

**BYLAWS
OF
LOS PORTONES COMMUNITY ASSOCIATION, INC.**

ARTICLE I

GENERAL

Section 1. Purpose. Los Portones Community Association, Inc. is an Arizona nonprofit corporation organized for the purpose of acting as the council of owners, pursuant to a Declaration of Covenants, Conditions and Restrictions for Los Portones, recorded in the Office of the County Recorder of Maricopa County, Arizona.

Section 2. Conflict with Declaration. Should any provision of these Bylaws be inconsistent or conflict with any provision of the Declaration, such provision of the Declaration shall supersede and take precedence over any such provision of these Bylaws.

Section 3. Application of Bylaws. All present and future Owners, Occupants and their respective licensees, invitees and employees shall be subject to and be bound by all of the provisions of these Bylaws. The act of ownership or the mere occupancy of a lot or parcel shall establish a conclusive presumption that these Bylaws are accepted, ratified and will be complied with by such Owner or Occupant.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to Los Portones Community Association, Inc., an Arizona nonprofit corporation, its successors and assigns.

Section 2. "Board" shall mean and refer to the Board of Directors of the Association.

Section 3. "Common Area" shall mean all real property designated as Common Areas in the Declaration, as shown on the plat attached to the Declaration as Exhibit "B" and more particularly described on Exhibit "C" attached to the Declaration and, as used herein, shall have the same meaning as in the Declaration.

Section 4. "Common Expenses" shall mean the expenses for the operation, maintenance, repair and restoration of the Common Areas, including but not limited to, salaries, wages, payroll

taxes, attorney's and accountant's fees, supplies, materials, parts, services, maintenance, repairs and replacements, landscaping, insurance, fuel, power and adequate reserves for the restoration and replacement of the Common Areas and the appurtenances thereto. Common Expenses shall include those Common Expenses identified in the Declaration.

Section 5. "Declarants" shall mean Johnes-Spector Development Company, an Arizona general partnership; P-W Scottsdale Venture, an Arizona general partnership; Pinnacle Peak & Miller Investment Limited Partnership, an Arizona limited partnership; Pinnacle Peak Investors Limited Partnership, an Arizona limited partnership; and their respective successors in interest and assigns.

Section 6. "Declaration" shall mean the Master Declaration of Covenants, Conditions, and Restrictions for Los Portones, recorded on May 29, 1986, as Document Number 86-264470 of the Records of the County Recorder of Maricopa County, Arizona, as the same may be amended from time to time.

Section 7. "Lot" shall mean and refer to the numbered parcels of real property, including any condominium units, within any recorded plat within Los Portones, together with all improvements constructed or to be constructed thereon and appurtenances thereto.

Section 8. "Majority" or "Majority of Members" shall mean the Owners of lots or parcels holding more than fifty percent (50%) of the votes entitled to be cast with respect to the affairs of the Association.

Section 9. "Member" shall mean an Owner of a lot or parcel. If a Member is a corporation or partnership, the Member shall be represented by an officer, partner, agent or employee of such Member.

Section 10. "Mortgage" means any recorded, filed or otherwise perfected instrument given in good faith and for valuable consideration which is not a fraudulent conveyance under Arizona law as security for the performance of an obligation, including without limitation, a deed of trust, but shall not include any instrument creating or evidencing solely a security interest arising under the Uniform Commercial Code. "Mortgagee" means a person secured by a Mortgage, including a trustee and beneficiary under a deed of trust, and "Mortgagor" means the party executing a Mortgage. "First Mortgage" means a Mortgage which is the first and most senior of all Mortgages upon the same property.

Section 11. "Occupant" shall mean a person or persons, other than a Member, in rightful possession of a lot or parcel.

Section 12. "Owner" shall mean and refer to the record owners, whether one or more person or entities, of equitable or beneficial title (or legal title if the same has merged) of any lot or parcel. "Owner" shall include a purchaser of a lot or parcel under an agreement for sale within the meaning of Arizona Revised Statutes Section 33-741. "Owner" does not include persons or entities who hold an interest in a lot merely as security for the performance of an obligation.

Section 13. "Parcel" means each of the numbered parcels of real property shown on the plat attached to the Declaration as Exhibit "B" which are planned to be sold to other persons for the further development and subdivision into lots, tracts or condominium units and undivided interests and the sale or lease thereof.

Section 14. "Person" shall mean a natural individual, corporation, partnership, trustee or other entity capable of holding title to real property.

Section 15. Other words and terms used in these Bylaws shall have the same meaning as set forth in the Declaration except where the context requires a different meaning.

ARTICLE III

MEMBERS

Section 1. Eligibility. The membership of the Association shall consist of all Owners of lots or parcels in Los Portones. Membership in the Association shall be mandatory and no Owner during his ownership of a lot or parcel shall have the right to relinquish or terminate his membership in the Association.

Section 2. Succession. The membership of each lot or parcel Owner shall terminate when he ceases to be an Owner of a lot or parcel, and his membership in the Association shall automatically be transferred to the new Owner succeeding to such ownership interest.

Section 3. Annual Meetings. The first annual meeting of the Members shall be held within one (1) year from the date of incorporation of the Association at such hour and at such place as may be specified in a written notice of such meeting, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter and at the

same hour and at such place as may be designated in the written notice of such meeting. If the date for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following such legal holiday.

Section 4. Special Meetings. Special meetings of the Members may be called at any time by the President or by a majority of the Board, or upon written request of more than one-fourth (1/4) of the Class A Members.

Section 5. 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 meetings, by mailing a copy of such notice, postage prepaid, at least ten (10) days prior to the date of such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books and records of the Association. 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 6. Voting. The Association shall have two (2) classes of voting membership:

Class A: Class A members shall be all Owners in Los Portones, with the exception of the Declarants, as such term is defined in the Declaration, and shall be entitled to one (1) vote for each lot owned or, in the case of an owner of a parcel which has not been subdivided into lots, one vote for each 5,445 square feet of land area contained within the boundaries of such parcel. In the event the total square footage of land area contained within the boundaries of any parcel cannot be divided evenly by 5,445, no additional vote or fraction thereof shall be assigned to the fractional remainder. The votes entitled to be cast by the owner of any parcel zoned for commercial use shall be determined based upon the square footage of land area contained within such parcel. When more than one (1) person holds an interest in any lot or parcel, all such persons shall be Members. The voting for such lot or parcel shall be exercised as such persons among themselves determine, or, in the absence of such determination, as determined by the Board of Directors, but in no event shall more than one (1) vote be cast, with respect to any lot or more than one (1) vote be cast with respect to each 5,445 square feet of land area contained within the boundaries of any parcel. If any owner or owners cast a vote representing a certain lot or parcel, it will thereafter be conclusively presumed for all purposes that such owner or owners were acting with the authority and consent of all other owners of the same lot or parcel.

Class B: The Class B Members shall be the Declarants and shall be entitled to three (3) votes for each lot or for each 5,445 square feet of land area contained within the boundaries of any parcel owned by Declarants within the boundaries of Los Portones. The total votes which the Declarants shall be entitled to cast may be cast in such proportion on any matter as Declarants may determine. Each Class B membership shall cease and be converted to Class A membership, without further act or deed, upon the happening of any of the following events:

(a) Upon the conveyance by Declarants of any particular lot or parcel to an owner, other than in connection with the assignment by any Declarant of all or substantially all of its rights under the Declaration (including a pledge or assignment by any Declarant to any lender as security), with respect to the particular lot or parcel so sold or otherwise disposed of; or

(b) With respect to all remaining Class B memberships, upon the first to occur of the following:

(i) Upon the expiration of one hundred twenty (120) days following the first date when the total votes entitled to be cast by the Class A membership equal or exceed the total votes entitled to be cast by the Class B membership, or

(ii) Ten (10) years after the conveyance of the first lot or parcel to an owner other than the Declarants.

If any lender to whom any Declarant has assigned, or hereafter assigns, as security all or substantially all of its rights under the Declaration succeeds to the interest of such Declarant by virtue of said assignment, the Class B memberships formerly held by such Declarant shall not be terminated thereby, and such lender shall hold the Class B memberships on the same terms as such were held by such Declarant.

Section 7. Quorum. The presence at the meeting of Members representing one-tenth (1/10) of each Class of membership shall constitute a quorum for any action, except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented.

Section 8. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in

writing and filed with the Secretary. Every proxy shall automatically cease upon conveyance by the Member of his lot or parcel.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number. The affairs of this Association shall be managed by a Board of at least three (3) and no more than seven (7) Directors.

Section 2. Term of Office. At the first annual meeting of the Members, at least one (1) Director shall be elected for a term of one (1) year; at least one (1) Director shall be elected for a term of two (2) years; and at least one (1) Director shall be elected for a term of three (3) years, and at each annual meeting thereafter, the Members shall elect at least one (1) Director for a term of three (3) years so as to stagger the terms of office of the Directors.

Section 3. Qualifications. Each Director shall be Member or the spouse of a Member (or if a Member is a corporation, partnership or trust, a Director may be an officer, partner or trustee of such Member). If a Director shall cease to meet such qualifications during his term, he will thereupon cease to be a Director, and his place on the Board shall be deemed vacant. The requirements of this Section shall not apply to Directors elected as a result of any of the votes cast by the Class B Member.

Section 4. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Board. In the event of death, resignation or removal of a Director, his successor shall be selected by a majority of the remaining Members of the Board and shall serve for the unexpired term of his predecessor.

Section 5. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties as a Director.

Section 6. 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 Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting by any Member not in default. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors at least sixty (60) days prior to each annual meeting and shall serve until such annual meeting has been concluded. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot or oral vote. Those candidates for election to the Board receiving the greatest percentage of votes cast either in person or by proxy at the meeting shall be elected.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board may be held monthly without notice, at such place and hour as may be affixed from time to time by resolution of the Board.

Section 2. Special Meetings. Special meetings of the Board may be held and called by the President of the Association, or by any two (2) Directors, after not less than three (3) days notice to each Director, or within a reasonable time after the presentation to the President of the Association of a petition signed by one-quarter (1/4) of the Class A Members.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. 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. The Board shall have the power to:

- (a) Elect and remove the Officers of the Association;

(b) Adopt and publish rules and regulations governing the use of the Common Area and related facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(c) Suspend the rights of a Member to vote and to use the Common Areas 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 promulgated by the Board;

(d) Engage the services of an agent to manage the maintenance, repair, replacement of the Common Areas, or any part thereof, for all of the Members, upon such terms and -for such compensation as the Board may approve. Any agreement for the services of any such agent shall provide for termination by the Association with or without cause, and without payment of a termination fee, upon thirty (30) days written notice, and no such agreement shall be for a duration in excess of one (1) year, renewable by agreement of the parties for successive one (1) year periods;

(e) Make repairs within the individual lots or parcels where such repairs are required for the welfare or safety of other lot or parcel owners or for the preservation or protection of the Common Area;

(f) Grant or relocate easements over, access or through the Common Areas as the Board may determine to be beneficial to the Members;

(g) Declare the office of a Member of the Board to be vacant in the event such Member shall be absent from three (3) consecutive regular meetings of the Board; and

(h) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Members by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

Section 4. 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 the Association and to see that their duties are properly performed;

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

(1) Administer, operate, maintain and repair the Common Areas;

(2) Determine the Common Expenses of the Association at least thirty (30) days in advance of each annual assessment period;

(3) Send written notice of each Member's proportionate share of the Common Expense to every Member subject thereto; and

(4) Record a notice and claim of lien against any lot or parcel for which assessments are not paid, and foreclose the same within a reasonable time, and bring an action at law against the Member personally obligated to pay the same.

(d) Issue, or to cause an appropriate Officer to issue, upon written request by any person, having any interest in any lot or parcel, a statement setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of such a statement. If the statement provides that an assessment has been paid, such statement shall be conclusive evidence of such payment;

(e) Procure and maintain adequate casualty and liability insurance as more fully provided in the Declaration;

ARTICLE VII

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 provide for by resolution.

Section 2. Election of Officers. 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 be 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 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 replaced.

Section 7. Multiple Offices. Any two (2) or more offices may be held by the same person except the offices of President and Secretary.

Section 8. Duties. The duties of the Officers are as follows:

(a) President: The President shall be the Chief Executive Officer of the Association and shall supervise and control all of the business and affairs of the Association. He shall, when present, preside at all meetings of the Members and all meetings of the Board of Directors. He may sign, with or without any other Officer of the Association as authorized by the Board, deeds, mortgages, bonds, contracts or other instruments which the Board has authorized to be executed, except where the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other Officer or Agent of the corporation or shall be required by law to be otherwise signed or executed. He shall have the power to appoint and remove one or more administrative Vice Presidents of the Association and such other assistants to the various elected Officers of the Association as is necessary for the accomplishment of their duties. In general,

he shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board.

(b) Vice-President: In the absence of the President, or in the event of his death, inability or refusal to act, the Vice President, or if there is more than one Vice President, the Senior Vice President, shall perform the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. Otherwise, such Senior and other Vice Presidents shall perform only such duties as may be assigned by the President or by the Board.

(c) Secretary: The Secretary shall keep the minutes of all meetings and proceedings of the Board and of the Members in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws, or as required by law; be custodian of the records and seal of the Association, and see that the seal of the Association is affixed to all documents, when such is duly authorized; keep or cause to be kept under his general supervision by a registrar or transfer agent appointed by the Board, a register of the name and post office address of each Member as furnished by such Member; have general charge of the transfer books of the corporation; and in general perform all duties incident to the office of the Secretary and such other duties as may be assigned to him by the President or by the Board.

(d) Treasurer: The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Association; receive and give receipts for monies due and payable to the corporation from any source whatsoever, and deposit all monies in the name of the Association in such banks, trust companies or other depositories as shall be directed by the Board; shall sign all checks and promissory notes of the Association, except in those instances where the Board has delegated the authority to sign checks to a managing agent employed by the Association; shall keep proper books of account; shall cause an annual audit of the books of the Association to be made by a 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 Members at the regular annual meeting of the Members, and shall deliver a copy of such to the Members.

Section 9. Committees. The Board may appoint an Architectural Committee, or the Board may act in the capacity of the Architectural Control Committee, as provided in the Declaration. In addition, the Board shall appoint other

committees as the Board may deem appropriate to carry out the purposes of the Association.

ARTICLE VIII

BOOKS AND RECORDS

Section 1. 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 Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, and copies may be purchased at reasonable cost from the Association.

ARTICLE IX

INDEMNIFICATION

Section 1. General. Subject to the provisions of A.R.S. Section 10-1005(B), the Association shall indemnify and hold harmless each of its Directors and Officers, each Member of any committee appointed by the Board, the Board, and Declarants, against any and all liability arising out of any acts of the Directors, Officers, Committee Members, Board, or Declarants (including any and all Officers and Directors of Declarants), or arising out of their status as Directors, Officers, Committee Members, Board of Declarants, unless any such act is a result of gross negligence or criminal intent. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses including, by way of illustration but not of limitation, attorney's fees and costs reasonably incurred in connection with the defense of any claim, action or proceeding, whether civil, criminal, administrative or other, in which any such Director, Officer, Committee Member, Board, Declarant or Director or Officer of any Declarant, may be involved by virtue of such person having the status of a Director, Officer, Committee Member, Board, Declarant, and Declarant's Director or Officer; provided, however, that such indemnity shall not be operative with respect to any matters to which such person shall have been finally adjudged in such action or proceeding to be liable for gross negligence or criminal intent in the performance of his duties.

ARTICLE X**AMENDMENTS**

Section 1. These Bylaws may be amended, changed or modified at a regular or special meeting of the Board of Directors called for that purpose. These Bylaws may not be amended if such Amendment would be inconsistent with the Declaration or the Articles.

IN WITNESS WHEREOF, the President of Los Portones Community Association, Inc. has hereunto set his hand as of this 5th day of DECEMBER, 1991.



Joseph Contadino

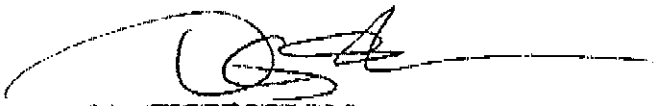
CERTIFICATION

The undersigned does hereby certify:

THAT he is the duly elected and acting Secretary of Los Portones Community Association, Inc., an Arizona nonprofit corporation, and

THAT the foregoing Bylaws constitute the original Bylaws of Los Portones Community Association, Inc., as duly adopted at a meeting of the Members thereof, held on the 5th day of DECEMBER, 1991.

IN WITNESS HEREOF, the undersigned has hereunto set his hand and affixed the seal of the corporation as of this 5th day of DECEMBER, 1991.



David Schreiner
Secretary