

BY-LAWS**OF****LA BUENA VIDA TWO TOWNHOUSES CORPORATION****ARTICLE I.****Offices**

Section 1. **Principal Offices:** The principal offices of **LA BUENA VIDA TWO TOWNHOUSES CORPORATION** shall be in the City of **Scottsdale**, County of **Maricopa**, State of **Arizona**.

Section 2. **Other Offices:** The corporation may establish such office or offices at such other places within the State of **Arizona** as the Board of Directors may from time to time designate.

ARTICLE II.**Definitions**

Section 1. **Association:** Association shall mean and refer to **LA BUENA VIDA TWO TOWNHOUSES CORPORATION**, its successors and assigns.

Section 2. **Properties or Premises:** Properties or premises shall mean and refer to that certain real property hereinafter described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. **Common Area and Common Elements:** Common area and common elements shall be synonymous and shall mean all property owned by the Association for the common use and enjoyment of the members of the Association, including, but not limited to, all of the hereinafter referred to premises except the land specifically designated as a "lot" or "unit" on any plat of record and all recorded amendments thereto in connection with said premises, except streets dedicated to the public and accepted by a governmental agency. The common elements shall also include all recreational facilities, community facilities, if any, swimming pools, pumps, trees, pavements, streets, pipes, wires, conduits and other public utility lines.

Section 4. **Lot, Unit and Townhouse:** Lot, unit and townhouse shall be synonymous and shall mean and refer to a separately designated and legally described freehold estate separately designated and legally described freehold estate consisting of any plot of land and the improvements thereon shown upon any recorded subdivision map of the properties with the exception of the common area.

Section 5. **Member:** Member shall mean and refer to every person or entity who holds membership in the Association.

Section 6. **Owner:** 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) of any lot which is part of the properties.

Section 7. **Declarant:** Declarant shall mean and refer to Transamerican Title Insurance Company of Arizona, its successors and assigns if such successors or assigns should acquire more than one undeveloped lot from the Declarant for the purpose of development.

ARTICLE III.

Membership

Section 1. **Eligibility for Membership:** Membership in the corporation, except for membership of the incorporators and the first Board of Directors, shall be limited to record owners of equitable title (or legal title if equitable title has merged) of townhouse units constructed on the following described premises:

Lots Sixty-five (65) through One Hundred Thirty-six (136), inclusive, LA BUENA VIDA TWO TOWNHOUSES; a resubdivision of part of Tract "A", Scottsdale Estates Fifteen, Book 84 of Maps, page 35, M.C.R., a part of the Northwest quarter of the Northeast quarter, Section 24, Township 2 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, in Book 116 of Maps, page 7 thereof.

One membership in the corporation shall be issued to the record owner of equitable title (or legal title, if equitable title has merged) of each townhouse unit. The record owners of equitable title (or legal title, if equitable title has merged) collectively shall be called the Council of Co-Owners. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. In the event any such townhouse unit is owned by two or more persons, whether as community property, by joint tenancy, tenancy in common, or otherwise, the membership as to such townhouse unit shall be joint, and a single membership for such townhouse unit shall be issued in the names of all the owners, and they shall designate one person who shall hold the membership and have the power to vote said membership. No membership shall be issued to any other person or persons except as they may be issued in substitution for outstanding memberships assigned to new record owners of equitable title (or legal title, if equitable title has merged).

Section 2. **Suspension of Membership:** In the event any townhouse unit owner shall be in arrears in the payment of any amounts due under any of the provisions of the Declaration for a period of fifteen (15) days, or shall be in default in the performance of any of the terms of the Declaration for a period of fifteen (15) days, said unit owners right to vote as a member of the LA BUENA VIDA TWO TOWNHOUSES CORPORATION shall be suspended and shall remain suspended until all payments are brought current and all defaults remedied.

ARTICLE IV.

Property Rights: Rights of Enjoyment

Section 1. Use and Enjoyment: Each member shall be entitled to the use and enjoyment of the common area and facilities as provided in the Declaration. Any member may delegate his rights of enjoyment of the common area and facilities to the members of his family, his tenants or contract purchasers, who reside on the property. Such member shall notify the secretary in writing of the name of any such delegee. The rights and privileges of such delegee are subject to suspension to the same extent as those of the member.

Section 2. Reasonable Fees: Irrespective of the fact that Section 1(b) of Article IV of the Declaration gives the Association the right to charge reasonable admission and other fees for the use of any recreational facilities situated upon the common area, this right shall not be exercised as to members for a period of five (5) years from the date of the recordation of the Declaration, and after this period, only upon written approval of two-thirds (2/3) of the entire Class A membership.

ARTICLE V.

Council of Co-Owners

Section 1. Annual Meetings: The first annual meeting of the Council of Co-Owners of the corporation shall be held within sixty (60) days after the builder has constructed and conveyed sixty-six percent (66%) of the total number of townhouse units to be constructed within the premises as described in Article III above, or within one (1) year from the date of incorporation, whichever is sooner. Thereafter, the annual meetings of the Council of Co-Owners shall be held on the second Wednesday of April, or at such other time as the Council of Co-Owners may by majority vote approve. At such meeting, there shall be elected a Board of Directors in accordance with the requirements of Article VI of these By-Laws. The Council of Co-Owners may also transact such other business of the corporation as may properly come before them.

Section 2. Special Meetings: Special meetings of the Council of Co-Owners for any purpose or purposes other than those regulated by statute may be called for by the President as directed by resolution of the Board of Directors or upon a petition signed by the members who are entitled to vote one-fourth (1/4) of all of the votes of the entire membership or who are entitled to vote one-fourth (1/4) of the votes of the Class A membership. Such petition shall state the purpose or purposes of such proposed meeting. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifth (4/5) of the members present, either in person or by proxy.

Section 3. Notice of Special Meeting: The President or Secretary shall give or cause to be given notice of the time, place and purpose of holding each special meeting by mailing or hand delivering such notice at least five (5) days prior to such meeting to each member of the Council of Co-Owners at the

respective addresses of said members as they appear on the records of the corporation.

Section 4. Quorum: The presence, either in person or by proxy, of at least forty percent (40%) of the members of the Council of Co-Owners of record shall constitute a quorum of the Council of Co-Owners for all purposes unless the representation of a larger group shall be required by law, by the Articles of Incorporation, or by these By-Laws, and in that event representation of the number so required shall constitute a quorum.

Section 5. Voting Rights: Each Class A member of the Council of Co-Owners being present in person or by proxy shall be entitled to one vote for each townhouse unit owned by said member. Each Class B member of the Council of Co-Owners being present in person or by proxy shall be entitled to three votes for each townhouse unit owned by said member.

Section 6. Adjournment of Meetings: If the number of members necessary to constitute a quorum shall fail to attend in person or by proxy at the time and place of meeting, the Chairman of the meeting, or a majority in interest of the members present in person or by proxy, may adjourn the meeting from time to time without notice other than an announcement at the meeting, until the necessary number of members shall be in attendance. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting.

Section 7. Proxies: A member may appoint only his or her spouse or any joint owner of his townhouse or any other member of the Council of Co-Owners as a proxy. In addition to the eligible proxy holders indicated above, any directors, officer or employee of a corporation which is a member of the Council of Co-Owners shall be eligible to hold and vote proxies of any member, including said corporation, upon being so authorized by said corporation. Any proxy must be filed with the Secretary before the appointed time of each meeting or upon the calling of the meeting to order. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of the lot.

Section 8. Waiver of Notice: Any member may at any time waive any notice required to be given under these By-Laws. The presence of a member in person at any meeting of the Council of Co-Owners shall be deemed such a waiver.

ARTICLE VI

Directors

Section 1. Number and Qualification: The business, property and affairs of the corporation shall be managed, controlled and conducted by a Board of Directors. The Board of Directors as initially elected at the first annual membership meeting shall be composed of five (5) members.

Section 2. Powers and Duties: The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the corporation, and may do all such acts and things as are not by law or by these By-Laws

directed to be exercised and done by the members. The powers of the Board of Directors shall include, but not be limited to, all of the rights and duties of the Board of Directors as set forth elsewhere in these By-Laws and the Articles of Incorporation, and in the Declaration of Restrictions applicable to the property described in Article III above, and shall also include the power to promulgate such rules and regulations pertaining to such rights and duties as may be deemed proper and which are consistent with the foregoing. The Board of Directors may delegate such duties as appear in the best interests of the corporation and to the extent permitted by law.

Section 3. Election and Terms of Office: The term of the Directors named in the Articles of Incorporation shall be until the first annual membership meeting or until their successors are duly chosen and qualify. Their successors shall be elected at the first annual meeting of the Council of Co-Owners. The Board of Directors shall consist of no more than seven (7), and no less than five (5) Directors. The term of office of four (4) Directors shall be fixed a two (2) years, and the term of office of three (3) Directors shall be fixed at a one (1) year term. At the expiration of the initial term of office of each Director, his successor shall be elected to serve a term of two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting.

The election shall be by secret written ballot. The persons receiving the largest number of votes shall be declared elected. The number of Directors may be altered from time to time by the action of the majority of the members of the Council of Co-Owners at any regular or special meeting called for such purpose. In the event of any increase in the number of Directors in advance of the annual meeting, each additional Director shall be elected and shall qualify.

Section 4. Vacancies: Vacancies on the Board of Directors caused by any reason shall be filled by vote of the majority of the remaining directors even though they may consist of less than a quorum, and each person so elected shall be a director until his successor is elected by the members of the Council of Co-Owners at the next annual meeting.

Section 5. Removal of Directors: At any regular or special meeting of the Council of Co-Owners any one or more of the directors may be removed with or without cause any time by the affirmative vote of a majority of the entire membership of record and a successor may then be elected to fill the vacancy thus created. Any director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting.

Section 6. Compensation: No compensation shall be paid to directors for their services as directors. No remuneration shall be paid to a director for services performed by him for the corporation in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken.

Section 7. Organization Meetings: The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such time and place as shall be fixed 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 8. Regular Meetings: Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for the meeting.

Section 9. 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, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) 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 two (2) of the directors.

Section 10. 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 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 11. Quorum: A majority of the Board of Directors shall constitute a quorum for the transaction of business, but if at any meeting of the board there be less than a quorum present, a majority of those present may adjourn the meeting from time to time. 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 unless the Articles of Incorporation of the By-Laws otherwise specifically require the affirmative vote of a larger number of directors on a specific matter.

Section 12. Adjournments: The Board of Directors may adjourn any meeting from day to day or for such other time as may be prudent or necessary in the interests of the corporation, provided that no meeting may be adjourned for a period longer than thirty (30) days.

Section 13. Action Taken Without a 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 of the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

Section 14. Fidelity Bonds: The Board of Directors shall require that all officers and employees of the corporation handling or responsible for corporation funds shall furnish adequate Fidelity Bonds. The premiums on such bonds shall be paid by the corporation.

ARTICLE VII

Officers

Section 1. Designation: The principal officers of the corporation shall be a President, a Vice 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 an Assistant Treasurer, and such other officers as in their judgement may be necessary.

Section 2. Election of Officers: The Officers of the corporation shall be elected annually by the Board of Directors at the organization meeting of each new board.

Section 3. Removal of Officers: Upon an affirmative vote of three-fourths (3/4ths) of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the board called for such purpose.

Section 4. Resignation of Officers: 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 5. Vacancies: A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 6. President: The President shall be the chief executive officer of the corporation. He shall preside at all meetings of the members and of the Board of Directors. He shall have all of the general powers and duties which are normally vested in the office of the President of a corporation, including but not limited to the power to appoint committees from among the Council of Co-Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the corporation.

Section 7. Vice President: The Vice President shall take the place of the President and perform his duties whenever the President shall be absent, unable to act or refuses to act. If neither the President nor the Vice President is 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 shall from time to time be imposed upon him/her by the Board of Directors.

Section 8. **Secretary:** The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Council of Co-Owners; she/he shall have the custody of the seal of the corporation; she/he shall have charge of the membership books and such other books and papers as the Board of Directors may direct; and she/he shall, in general, perform all the duties incident to the office of Secretary.

Section 9. **Treasurer:** The Treasurer shall have the responsibility for corporation funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the corporation. She/he shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the corporation in such depositories as may from time to time be designated by the Board of Directors.

Section 10. **Compensation:** No compensation shall be paid to officers for their services as officers. No remuneration shall be paid to an officer for services performed by her/him for the corporation in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken.

ARTICLE VIII.

Powers, Rights and Duties of the Corporation and Members Thereof.

The corporation and its members shall have all the powers, rights, duties and obligations set forth in the Articles of Incorporation for the corporation, these By-Laws, rules and regulations pursuant thereto, and recorded restrictions of the property, and as any of the same may be duly adopted or amended. No transfers of membership in the corporation shall be made except as provided herein and no such transfer shall be made upon the books of the corporation within ten (10) days next preceding the annual meeting of the members.

The members and Board of Directors, or each of them, shall have the express authorization, right and power to enter into one or more management agreements with third parties in order to facilitate efficient operation of the common elements, including the real property described in Article II above. It shall be the primary purpose of such management agreements to provide for the administration, management, repair and maintenance of said real property, all improvements thereon designated as common elements, and the roofs and exterior walls of the residence units.

The terms of said management agreements shall be as determined by the Board of Directors to be subject to the Articles of Incorporation, these By-Laws and the Declaration of Covenants, Conditions and Restrictions affecting said property.

ARTICLE IX.

Corporate Seal

The Board of Directors shall provide a suitable corporate seal containing the name of the corporation, which seal shall be in the custody and control of the Secretary. The corporate seal shall be in circular form, shall have inscribed thereon the name of the corporation, the year it was organized and the "Arizona". If and when so directed by the Board of Directors, a duplicate seal may be kept and used by such officer or other person as the Board of Directors shall name.

ARTICLE X.

Miscellaneous

Section 1. Books and Accounts: Books and accounts of the corporation shall be kept under the direction of the Treasurer and in accordance with the reasonable standards of accounting procedure and prudence.

Section 2. Auditing: At the closing of each fiscal year, the books and records of the corporation shall be audited by an auditing committee appointed by the Board of Directors consisting of three (3) members of the Council of Co-Owners, none of whom shall be a member of the Board of Directors. The committee shall prepare and submit their written report to the Board of Directors no later than April 1st of each year. The aforesaid report and a statement of the income and disbursements of the corporation for the fiscal year shall be available for inspection by any member of the Council of Co-Owners.

Section 3. Inspection of Books: The books, records and papers of the Association and financial reports, such as are required to be furnished, and the membership records of the corporation shall be available at the principal offices of the corporation for inspection at reasonable times by any members, where copies may be purchased at a reasonable cost. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall likewise be available for inspection by any member at the principal offices of the Association, where copies may be purchased at a reasonable cost.

Section 4. Execution of Corporation Documents: With the prior authorization of the Board of Directors, all notes, checks and contracts or other obligations shall be executed on behalf of the corporation by any two (2) officers of the corporation.

Section 5. Fiscal Year: The fiscal year of the corporation shall be determined by the Board of Directors and shall be subject to change by the Board of Directors should corporation practice subsequently necessitate such change.

Section 6. Conflict in Documents: In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and These By-Laws, the Declaration shall control.

ARTICLE XI.

Amendment of the By-Laws

These By-Laws may be amended by the affirmative vote of a majority of the members present or represented by proxy at any regular or special meeting; provided that a quorum as prescribed in Section 4, Article V herein, is present at any such meeting. Amendments may be proposed by the Board of Directors or petition signed by at least fifty-one percent (51%) of the members. A statement of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment shall be voted upon. These By-Laws may not be amended insofar as such amendment would be inconsistent with the recorded restrictions of the property. As long as there is a Class B voting membership, any amendment of these By-Laws shall be subject to FHA/VA approval.

IN WITNESS WHEREOF, we, being all of the directors of the LA BUENA VIDA TWO TOWNHOUSES CORPORATION Association, have hereunto set our hands this 17th day of January, 1968.

— s/ Lawrence L. Pavilack
Lawrence L. Pavilack

— s/ Earl Sumral
Earl Sumral

— s/ Henry F. Kaestner
Henry R. Kaestner

STATE OF ARIZONA)
) ss.
County of Maricopa)

This instrument was acknowledged before me this 17th day of January, 19 68, by Lawrence L. Pavilack, Earl Sumrall and Henry F. Kaestner.

— s/ Virginia E. Culbertson
Notary Public

My commission expires:
5/3/70

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of the LA BUENA VIDA TWO TOWNHOUSES CORPORATION, An Arizona corporation, and

THAT the foregoing By-Laws constitute the original By-Laws of said Corporation, as duly adopted at a meeting of the Board of Directors thereof, held on the 17th day of January, 1968.

s/ Lawrence L. Pavilack

Secretary

April 17, 1985

Including amendments of

FIRST AMENDMENT TO BY-LAWS
LA BUENA VIDA TWO TOWNHOUSES CORP.

Pursuant to Article XI of the La Buena Vida Two Townhouses Corp. ("Association") By-Laws, the Association hereby amends the By-Laws as follows:

1. Article II, Section 7 is hereby deleted.
2. Article V, Section 4 is amended to read as follows:

Article V, Section 4. Quorum:

The presence, either in person or by proxy, of at least thirty percent (30%) of the members of the Council of Co-Owners of record shall constitute a quorum of the Council of Co-Owners for all purposes unless the representation of a larger group shall be required by law, by the Articles of Incorporation, or by these By-Laws, and in that event representation of the number so required shall constitute a quorum.

3. Except as expressly amended by this Amendment, the By-Laws shall remain in full force and effect. In the event of any conflict or inconsistency between this amendment and the By-laws, this Amendment shall control.

IN WITNESS WHEREOF, this Amendment is effective of the 10th day of August, 2000.

LA BUENA VIDA TWO TOWNHOUSES CORP.

BY: Christine Jo McEachern-Corner
ITS: President

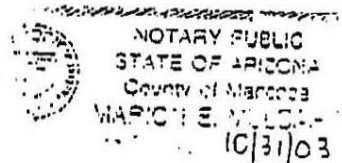
ATTEST:

Christine Colson
Secretary of La Buena Vida Two Townhouses Corp.

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this the 10th day of August, 2000, before me, the undersigned notary public, personally appeared Christine Jo McLaughlan Corp. of La Buena Vida Two Townhouses Corp., and that as such officer being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation.

Marion E. Mulcahy
Notary Public



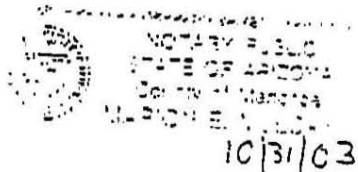
MY COMMISSION EXPIRES:

10/31/03

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this the 10th day of August, 2000, before me, the undersigned notary public, personally appeared Christy Coxey of La Buena Vida Two Townhouses Corp., and that as such officer being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation.

Marion Mulcahy
Notary Public



MY COMMISSION EXPIRES:

10/31/03