

BYLAWS**OF****CHANDLER CROSSING ESTATES HOMEOWNERS ASSOCIATION**

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ARTICLE I**Authority and Precedence**

1.01. Authority. These Bylaws are adopted and promulgated by the Board of Directors of the Association pursuant to Arizona Revised Statutes S 10-1001, ~ et seq. and the authority granted in the Articles of Incorporation of the Association filed with the Arizona Corporation Commission, as the same may be amended from time to time.

1.02 Declaration Controls. This Association was formed and incorporated, in the first instance, pursuant to that certain Declaration of Covenants, Conditions and Restrictions of Chandler Crossing, of record under Instrument No. 94—0536026, as amended under Instrument No. 94-0662108, in the Office of the Maricopa County Recorder, as it may be amended from time to time, which is referred to in these Bylaw and generally in the affairs of the Association as the "Declaration." No provision of these Bylaws or other governing document of the Association shall prevail over a conflicting provision of the Declaration, nor shall any act be authorized or taken, nor any policy be proposed or promulgated by or under the authority of the Association by any means other than amendment of that Declaration, if the effect of same is to accomplish a purpose or result that would otherwise require an amendment thereof. Nothing in these Bylaws shall be deemed to restrict the Association from any action or provision that is not in conflict with the Declaration, unless expressly stated.

1.03 Defined Terms. Capitalized terms used in these Bylaws without definition shall have the meanings specified for such terms in the Declaration.

1.04 Precedence. In the event a conflict arises over the power and authority of the Association or one of its members, directors, officers, employees or agents to act or refrain from acting in a particular fashion, or any other conflict regarding the Association, the same shall be resolved according to the definitive provision, if any, of the governing document of the Association with the highest precedence. The precedence of such documents, from highest to lowest, is:

- A. The Declaration.
- B. Articles of Incorporation.
- C. Bylaws
- D. Resolutions of the members in meetings assembled, duly adopted and entered in the minutes.
- E. Resolutions of the Board of Directors duly adopted and entered in the minutes.
- F. Rules, regulations and policies established in writing by the officers of the Association.

The above—listed documents are referred to herein collectively as the "Association Documents."

1.05 Principal Office. The principal place of business of the Association shall be as designated in the Articles of Incorporation or such other place as the Association may designate from time to time in accordance with the Arizona statutes governing non—profit corporations, but meetings of the members and directors may be held at such other place within the State of Arizona as may be designated by the Board of Directors.

ARTICLE II

Members and Meetings

2.01 Membership Classes and Qualifications. The members of this Association shall be of one class, and have equal rights, privileges, responsibilities and liabilities, except as otherwise provided in these Bylaws and in the Declaration. To be qualified for membership in the Association, a person shall meet the qualification stated in the Declaration.

A. No person under 18 years of age shall be entitled to be a member of the Association.

B. Memberships are not transferable except by transfer of title to the Lot upon which membership is predicated.

C. A member must be current in the payment of the annual assessments to validate the membership and to entitle the member to all rights and privileges of same.

D. No member or group of members, or any other person or persons, shall so conduct themselves in or on Association property as to jeopardize the rights and privileges of other Association members, their guests or any other person or persons. A cease and desist order may be issued by Board of Directors against such infractions and, upon failure of such infractors to comply with said order, denial of the use of Association property and suspension of other rights and privileges of membership may be ordered by the Board for such practices.

2.02 Annual Meetings. An annual meeting of the members of the Association shall be held in February of each year at such time and place in Maricopa County, State of Arizona as designated by the Board of Directors.

2.03 Special Annual Meetings. Whenever for any reason an annual meeting of the members may not be held in the month provided herein, a special annual meeting may be called by the Board by written notice to the members as provided in these Bylaws.

2.04 Special Meetings. Special meetings of the members of the Association may be called for any purpose or purposes (except as provided hereinafter) by the President, or by the Board upon the vote of a majority, or upon the written request signed by members having at least 20 percent of the total authorized votes of the Association. The business transacted at any special meeting shall be limited to the purposes stated in the notice of such meetings.

Provided, however, that as to any special meeting of the members held to conduct any business authorized under sections of the Declaration relating to annual or other assessments, written notice of such special meeting shall be sent to all members of record of the Association not less than 10 days nor more than 30 days in advance of said meeting. The provisions of the Declaration shall govern special meetings and their postponement. In the absence of conflicting provisions in the Declaration, the following shall apply: At the first meeting so called, the presence at the meeting of members or of proxies entitled to cast 60 percent of all votes shall constitute a quorum. If the required quorum is not forthcoming at such meeting, a second special meeting may be called, subject to the same notice requirement, and the required quorum at such second meeting shall be one—half of the required quorum at the preceding meeting. A third subsequent meeting may be held upon the same terms, including a quorum further reduced by one—half. No such subsequent meeting shall be held more than sixty days following the preceding meeting.

2.05 Notice.

A. Notices of all member meetings shall conform to the provisions of these Bylaws, and in the absence of a specific conflicting provision shall be in writing, and be signed by a director or officer of the Association. All notices shall

include or have appended to them an agenda or other statement of the business to be conducted at such meeting. Notices shall be delivered to all members in hand or by U.S. first-class mail, postage prepaid, to the member at his or her last known address shown on the records of the Association, not less than ten nor more than thirty days before such meeting. The affidavit of the person making delivery, placed in the minute book of the Association together with the minutes of the meeting, shall be prima facie proof of the fact of delivery of notice.

B. Notwithstanding any provision of these Bylaws, a meeting (except meetings under contrary sections of the Declaration) may be held on four hours' oral notice if (1) the President certifies that an emergency exists, (2) a director or officer certifies that reasonable efforts have been made to notice all members, and (3) there are present at such meeting in person or by proxy holders of at least 50 percent of all Association votes.

C. Whenever members holding at least 75 percent of the votes meet in person or by proxy, such meetings shall be valid for all purposes without notice, and at such meetings any Association action may be taken.

D. By attending a meeting, a member waives any right he may have had to object to the meeting on the basis that proper notice of the meeting was not given in accordance with these Bylaws or the statutes of the State of Arizona.

2.06 Organization. The President, or in his absence the Vice President, shall call meetings of members to order and shall act as chairman thereof. The Secretary shall act as secretary at all meetings of the members, or in his absence the presiding officer may appoint any person to act as secretary.

2.07 Quorum. Except as otherwise provided in the Articles, the Declaration or these Bylaws, members present either in person or by proxy entitled to cast 60 percent of all Association votes, shall constitute a quorum at all meetings of members. A quorum shall be presumed in the absence of a challenge.

2.08 Adjournment. If at any annual or special meeting a quorum shall fail to attend in person or by proxy, a majority of the members then represented in person or by proxy at such meeting may, at the end of an hour, adjourn the meeting from time to time without further notice until a quorum shall attend, and thereupon any business may be transacted which might have been transacted at the meeting as originally called. No single adjournment shall exceed 30 days, nor shall all such adjournments be longer than 90 days.

2.09 List of Members. At each meeting of members, a full, true and correct list, in alphabetical order, of all the members entitled to vote at such meeting, certified by the Secretary, shall be made available for examination upon written request by any member, director or officer.

2.10 Voting and Proxies.

A. At all annual and special meetings of members, every member, either in person or by proxy, shall have a right to vote on every question. There shall be one vote for each Lot in the subdivision (as defined in the Declaration) which may be cast by any member holding that vote. If two or more members are qualified to vote by reason of an interest in the same Lot, then the vote of that Lot shall be counted according to these rules:

1. If only one votes, his act binds.
2. If more than one votes, the act of the majority so voting binds all.
3. If more than one votes, but the vote is evenly split on any particular matter, each faction may cast the vote in question proportionally by fractions.

B. In all elections for directors of this Association, each member shall have the right to cast as many votes in the aggregate as is equal to his or her one vote multiplied by the number of directors to be elected at such election. Each member may distribute such votes among one or more such candidates as he wishes.

C. All proxies shall be in writing, shall be dated and signed by the member, shall designate the person selected as proxy and shall set forth the nature of the powers granted to the proxy. Such proxy shall be filed with the Secretary before or at the time of the meeting, and shall be placed in the minute book. No proxy shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy.

2.11. Inspectors. At all elections of directors, the proxies shall be received and taken in charge, all questions touching the qualification of voters and the validity of proxies and the acceptance or rejection of votes shall be decided, and all ballots shall be received and counted by two inspectors who shall be appointed by the presiding officer of the meeting and who shall, in writing, certify to the returns. No action need be taken by the inspectors if a unanimous voice vote of those present is received.

2.12. Objections. All informalities and/or irregularities in calls, notices of meetings and in the matter of voting, form of proxies, credentials, and method of ascertaining those present, shall be deemed waived if no objection is made at the meeting.

ARTICLE III

Board of Directors

3.01 Size. The business and affairs of the Association shall be managed and controlled by a Board of not less than three nor more than nine directors (referred to in these Bylaws as the Board), as may be determined from time to time by resolution of the Board.

3.02 Term. The initial Board shall consist of three directors, who shall serve until the third annual meeting of members or until their successors are elected and qualify, except as provided in the next succeeding section of this article. Thereafter, the Board shall consist of nine directors, who shall be divided into three classes of three directors each. The term of the first class of directors shall expire at the first annual meeting of members after their election; the term of the second class of directors shall expire at the second annual meeting of members after their election; and the term of the third class of directors shall expire at the third annual meeting of members after their election. Provided, however, that a director may be removed from the Board as provided in the next succeeding section of this article.

3.03 Removal. At any annual or special meeting of the members duly called, any one or more of the members of the Board may be removed from the Board with or without cause by members having more than 50 percent of the votes entitled to be cast by members present in person or by proxy at the meeting, and a successor may then and there be elected to fill the vacancy thereby created.

3.04 Vacancies. In case of any vacancy among the directors through death, resignation, disqualification, increase in the Board or other cause, a majority of the remaining directors, whether or not constituting a quorum, may at any regular or special meeting elect a successor to hold office for the unexpired portion of the term of office.

3.05 Regular Meetings and Organization. The Board shall hold an annual organizational meeting at such place as it shall designate immediately after the adjournment of each annual members' meeting, at which it shall conduct such business as is required or appears appropriate. The Board shall also meet at such other times at regular intervals as it may from time to time by resolution provide.

3.06 Special Meetings. Special meetings of the Board may be called by the President, and shall be called by the Secretary on the written request of a majority of the Board. Unless otherwise specified in the notice thereof, any and all business may be transacted at a special meeting.

3.07 Place of Meeting. The directors shall hold their meetings, both regular and special, at such places within Maricopa County, State of Arizona as the Board may from time to time determine.

3.08 Notice of Meeting. No notice shall be required to be given of any regular Board meeting unless held outside the subdivision or City of Chandler, Arizona. The Secretary shall give notice to each director of each regular meeting for which notice is required, and of each special meeting, by mailing the same at least three days before the time of each meeting or by telegraphing or telephoning not less than two days before the time of the meeting. Whenever all of the directors meet, such meetings shall be valid for all purposes without notice. No notice of any meeting of directors shall be necessary if waiver of notice is signed by all non-attending directors.

3.09 Quorum. A majority of the board in office at the time shall constitute a quorum for the transaction of business, but a majority of those present at the time and place of any regular or special meeting, although less than a quorum, may adjourn from time to time, without notice, until a quorum be obtained. The vote of a majority of the directors

present at any meeting in favor of or against any proposition shall prevail.

3.10 Committees. From time to time, the Board may appoint committees for any purpose or purposes, whose powers shall be specified in the resolution of appointment. The committees shall keep regular minutes of their proceedings and report the same to the Board.

3.11 Compensation. The directors of the Association and all members of the committees shall serve without salary. However, any director may be reimbursed for his actual expenses incurred in performance of his duties.

3.12 Action by Resolution. Except as otherwise provided by law, the Board shall have power to act in the following manner:

A resolution in writing, signed by all the members of the Board, shall be deemed to be actin by the Board to the effect therein expressed, with the same force and effect as if the same had been duly passed by the same vote at a duly convened meeting, and it shall be the duty of the Secretary to record such resolution in the minute book of the corporation under its proper date.

3.13 Transactions with Directors. No contract or other transaction between the Association and any other person shall be affected or invalidated by the fact that any one or more of the directors or officers of the Association is interested in, or is a partner, shareholder, director or officer or such other person, and no contract or other transaction between the Association and any other person or firm shall be affected or invalidated by the fact that any one or more directors of this association is a party to, or interested in, such contract or transaction; provided that in each such case the nature and extent of the interest of such director or officer in such contract or other transaction, and/or the fact that such director or officer has the stated affiliation, is known to the board or is disclosed at the meeting of the Board at which such contract or other transaction is authorized.

3.14 Powers and Duties. The Board shall have all 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 the Articles, Bylaws or Declaration required to be exercised or be done by the members. In addition to the duties imposed by these Bylaws or any resolution of the members that may hereafter be adopted, the Board shall have the following powers and duties:

A. Open bank accounts on behalf of the association and designate the signatories thereon.

B. Make or contract for the making of repairs, additions to, improvements to, or alterations of the common area after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

C. In the exercise of its discretion, enforce by legal means the provisions of the Association Documents.

D. Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair or replacement of the common area and provide services for the members, and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties.

E. Provide for the operation, care, upkeep and maintenance of the common area, borrow money on behalf of the association when required in connection with any one instance relating to the operation, upkeep and maintenance of the common area; provided, however, the consent of members having at least two—third of the total votes in the Association shall be obtained either in writing or at a meeting called and held for such purpose in accordance with the provision of these Bylaws and in order for the Association to borrow in excess of \$5000.00.

F. Prepare and adopt an annual budget for the association prior to the commencement of each fiscal year.

G. Adopt and publish rules and regulations governing the use of the common area and facilities and the personal conduct of the members and their family members, guests, lessees and invitees thereon and establish penalties for the infraction thereof.

H. Suspend the voting rights and the right to use of the common areas of a member during any period in which such member shall be in default in the payment of any assessment or other amounts due under the terms of the Declaration for any infraction of the Association Documents.

- I. Exercise for the association all powers, duties and authorities vested in or delegated to the association and not reserved to the membership by other provisions of the Association Documents.
- J. Declare the office of a member of the Board to be vacant in the event such member shall be absent from three consecutive regular meetings of the board.
- K. Employ, hire and dismiss such employees as they may deem necessary and to prescribe their duties and their compensation.
- L. 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 any member entitled to vote.
- M. Supervise all officers, agents and employees of the Association and see that their duties are properly performed.
- N. Levy, collect and enforce the payment of assessments in accordance with the provisions of the Declaration.
- O. Issue or cause an appropriate officer to issue upon demand to any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made to 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.
- P. Procure and maintain adequate property liability and other insurances required by the Declaration.
- Q. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.
- R. Cause the common area to be maintained as more fully set forth in the Declaration.

3.15 Managing Agent. The Board may employ for the Association a "Managing Agent" at a compensation established by the Board. The Managing Agent shall perform such duties and services as the Board shall authorize, except for such duties and services that under the Association Documents may not be delegated to the Managing Agent. The Board may delegate to the Managing Agent all the powers granted to the Board or the officers of the Association by the Association Documents other than the power (i) to adopt the annual budget, any amendment thereto, or to levy assessments; (ii) to adopt, repeal or amend the Association rules; (iii) to designate signatories on Association bank accounts; (iv) to borrow money on behalf of the Association; and (v) to acquire real property.

ARTICLE IV

Officers

4.02. Enumeration of Officers. The officers of the corporation shall be a President, a Vice President, a Treasurer, a Secretary, and such additional officers as the Board may determine, who shall be elected by the Board at the first meeting of the Board following the annual meeting of members. One person may hold more than one office, except the President shall not be the Secretary. The President must be a member of the board. Other officers may, but need not, be members of the Board.

4.02 Special Appointments. The Board may appoint such other officers, including one or more assistants in each office except President, as it shall deem necessary, who shall have such authority and shall perform such duties as may be prescribed by the Board from time to time.

4.03 Term. The officers of the association shall be elected annually by the Board and each shall hold office for one year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

4.04 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, unless otherwise specified

therein, the acceptance of such resignation shall not be necessary to make it effective.

4.05 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.

4.06 Powers and Duties. To the extent such powers and duties are not assigned or designated to a Managing Agent, the powers and duties of the officer shall be as follows:

A. **President.** The President shall be the chief executive officer of the Association. He shall preside at all meetings of the members and of the Board. He shall have general and active management of the business of the Association, and shall see that all orders and resolutions of the Board are carried into effect. He shall execute on behalf of the Association, and may affix the Association's seal or cause it to be affixed to all instruments requiring such execution, except to the extent the signing and execution thereof shall be expressly delegated by the Board to some other officer or agent of the Association.

B. **Vice President.** In case of the absence or disability of the President, the duties of the office shall be performed by the Vice President.

C. **Secretary.** The Secretary shall keep the minutes of all proceedings of the board and of all meetings of the members; he shall attend to the giving and serving of all notices for the Association when directed by the President; he shall sign with the President or the Vice President when required to do so, in the name of the Association, all contracts authorized by the Board, and shall affix the seal of the Association thereto; he shall have charge of the Association's seal, certificate books, and such other books and papers as the Board may direct; and he shall in general perform all the duties incident to the office of Secretary, subject to the control of the Board.

D. **Treasurer.** The Treasurer shall have custody of all funds and securities of the Association which may come into his hands; he shall endorse, on behalf of the Association for collection, checks, notes and other obligations, and shall deposit the same to the credit of the Association in such bank or banks, or other depositories, as the Board may designate; he may sign receipts and vouchers for payment made to the Association; he shall sign checks made by the Association and pay out and dispose of the same under the direction of the Board; he shall sign, with the President or such other person or persons as may be designated by the Board all authorized promissory notes and bills of exchange of the Association; whenever required by the Board, he shall render a statement of his cash accounts; he shall enter regularly, in the books of the Association to be kept by him for that purpose, full and accurate accounts of all monies received and paid by him on account of the Association; and he shall perform all other duties incident to the position of Treasurer, subject to the control of the board.

ARTICLE V

Miscellaneous Provisions

5.01 Indemnification. To the extent permitted by law, the Association shall indemnify any and all of the directors or former directors of the Association, their personal representatives and heirs, and the Board may, in its sole discretion, determine to indemnify any and all of the members, officers, employees and agents, or former members, officers, employees and agents of the Association, their personal representatives and heirs, against expenses incurred by them or judgments or penalties rendered or levied against any such person in a legal action (whether civil, criminal, administrative or other) brought against any such person for actions or omissions alleged to have been committed by any such person while acting within the scope of his employment as a director, officer, employee or agent of the Association. Provided however, that in all cases the Board shall determine in good faith that such person did not act, fail to act, or refuse to act willfully and in good faith, or with gross negligence, or with fraudulent or criminal intent with regard to the matter involved in the action. If such person is both a director and an officer, he shall be entitled to indemnity as a matter of right only if the alleged actions or omissions pertain to his position as a director or as both a director and an officer. A member of any committee appointed by the Board shall have the same right of indemnification as a director with respect to alleged acts or omissions by him as a member of such committee.

A. The term "expenses" as used herein shall include all obligations incurred by such person for the payment of money, including without limitation legal fees and amounts paid in settlement of any such action. A judgment or conviction (whether based on a plea of guilty or nolo contendere or its equivalent, or after trial) shall not be conclusive

as to whether the person against whom judgment is rendered acted, or failed to act, or refused to act willfully or with gross negligence or with fraudulent or criminal intent with regard to the matter involved in the action.

B. Any determination with respect to indemnity shall be made by resolution adopted by a majority of the Board, excluding from such majority any directors who have incurred expenses, judgment or penalties in connection with such action; and if there is no quorum of directors who are not so excluded, then by resolution adopted by a majority of a committee of non-excluded directors and/or members appointed by the Board (all directors being eligible to participate in such appointment). The right of indemnification provided herein shall be in addition to any other right which such directors, officers, employees and agents of the Association may have or hereafter acquire.

5.02 Association Seal. The Board may provide a suitable seal, circular in design, bearing on its outer rim the name of the Association, and in the center the year of incorporation, which seal shall be in the charge of the Secretary, to be used as directed by the Board and as required by law.

5.03 Fiscal Year. The fiscal year of the Association shall be established by resolution of the Board.

ARTICLE VI

Amendment

A. These Bylaws may be amended at a regular or special meeting of the members, by a vote of the members having more than 50 percent of the votes entitled to be cast by the members present in person or by proxy.

B. The Board, without a vote of the members and without the consent of any first mortgagee, may amend these Bylaws in order to conform these Bylaws to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the project documents is required by any law or requested by the Declarant or the Board.

C. So long as the Declarant retains Class B voting rights in the Association, any amendment to these Bylaws must be approved in writing by the Declarant.

KNOW ALL MEN BY THESE PRESENTS:

I, the duly elected Secretary of Chandler Crossing Estates Homeowners Association, an Arizona corporation, do hereby certify that the above and foregoing Bylaws were duly adopted as the Bylaws of said Association at the meeting of directors held on September 15, 1994, and the same do now constitute the Bylaws of said Association.

Attest:

Harry C. Elliott, III.

President