

BYLAWS OF
DESERT SHADOWS COMMUNITY ASSOCIATION

ARTICLE I
NAME AND LOCATION

The name of the corporation is DESERT SHADOWS COMMUNITY ASSOCIATION, (the "Association"). The principal office of the corporation is located at Cochise County, Arizona, but meetings of members and directors may be held at any place within the State of Arizona, that is designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to DESERT SHADOWS HOMEOWNERS' ASSOCIATION, its successors and assigns.

Section 2. "Property" shall mean and refer to that certain real property described in the First Amended Declaration of Covenants, Conditions and Restrictions for DESERT SHADOWS, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property with the exception of the Common Area.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is part of the property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to Pioneer Trust Company of Arizona, as Trustee under Trust No. 11,587, its successors and assigns if such successors and assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Declaration" shall mean and refer to the First-Amended Declaration of Covenants, Conditions and Restrictions for DESERT SHADOWS applicable to the Property recorded in the Office of the Cochise County Recorder.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III
MEETING OF MEMBERS

Section 1. Annual Meetings. The Board of Directors shall set the date and time for each annual meeting. There shall be at least one annual meeting held each year.

Section 2. Notice of Meeting. Special meetings of the members may be called at any time by the president or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A 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 or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than thirty (30) days nor more than sixty (60) 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. Quorum. A quorum is present at any meeting of the Association if 10% of the members entitled to vote are present either in person or by absentee ballot. If a quorum is not present or represented at any meeting, a subsequent meeting will be held until a quorum is present or represented.

Section 5. Voting.

a. Proxy voting is not permitted. The Association will provide for votes to be cast by the members in person and by absentee ballot and may provide for voting by some other form of delivery. Any action taken at an annual or special meeting of the members must comply with all of the following:

i. The absentee ballot must set forth each proposed action.

ii. The absentee ballot must give the Member the opportunity to vote for or against each proposed action.

iii. 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.

iv. The absentee ballot must specify the time and date by which the ballot must be delivered to the board of directors in order to be counted, which must be at least seven days after the date that the board delivers the absentee ballot to the member.

v. The absentee ballot cannot authorize another person to cast votes on behalf of the member.

b. Votes cast by absentee ballot or other form of delivery are valid for the purpose of establishing a quorum.

ARTICLE V **NOMINATION AND ELECTION OF DIRECTORS**

Section 1. Nomination. Nomination for election to the Board of Directors will be made by a Nominating Committee. There will not be any nominations from the floor. The Nominating Committee will consist of a Chair, who is a member of the Board of Directors, and two or more members of the Association. The Nominating Committee will be appointed by the Board of Directors at least 60 days before the annual meeting. The Nominating Committee will make as many nominations for election to the Board of Directors as it determines, but not less than the number of vacancies that are to be filled. Only members may be nominated for election to the Board.

Section 2. Election. Election to the Board of Directors will be by secret written ballot. At the election the members may cast one vote for each vacant position. The persons receiving the largest number of votes will be elected. Cumulative voting is not permitted.

Section 3. Board of Directors. The affairs of this Association shall be managed by a Board of Directors of three or five Directors serving one year terms.

Section 3. Qualification of Directors. Only one owner of a lot may serve on the board at any one time. Any person who is delinquent in the payment of any sums due to the Association or in violation of any provision of the Association's governing documents, which includes the Declaration, Bylaws, Articles of Incorporation and Rules, is not eligible to serve on the Board. In the event that a person is elected to the Board and then becomes either delinquent or in violation of the declaration, if the delinquency or violation is not cured within 20 days from the date of notice by the Association, then the director's position will be deemed as vacant and the board will appoint a replacement to serve the remaining term of the person whose position was vacated.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

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

(b) 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;

(c) 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;

(d) 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,

(e) employ a manger, 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;

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

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

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and,

(3) foreclose the lien against any property for which assessments are not paid within ninety (90) days after due date or to bring an action at law against the owner personally obligated to pay the same;

(d) 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;

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

(f) cause the Common Area 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 Officer. 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 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 by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. 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:

(a) 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. In the event that the association is self managed the president shall co-sign all checks. If the association is managed by an independent property management firm the president is not required to co-sign checks. Regardless of this paragraph, the Board of Directors may pass a resolution requiring the president to co-sign some or all of the checks.;

(b) 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.

(c) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceeds 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.

(d) 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 sign all checks and promissory notes of the Association; keep proper books of account; may cause an annual review of the Association books to be made by an independent 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 each of the members. The Board of Directors may assign any or all of these duties to an independent property management firm. No member of the Association shall be compensated for these services.

ARTICLE IX **COMMITTEES**

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X **BOOKS AND RECORDS**

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 cost.

ARTICLE XI **ASSESSMENTS**

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 twelve percent (12%) 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 attorney's 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 non-use of the Common Area or abandonment of his Lot.

ARTICLE XII **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, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is Class B membership.

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

The fiscal year of the Association shall begin on the first day of July and end of the 30th day of June of every year, except that the first fiscal year shall begin on the date of incorporation,