any of the units of the project or the mere act of occupancy of any of the units will signify that these Bylaws and the provisions of the Declaration are accepted, ratified, and will be complied with.

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Section 5. Notice of meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each owner of record, not less than seven (7) days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served.

Section 6. Waiver of Notice of Meetings. The transactions of any meeting of members, however called and noticed, shall be valid as though had at a meeting duly held after regular notice and call, if a quorum is present, either by person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote but not present signs a written waiver of notice, or a consent to the holding of the meeting, or an approval of the Minutes thereof, which is filed with the secretary.

Section 7. 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

(b) Contract for and pay maintenance, gardening, utilities, materials and supplies, and services relating to the common areas and to employ personnel necessary for the operation of the project, including legal and accounting service;

(c) Contract for and pay fire, casualty, liability and other insurance insuring the condominium owners or the Association;

(d) Pay taxes and special assessments which are or would become a lien on the entire project or common areas;

(e) Pay for reconstruction of any portion or portions of the project damaged or destroyed which are to be rebuilt;

(f) Delegate its powers;

(g) Enter into any unit when necessary in connection with maintenance or construction for which the Association is responsible.

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

(a) Care, upkeep and surveillance of the project and the common areas and facilities;

(b) Collection of monthly and special assessments from the owners; and

(c) Designation and dismissal of the personnel necessary for the maintenance and operation of the project, and the common areas and facilities.

Section 4. Management Agent. The Board of Directors may employ for the Association a management agent at a compensation established by the Board to perform such duties and services as

a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 8. Order of Business. The order of business at all meetings of the owners of units shall be as follows: (a) roll call; (b) proof of notice of meeting or waiver of notice; (c) reading of Minutes of preceding meeting; (d) reports of officers; (e) election of inspectors of election; (f) election of Directors; (g) report of committees; (h) unfinished business; and (j) new business.

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ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of three (3) persons, all of whom must be owners of condominiums in the project, except the first 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 or by these Bylaws directed to be exercised and done by the owners. The powers of the Board of Directors shall include but not be limited to the following:

(a) Enforce the provisions of the Horizontal Property Regime, Bylaws or other agreement;

the Board shall authorize including, but not limited to, the duties listed in Section 3 of this article.

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Section 6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association 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 7. Removal of Directors. At any regular or special meeting of owners duly called, any one or more of the Directors may be removed with or without cause by a majority of the owners and a successor may then and there be elected to fill the vacancy created. Cumulative voting shall be required.

Section 8. Organization Meeting. The first meeting of a newly elected Board of Directors shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

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 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 not less than seven (7) days prior to the day named for such meetings.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days notice to each Director, given personally or by mail, which notice shall state the time, place and purpose of the meeting; special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least one Director.

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 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. 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. Action Without 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. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 14. Payables. No homeowner shall withhold any monies from dues or assessment payments for any payments they may have made on behalf of Clifftop Condominium Homeowners Association. Full dues and assessment payments must be made. Homeowner paying any such bills on behalf of C.C.H.A. shall submit the paid invoice and proof of payment to the Board of Directors for approval, who in turn will submit said bill to bookkeeper for reimbursement.

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ARTICLE V

OFFICERS

Section 1. Designation. The principal officers of the Association shall be a President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint an assistant secretary, and such other officers as in their judgement may be necessary.

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 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 the Board of Directors; he shall have all of the general powers and duties which are usually vested in the office of President of an Association, including, but not limited to appoint committees from the owners from time to time as he may in his discretion decide appropriate to assist in the conduct of the affairs of the Association.

Section 5. Secretary. The Secretary shall keep the Minutes of all meetings of the Board of Directors and the Minutes of all the meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident of the office of Secretary.

Section 6. Treasurer. The Treasurer shall have 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; he shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VI

OBLIGATIONS OF THE OWNERS

Section 1. Assessments.

(a) All owners are obligated to pay monthly (and any special) assessments imposed by the Association for the purpose of paying the expenses of the Association, which expenses may include a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of hurricane, fire, earthquake, or other hazard. The assessments shall be made pro rata according to the proportionate shares of each condominium owner, as set forth in paragraph 5 and 6 of the Declaration. Such assessments shall include monthly payments to a General Operating Reserve. Assessments shall not be used to pay for the cost of capital improvements, unless approved of by a majority of the members of the Association. Not later than thirty days prior to the beginning of each fiscal year, as determined for accounting purposes, the Association shall estimate the total charges to be assessed against each condominium. Each owner thereof shall thereafter pay to the Association his assessment in twelve (12) equal monthly installments, each installment to be paid on or before the tenth (10) day of each month. In the event the Association shall determine that the estimate of total charges for the current year is, or will become, inadequate to meet all expenses of the project for any reason, including nonpayment of any owner's assessment on a current basis, it shall immediately determine the approximate amount of such inadequacy and issue a supplemental estimate of the total charges to be assessed against each condominium. The Association may, at its discretion, prorate any such supplemental assessment between the remaining months of the fiscal year, or immediately levy a special assessment against each condominium.

Each monthly installment shall become delinquent if not paid on or before the tenth (10) day of each month. Each special assessment shall become delinquent if not paid within ten (10) days after the levy thereof. There shall accrue with each such delinquent monthly installment and with each such delinquent special assessment, a late charge of five dollars (\$5.00) together with interest at six percent (6%) per annum on such delinquent sums, calculated from the date of delinquency to and including the date full payment is received by the Association.

(b) The Board of Directors or the Management Agent of the Association, on behalf of the Association, may cause to be recorded in the office of the county recorder of the county in which the project is situated, a notice of any delinquent sums due the Association from any condominium owner; which notice shall state the amount of such delinquent sums and other authorized charges and interest (including the cost of recording such notice), a sufficient description of the condominium against which the same has been assessed, and the name of the record owner or owners thereof. Upon payment to the Association of such delinquent sums and charges in connection therewith, or other satisfaction thereof, the Board of Directors or Management Agent shall cause to be recorded a further notice stating the satisfaction and release of such delinquent sums and charges. Such notices shall be signed on behalf of the Association by any member of the Board of Directors or by the Management Agent. The Association may demand and receive the cost of recordation of such release before recording same. Any purchaser or encumbrancer, acting in good faith and for value, may rely upon such notice of satisfaction and release as conclusive proof of full satisfaction of the sums stated in the notice of delinquent sums.

(c) All such delinquencies shall be enforced, collected and/or foreclosed in the manner provided in the Declaration.

Section 2. Maintenance and Repair.

(a) Every owner must perform promptly all maintenance and repair work within his own unit, which if omitted would affect the project in its entirety or in a part belonging to other owners, being expressly responsible for all damages and liabilities that are caused by his failure to do so.

(b) All the repairs of internal installations of the unit such as water, light, gas, power, sewage, telephone, air conditioners, sanitary installations, doors, windows, lamps and all other accessories belonging to the unit area shall be at the owner's expense.

(c) An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common area and facility damaged through fault of an owner.

Section 3. Use of Family Units - Internal Changes.

(a) All units shall be utilized for residential purposes only.

(b) An owner shall not make structural modifications or alterations within his unit or installations located therein without previously notifying the Association in writing, through the Management Agent, if any, or through the President of the Board of Directors, if no Management Agent is employed. The Association shall have the obligation to answer within thirty (30) days and failure to do so within that time shall be deemed to be approval of the proposed modification or alteration.

Section 4. Right of Entry.

(a) An owner shall grant to the Management Agent or to any other person authorized by the Board of Directors of the

Association in case of any emergency originating in our threatening his unit, whether the owner is present at the time or not.

(b) An owner shall permit other owners, or their representatives, when so required, to enter his unit for the purpose of performing installations, alterations, or repairs to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner. In case of an emergency, such right of entry shall be immediate.

Section 5. Rules of Conduct.

(a) No resident of the project shall post any advertisements or posters of any kind in or on the project, except as authorized by the Association or except a sign of customary and reasonable dimensions advertising the unit for sale.

(b) No unit shall be used in such a manner as to obstruct or interfere with the enjoyment of residents of other units or annoy them by unreasonable noises or otherwise, nor shall any nuisance or immoral or illegal activity be committed or permitted to occur; no noxious or offensive activity shall be carried on.

(c) No exterior clothesline shall be erected or maintained and there shall be no drying or laundering of clothes on the balconies, patios, porches or other areas; dogs, cats or other household pets may be kept, provided that they are not kept, bred, or maintained for any commercial purpose.

(d) No owner, resident or leasee shall install wiring for electrical or telephone installation, television antennas, machines or air conditioning units, etc., on the exterior of the buildings

of the project or that protrude through the walls or the roof of the buildings except as authorized by the Association.

(e) In order to insure adequate aesthetic controls and to maintain the general attractive appearance of the project (1) no owner, resident or lessee shall, at his expense or otherwise, paint or decorate, construct fences or walls, or make any alterations, additions or modifications to any part or portion of the Common Areas, or place or maintain any objects on or about the exterior of any building within the project except as authorized by the Association, and (2) no owner, resident, lessee, invitee or other person with or without the purported consent or cooperation of any owner, resident or lessee, shall park, store or maintain in or on the project any boats, trailers, campers or other vehicles not customarily used as a means for general transportation, provided, however, that the temporary parking of aforesaid boats, trailers, campers or other vehicles not customarily used for means of general transportation for periods of short duration, but not to exceed four hours within any forty-eight (48) consecutive hour period as an incident to loading or unloading there from shall not be deemed a violation hereof and provided further, that the Board of Directors of the Association may adopt such additional rules and regulations respecting this provision from time to time seems in the best interest of the owners.

ARTICLE VII

AMENDMENTS TO PLAN OF CONDOMINIUM OWNERSHIP

Section 1. Bylaws. These Bylaws, and the Declaration referred to in Article I, Section 3, hereof, may be amended by the Association in a duly constituted meeting for such purpose or by

written consent as provided in Article III, Section 6 hereof, and no amendment shall take effect unless approved by owners representing at least seventy-five (75%) percent of the total voting interest of all condominiums in the project as shown in the Declaration, and provided further that no amendment shall take effect unless approved by:

(a) Mortgages representing at least seventy-five percent (75%) of the total record value of all First Mortgages (meaning any mortgage with first priority over other mortgages) affecting the project; and

(b) The Federal Housing Commissioner, if any indebtedness secured by any of said First Mortgage or Mortgages is insured under the provisions of the National Housing Act, as amended, or if the Federal Housing Commissioner is the owner of any condominium in the project; and

(c) Provided that no such amendment of the Declaration shall take effect unless it correctly refers to said Declaration by reciting the name of the Declarants, the name of the project, and the recording date of said Declaration; and further provided that no such amendment of the Declaration shall take effect until it has been duly recorded in the office of said County Recorder.

(d) The Arizona Real Estate Commissioner, if the adoption of any such amendment would materially change the rights, preferences or privileges of any person, or restrictions upon any condominium affected thereby and set forth in Arizona Revised Statutes Section 33-551 and following. It shall be the responsibility of the Board of Directors to mail a notice of any such amendments to all mortgages appearing in the book entitled "Mortgages of Condominiums" referred to in Article VIII hereof; provided, however, that its failure to do so shall not invalidate any such amendment.

ARTICLE VIII

MORTGAGES

Section 1. Notice to Association. An owner who mortgages his condominium shall notify the Association through the Management Agent, if any, or the President of the Association in the event there is no Management Agent, of the name and address of his mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Condominiums". Any such owner shall likewise notify the Association as to the release or discharge of any such mortgage.

Section 2. Notice of Unpaid Assessments. The Association shall, at the request of a mortgage of a unit, report any unpaid assessments due from the owner of such unit.

ARTICLE IX

The following terms, as used in these Bylaws, shall have the same meaning as are applied to such terms in the Declaration: "Project", "Condominium", "Common Areas", "Unit", "Mortgage", and "Mortgagee".

ARTICLE X

In case any of the Bylaws conflict with any provisions of the laws of the State of Arizona, such conflicting Bylaws shall be null and void upon final court determination to such effect, but all other Bylaws shall remain in full force and effect.