

CANADA HILLS COMMUNITY ASSOCIATION
BYLAWS

15
CANADA HILLS COMMUNITY ASSOCIATION

TABLE OF CONTENTS TO BYLAWS

		Page
ARTICLE I - GENERAL PROVISIONS		
1.0	Defined Terms.....	1
1.1	Principal Office.....	1
1.2	Conflicting Provisions.....	1
1.3	Corporate Seal.....	1
1.4	Designation of Fiscal year.....	1
1.5	Books and Records.....	1
1.6	Amendment.....	1
1.7	Indemnification.....	2
1.8	Notices.....	2
ARTICLE II - MEETINGS OF MEMBERS		
2.0	Annual Meeting.....	2
2.1	Special Meetings.....	3
2.2	Notice of Meetings.....	3
2.3	Quorum.....	3
2.4	Multiple Owners.....	3
2.5	Proxies.....	3
2.6	Suspension of Voting Rights.....	4
2.7	Cumulative Voting.....	4
ARTICLE III - BOARD OF DIRECTORS		
3.0	Number and Term of Office and Appointment of Committees.....	4
3.1	Removal.....	5
3.2	Compensation.....	5
3.3	Action Taken Without a Meeting.....	5
3.4	Vacancies.....	5
3.5	Nomination.....	5
3.6	Cumulative Voting.....	6
3.7	Regular Meetings.....	6
3.8	Special Meetings.....	6
3.9	Quorum.....	6
3.10	Powers and Duties.....	6
ARTICLE IV - OFFICERS AND THEIR DUTIES		
4.0	Enumeration of Officers.....	9
4.1	Election of Officers.....	9
4.2	Term.....	9
4.3	Resignation and Removal.....	9
4.4	Vacancies.....	9
4.5	Multiple Offices.....	9

BYLAWS
OF
CANADA HILLS COMMUNITY ASSOCIATION

ARTICLE I

GENERAL PROVISIONS

1.0 Defined Terms. Capitalized terms used in these Bylaws without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions, and Restrictions for Canada Hills recorded on August 5, 1987, with the Recorder of Pima County, Arizona, in Docket 8092, Page 888 (the "Declaration").

1.1 Principal Office. The principal office of the Association shall be located at the place designated in the Articles or such other place as may be designated from time to time pursuant to Arizona law. Meetings of Members and the Board may be held at the principal office of the Association or at such other place as may be designated by the Board.

1.2 Conflicting Provisions. In the event of any conflict or inconsistency between the Articles and these Bylaws, the Articles shall control, and in the event of any conflict or inconsistency between the Declaration and these Bylaws or the Articles, the Declaration shall control.

1.3 Corporate Seal. The Association shall have a seal in a form approved by the Board.

1.4 Designation of Fiscal Year. The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

1.5 Books and Records. The Declaration, Articles, Bylaws, Development Guidelines, Association Rules, and all other books, records, and financial statements of the Association shall be available for inspection by any Member during reasonable business hours at the principal office of the Association, where copies may be purchased at reasonable cost.

1.6 Amendment.

(A) Except as provided for in Section 1.6(B) of these Bylaws, these Bylaws may only be amended, at a regular or special meeting of the Members, by a majority of a quorum of each class of Members present in person or by proxy.

(B) The Board, without a vote of Members, shall have the right to amend these Bylaws in order to conform these Bylaws to the rules or guidelines in effect from time to time of any governmental or quasi-governmental entity or federal corporation guaranteeing or insuring mortgage loans or governing transactions involving mortgage instruments including, without limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, and the Veterans Administration.

(C) As long as there is a Class B Member, any amendment of these Bylaws must have the prior written approval of the Veterans Administration or the Federal Housing Administration.

1.7 Indemnification. The Association shall have the power to indemnify its Members, directors, officers, employees, and agents to the extent and in the manner provided for in the Arizona Nonprofit Corporation Act, Arizona Revised Statutes §10-1001, et seq., as they may be amended from time to time.

1.8 Notices. All notices, demands, statements, or other communications required to be given or served under these Bylaws shall be in writing and shall be deemed to have been duly given and served if delivered personally or sent by United States mail, postage prepaid or, in the case of a notice pursuant to Section 5.1 of these Bylaws, registered or certified United States mail, return receipt requested, postage prepaid: (i) if to an Owner, at the address that the Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the Owner's property address within Canada Hills; or (ii) if to the Association, the Board, or any manager employed by the Association with respect to management of the Covered Property, at the principal office of the manager or at such other address as shall be designated by notice in writing to the Owners pursuant to this Section 1.8. A notice given by mail, whether regular, certified, or registered, shall be deemed to have been received by the person to whom the notice was addressed on the earlier of the date the notice is actually received or three (3) days after the notice is mailed. If a Lot or Parcel is owned by more than one (1) Person, notice to one (1) of the Owners of the Lot or Parcel shall constitute notice to all Owners of the Lot or Parcel.

ARTICLE II

MEETINGS OF MEMBERS

2.0 Annual Meeting. The first annual meeting of the Members shall be held within one (1) year of the date on which the Association is incorporated, and an annual meeting of the Members shall be held during each calendar year thereafter. The date, time, and place of each annual meeting of the Members shall be determined by the Board.

2.1 Special Meetings. Special meetings of the Members may be called at any time by the President, a majority of the Board, or Owners having at least twenty-five percent (25%) of the votes entitled to be cast by the Class A Members at such meeting.

2.2 Notice of Meetings. Written notice of each meeting of the Members shall be given by the Secretary at the direction of the person authorized to call the meeting by mailing a copy of each notice, postage prepaid, no fewer than fifteen (15) nor more than fifty (50) days before such meeting to each Member entitled to vote thereat. Such notice shall specify the place, day, and hour of the meeting, and, in the case of a special meeting, the purpose(s) of the meeting.

2.3 Quorum. Except as otherwise provided in the Articles, the Declaration, or these Bylaws, the presence in person or by proxy of Members entitled to cast one-tenth (1/10th) of the total authorized votes of each class of Members shall constitute a quorum at all meetings of the Members. If a quorum shall not be present 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 of the time and place of the adjourned meeting at the meeting at which the adjournment is taken, until a quorum shall be present; provided, however, that if the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each Member entitled to vote at the meeting.

2.4 Multiple Owners. The vote for each Member must be cast as a single unit. Fractional votes shall not be allowed. In the event that a Lot or Parcel is owned by more than one Person and such Owners are unable to agree as to how their vote or votes shall be cast, they shall not be entitled to vote on the matter in question. If any Owner casts a vote or votes representing a certain Lot or Parcel, the Owner shall be conclusively presumed to be acting with the authority and consent of all other Owners of such Lot or Parcel unless objection thereto is made to the Board, in writing, at or prior to the time the vote or votes are cast. In the event more than one person casts or attempts to cast a vote for a particular Lot or Parcel, all such votes shall be deemed void.

2.5 Proxies. Votes may be cast pursuant to a written proxy duly executed by an Owner or an Owner's duly authorized attorney-in-fact and filed with the Secretary of the Association. If a Lot or Parcel is owned by more than one Owner, each Owner may register protest to the casting of votes by the other Owner(s) through a duly executed proxy. An Owner may not revoke a proxy except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy is revoked on presentation of a later dated proxy executed by the same Owner. A

proxy terminates one (1) year after the date of its execution, unless it specifies a shorter term or unless it states that it is coupled with an interest and is irrevocable whereupon it shall terminate twenty-five (25) months after the date of its execution.

2.6 Suspension of Voting Rights. If any Owner is in arrears in the payment of any Assessments, monetary penalties, or other fees or charges due under the terms of the Declaration or Association Rules for a period of fifteen (15) days, the Owner's right to vote as a Member of the Association shall be automatically suspended and shall remain suspended until all payments, including accrued interest, attorneys' fees, expert witness fees, and collection agency fees are paid in full. If any Owner is in default in the performance of any obligation to be performed by the Owner pursuant to the Declaration or the Association Rules, the Owner's right to vote as a Member of the Association shall be automatically suspended for a period not to exceed sixty (60) days and for successive sixty (60) day periods if any such default is not cured during any preceding suspension period.

2.7 Cumulative Voting. In any election of the directors of the Board, every Owner entitled to vote at such an election shall be entitled to cast the number of votes attributable to such Owner pursuant to Section 7.1 of the Declaration multiplied by the number of directors of the Board to be elected. Each Owner shall have the right to cumulate the Owner's vote for one (1) candidate or to divide such votes among any number of candidates.

ARTICLE III

BOARD OF DIRECTORS

3.0 Number and Term of Office and Appointment of Committees. The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with the Articles and these Bylaws. The initial Board and each Board thereafter for so long as there is a Class B Member shall consist of three (3) Members or other persons. Commencing with the first annual meeting of the Members when there is no longer a Class B Member, the Board shall consist of, and the voting Members shall elect, five (5) directors, all of whom must be Members or an individual designated by a corporate, partnership, or other nonindividual Member. The term of each of the Directors shall be for one (1) year until there is no longer a Class B Member. Thereafter the initial terms shall be one (1) Director for a one (1) year term, two (2) Directors for a two (2) year term, and two (2) Directors for a three (3) year term, thus establishing a staggered Board. In succeeding years, all directors shall be elected for a three (3) year term. The Board may appoint various committees at its discretion. The Board may also appoint or engage a manager to be responsible for the day-to-day operation of the Association and the Common Areas. The Board

shall determine the compensation to be paid to the manager and any other employees of the Association.

3.1 Removal. Except with respect to directors appointed by the Class B Member, at any annual or special meeting of the Members any one or more of the directors of the Board may be removed from the Board, with or without cause, by Members having more than two-thirds (2/3) of the votes entitled to be cast by the Members present in person or by proxy at the meeting, and a successor shall then and there be elected to fill the vacancy thereby created.

3.2 Compensation. No director shall receive compensation for any service rendered to the Association that is within the director's duties as a director. Any director may be reimbursed for actual expenses incurred in the performance of the director's duties.

3.3 Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting that they could take at a meeting by obtaining the written consent of all the directors. Any action so taken shall have the same effect as though taken at a meeting of the directors. Any such written consent shall be filed with the minutes of the proceedings of the Board.

3.4 Vacancies. Except with respect to directors appointed by the Class B Member and vacancies caused by the removal of a director by a vote of the Members as set forth in Section 3.1 of these Bylaws, all vacancies in the Board shall be filled by a vote of a majority of the remaining directors. Such vote shall be conducted at a special meeting of the Board held for such purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum. Any person so elected shall be a member of the Board for the remainder of the term of the director being replaced.

3.5 Nomination. Except with respect to directors appointed by the Class B Member or elected by the Members pursuant to Section 3.1 of these Bylaws or by the directors pursuant to Section 3.4 of these Bylaws, nomination for election to the Board shall be made by a nominating committee. Nominations may also be made from the floor at the annual meeting. The nominating committee shall consist of a chairperson who shall be a member of the Board, and two or more Members of the Association. The nominating committee shall be appointed by the Board prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The nominating committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less

than the number of vacancies that are to be filled. Such nominations may be made from among Members or an individual designated by a corporate, partnership, or other non-individual Member.

3.6 Cumulative Voting. In any election of the directors of the Board, every Owner entitled to vote at such an election shall be entitled to cast the number of votes attributable to such Owner pursuant to Section 7.1 of the Declaration multiplied by the number of directors of the Board to be elected. Each Owner shall have the right to cumulate the Owner's votes for one (1) candidate or to divide such votes among any number of candidates.

3.7 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by the Board. Such meetings shall be held at least once during each fiscal year.

3.8 Special Meetings. Special meetings of the Board may be called by the President on three (3) business days notice to each director, given in writing, by hand delivery, mail, or telegraph, which notice shall state the time, place, and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) directors.

3.9 Quorum. A majority of the directors shall constitute a quorum for the transaction of business. Except as provided in the Declaration, 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.

3.10 Powers and Duties.

(A) The Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not by the Declaration or the Articles required to be exercised or done by the Members. In addition to the duties imposed by these Bylaws or by any resolution of the Members that may hereafter be adopted, the Board shall have the following powers and duties:

(1) Open bank accounts on behalf of Association and designate the signatories thereon;

(2) Make, or contract for the making of, repairs, additions to, improvements to, or alterations of the Common Areas, in accordance with the Declaration, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

(3) In the exercise of its discretion, enforce by legal means the provisions of the Declaration and Association Rules;

(4) Designate, hire, and dismiss the personnel necessary for the maintenance, operation, repair, and replacement of the Common Areas 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;

(5) Provide for the operation, care, upkeep, and maintenance of all of the Common Areas and borrow money on behalf of the Association when required in connection with the operation, upkeep, and maintenance of the Common Areas; provided however, that the consent of the Class B Member and at least two-thirds (2/3) of the Class A Members other than Declarant shall be obtained either in writing or at a meeting called and held for such purpose in accordance with the provisions of these Bylaws in order for the Association to borrow a sum in excess of Ten Thousand and No/100 Dollars (\$10,000);

(6) Prepare and adopt an annual budget for the Association prior to the commencement of each fiscal year;

(7) Adopt and publish the Association Rules and establish penalties for the infraction thereof;

(8) In accordance with these Bylaws and the Declaration, suspend the voting rights and the right to use of the Common Areas of a Member;

(9) Exercise for the Association all powers, duties, and authority vested in or delegated to the Association and not reserved to the Members by the Declaration;

(10) Except for directors appointed by the Class B Member, declare the office of a director to be vacant if such director is absent from three (3) consecutive regular meetings of the Board;

(11) Employ, hire, and dismiss such employees as the Board deems necessary and to prescribe their duties and compensation;

(12) Cause to be kept a complete record of all of the Board's 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 twenty-five percent (25%) of the Class A Members entitled to vote at such special meeting;

(13) Supervise all officers, agents, and employees of the Association and see that their duties are properly performed;

(14) Levy Assessments in accordance with the Declaration and take all necessary actions to collect such Assessments;

(15) As required by the Declaration, issue, or cause an appropriate officer to issue upon demand to any person, a written statement setting forth that all Assessments have been paid with respect to a specific Lot or Parcel, or if not paid, the amount then due;

(16) Procure and maintain adequate casualty, liability, and other insurance as required by the Declaration;

(17) Cause all officers or employees having fiscal responsibilities to be bonded, as the Board may deem appropriate; and

(18) Cause the Common Areas to be maintained, as more fully set forth in the Declaration.

(B) The Board may appoint or engage a manager for the day-to-day operation of the Association and the Common Areas, at a compensation established by the Board. The manager shall perform such duties and services as the Board shall authorize, including without limitation all of the duties listed in the Declaration and these Bylaws, except: (i) duties and services that under the Declaration may not be delegated to such manager; and (ii) the following specific powers:

(1) Adoption of the annual budget and any amendment thereto or assessment of any Assessments;

(2) Adoption, repeal, or amendment of the Association Rules;

(3) Designation of signatories on Association bank accounts;

(4) Borrowing money on behalf of the Association; and

(5) Acquisition and mortgage of Common Areas.

(C) Notwithstanding the foregoing, any management contract entered into by the Association must be for a term not exceeding three (3) years and must be terminable, without penalty, by the Association for cause at any time and without cause upon no more than thirty (30) days notice.

ARTICLE IV

OFFICERS AND THEIR DUTIES

4.0 Enumeration of Officers. The principal officers of the Association shall be the President, the Vice-President, the Secretary, and the Treasurer. The Board may create such other offices as the affairs of the Association may require, the officers of each of which shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine. As long as there is a Class B Member, all officers of the Association shall be appointed and removed by the Class B Member. When there is no longer a Class B Member, the officers shall be elected by the Board. The President and Vice-President must be members of the Board. Any other officers may, but need not, be members of the Board.

4.1 Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

4.2 Term. The officers of the Association shall be elected annually and each shall hold office for one (1) year unless such officer shall sooner resign, be removed, or otherwise disqualified to serve.

4.3 Resignation and Removal. Except for officers appointed by the Class B Member, 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.

4.4 Vacancies. Except for officers appointed by the Class B Member, a vacancy in any office shall be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer being replaced.

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

4.6 Powers and Duties. The powers and duties of the officers shall be as follows:

President. The President shall be the chief executive officer of the Association; shall preside at all meetings of the Board or the Members; shall see that orders and resolutions of the Board are carried into effect; shall sign all documents to be

signed by the Association, including without limitation checks and promissory notes; and shall generally manage the business of the Association.

Vice-President. The Vice-President shall act in the place and stead of the President in the event of the President's absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; shall keep the corporate seal of the Association and affix it on all papers requiring said seal; shall serve notice of meetings of the Board and of the Members; shall 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.

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; shall sign all checks and promissory notes of the Association; shall keep proper books of account; shall prepare an annual budget and a statement of income and expenditures to be presented to the Members at their regular annual meeting or when requested pursuant to Section 3.10(A)(12) of the Bylaws, and shall deliver a copy of each to the Members; shall cause an audited financial statement of the Association to be prepared if requested pursuant to Section 16.6 of the Declaration; and, in general, shall perform all the duties incident to the office of treasurer.

4.7 Officers Authorized to Execute Amendments to Declaration. Any amendments to the Declaration to be executed by the Association shall be executed by either the President or Vice-President and shall be attested to by the Secretary.

ARTICLE V

PENALTIES

5.0 Power of Board to Impose Monetary Penalties. In accordance with the procedures set forth in this Article V, the Board shall have the right to impose reasonable monetary penalties against any Owner who violates any provisions of the Declaration or Association Rules. Any monetary penalty imposed by the Board shall be imposed only after the procedures set forth in this Article V have been complied with.

5.1 Notice of Violation. If the Board becomes aware of a violation of the Declaration or Association Rules and desires to impose a monetary penalty against or suspend the voting rights of or rights to use and enjoyment of the Common Areas of the Owner

who violated the Declaration or Association Rules, the Board shall serve the Owner with written notice of the violation. The notice shall contain the following:

(1) The nature of the alleged violation;

(2) The time and place of the hearing to be held by the Board on the violation, which time shall not be less than ten (10) days from the receipt of the notice as determined pursuant to Section 1.8 of these Bylaws;

(3) An invitation to the Owner to attend the hearing and produce statements, evidence, and witnesses on the Owner's behalf and advising the Owner that the Owner may be represented at the hearing by an attorney; and

(4) The proposed monetary penalty or suspension of rights to be imposed by the Board.

5.2 Hearing. The hearing on any alleged violation of the Declaration or Association Rules shall be held at the time and at the place designated in the notice served pursuant to Section 5.1 of these Bylaws. Proof of service of the notice required by Section 5.1 of these Bylaws shall be placed in the minutes of the hearing. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who served the notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the hearing. The minutes of the hearing shall contain a written statement of the results of the hearing and the monetary penalty or suspension of rights, if any, imposed by the Board.

5.3 Exemption for Penalties for Non-Payment of Assessments. The Board shall have the right to impose the penalties for nonpayment of Assessments set forth in the Declaration or Association Rules without complying with the provisions of this Article V.

ARTICLE VI

ARCHITECTURAL CONTROL

6.0 Design Review Committee Composition. The Design Review Committee shall consist of five (5) regular members and one (1) alternate member. None of such members shall be required to be an architect or to meet any other particular qualifications for membership. A member need not be, but may be, a member of the Board, an officer of the Association, or an officer, agent, or employee of Declarant. In the event of the absence or disability of a regular member of the Design Review Committee, the remaining regular members, even though less than a quorum, may designate the

alternate member to act as a substitute regular member for an absent or disabled regular member for the duration of such absence or disability.

6.1 Term of Office. Unless a member of the Design Review Committee has resigned or been removed, his or her term of office shall be for a period of one (1) year, or until the appointment of his or her successor. Any new member appointed to replace a regular or alternate member who has resigned or been removed shall serve such member's unexpired term. Members of the Design Review Committee who have resigned, been removed, or whose terms have expired may be reappointed.

6.2 Appointment and Removal. Except as provided in Section 6.5 of these Bylaws, the right to appoint and remove all regular and alternate members of the Design Review Committee at any time shall be and is hereby vested solely in the Board; provided, however, that no regular or alternate member may be removed from the Design Review Committee by the Board except by the vote or written consent of at least fifty-one percent (51%) of the members of the Board.

6.3 Resignations. Any regular or alternate member of the Design Review Committee may at any time resign from the Design Review Committee by giving written notice thereof to the Board.

6.4 Vacancies. Except as provided in Section 6.5 of these Bylaws, vacancies on the Design Review Committee, however caused, shall be filled by the Board. A vacancy or vacancies on the Design Review Committee shall be deemed to exist in the case of the death, resignation, or removal of any regular or alternate member.

6.5 Control by Declarant. In order to enhance the aesthetic and economic value of the Covered Property and to maintain uniformity of architectural and landscaping standards throughout the Covered Property, until the date set forth in Section 7.3.2 of the Declaration (unless otherwise specified in a Tract Declaration, a Recorded deed from Declarant, or a notice given to the Association by Declarant that Declarant desires to relinquish its rights under Section 4.1.8 of the Declaration) Declarant shall have the right:

(a) to appoint all regular and alternate members of the Design Review Committee; and

(b) to supplement and amend the Development Guidelines, as deemed necessary by Declarant, but only to the extent that such changes are in general conformity with the standards encompassed in the Declaration or a particular Tract Declaration.

6.6 Duties. The Design Review Committee shall have all of the powers, authority, and duties conferred upon it by the Declaration, the Articles, these Bylaws, or the Association Rules, or by

any Tract Declaration or similar recorded instrument approved in advance by the Board. Without limiting the generality of the foregoing, it shall be the duty of the Design Review Committee to consider and act upon all proposals or plans submitted to it pursuant to the provisions of the Declaration or the Development Guidelines, including approval of all landscaping to be planted or placed upon the Covered Property, to perform any other duties delegated to it by the Board, and to carry out all other duties imposed upon it by the Declaration.

6.7 Meetings and Compensation. The Design Review Committee shall meet from time to time as necessary to perform its duties. Subject to Section 6.0 of these Bylaws, the vote or written consent of a majority of the regular members shall constitute the act of the Design Review Committee. The Design Review Committee shall keep and maintain a written record of all actions taken by it. Although members of the Design Review Committee shall not be paid for their services, consultants hired by the Design Review Committee, if authorized by the Board, may be paid for their services at the discretion of the Board. Notwithstanding the foregoing, for so long as Declarant is in control of the Design Review Committee pursuant to Section 4.1.8 of the Declaration, members of the Design Review Committee may be paid for their services at the discretion of the Board.

6.8 Development Guidelines. Subject to the written approval of the contents thereof by Declarant for so long as Declarant is in control of the Design Review Committee pursuant to Section 4.1.8 of the Declaration, the Board shall adopt, and may from time to time amend, supplement, and repeal, the Development Guidelines. The Development Guidelines shall interpret, implement, and supplement the Declaration, and shall set forth procedures for Design Review Committee review and the standards for development within the Covered Property. The Development Guidelines shall have the same force and effect as the Association Rules.


6.9 Waiver. The approval by the Design Review Committee of any plans, drawings, or specifications for any work done or proposed, or for any other matter requiring the approval of the Design Review Committee shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification, or matter subsequently submitted for approval.

6.10 Time for Approval. In the event the Design Review Committee fails to approve or disapprove any plans, drawings, or specifications for any work proposed to be done or for any other matter requiring approval of the Design Review Committee within thirty (30) days after a request for Design Committee approval has been received by the Design Review Committee, together with supporting plans, drawings, and specifications, approval will not be required and this Article VI will be deemed to have been complied with.

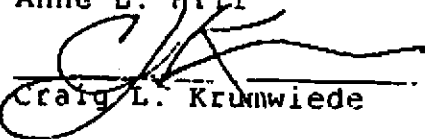
IN WITNESS WHEREOF, the undersigned being all of the Directors of Canada Hills Community Association have executed these Bylaws this ____ day of _____, 19__.



Daniel W. Hill



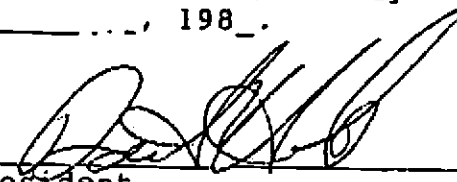
Anne L. Hill



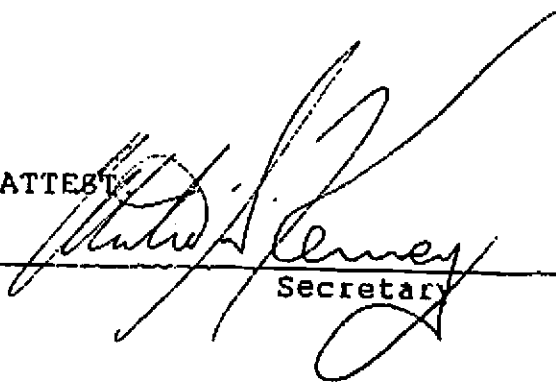
Craig L. Krumwiede

CERTIFICATION

I hereby certify that the foregoing Bylaws were duly adopted by the Board of Directors of the Canada Hills Community Association on the ____ day of _____, 198__.



President

ATTEST


Secretary

00136:040387:1

COPY

RECEIVED JAN 3 7 1987
RECEIVED

ARTICLES OF INCORPORATION
OF
CANADA HILLS COMMUNITY ASSOCIATION

OCT 02 1987

ARIZONA CORP. COMMISSION

In compliance with the requirements of Arizona Revised Statutes §10-1001, et seq., as they may be amended from time to time, the undersigned, all of whom are of full age, have this date voluntarily associated themselves for the purpose of forming a nonprofit corporation, and do hereby certify:

ARTICLE I

NAME

The name of the corporation is Canada Hills Community Association (the "Association").

ARTICLE II

DEFINED TERMS/CONFLICTING PROVISIONS

Capitalized terms used in these Articles of Incorporation without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions, and Restrictions for Canada Hills recorded on August 5, 1987, with the Recorder of Pima County, Arizona, in Docket No. 8092, Page 888 (the "Declaration"), the terms and provisions of which are incorporated into these Articles of Incorporation by this reference as if set forth herein. In the event of any conflict or inconsistency between the Declaration and these Articles, the Declaration shall control.

ARTICLE III

PRINCIPAL OFFICE

The principal office of the Association shall be located at 2929 East Camelback Road, Suite 230, Phoenix, Arizona, 85016.

ARTICLE IV

STATUTORY AGENT

Ronald A. Kershaw, Jr., whose address is 3003 North Central Avenue, Suite 2601, Phoenix, Arizona, 85012, and who has been a bona fide resident of the State of Arizona for more than three (3) years last past, is hereby appointed and designated the initial statutory agent for the Association.

ARTICLE V

PURPOSE OF THE ASSOCIATION

The object and purpose for which the Association is organized is to provide for the management, maintenance, and care of the Common Areas and to perform such other duties as are imposed upon the Association under the Declaration. In furtherance of, and in order to accomplish the foregoing object and purpose, the Association may transact any or all lawful business for which corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time.

ARTICLE VI

CHARACTER OF BUSINESS

The character of the business that the Association initially intends to conduct in Arizona is to provide for the management, maintenance, and care of the Common Areas and to exercise and perform such other powers and duties as are imposed upon or granted to the Association under the Declaration.

ARTICLE VII

MEMBERSHIP AND VOTING RIGHTS

Membership in the Association shall be limited to the Owners. Each Owner shall have such rights, privileges, and votes in the Association as are set forth in the Declaration.

ARTICLE VIII

BOARD OF DIRECTORS

The number of directors constituting the initial Board of Directors shall be three (3). The names and addresses of the initial directors of the Association, who shall serve as directors until the first annual meeting of the Members or until their successors are elected and qualified, are as follows:

<u>Name</u>	<u>Mailing Address</u>
Daniel W. Hill	7634 Las Brisas Lane Paradise Valley, Arizona 85253
Anne L. Hill	7634 Las Brisas Lane Paradise Valley, Arizona 85253
Craig L. Krumwiede	1930 East Claremont Phoenix, Arizona 85016

The Board of Directors shall adopt the initial Bylaws of the Association. The power to alter, amend, or repeal the Bylaws is reserved to the Members except that the Board of Directors, without a vote of the Members, may amend the Bylaws in order to conform the Bylaws to the rules or guidelines in effect from time to time of any governmental or quasi-governmental entity or federal corporation guaranteeing or insuring mortgage loans or governing transactions involving mortgage instruments including, without limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, and the Veterans Administration.

ARTICLE IX

OFFICERS

The following persons shall be the initial officers of the Association and shall hold the positions opposite their names until the first annual meeting of the Board of Directors and until their successors have been elected and qualified:

Daniel W. Hill	President
Craig L. Krumwiede	Vice-President
Martin S. Kenney	Secretary/Treasurer

ARTICLE X

DISSOLUTION

The Association may be dissolved by the adoption of a resolution to dissolve by the Board of Directors, which resolution to dissolve shall be adopted by the Class B Member, if any, and at least seventy-five percent (75%) of the Class A Members other than Declarant then entitled to vote at an election held for such purpose. Upon any dissolution of the Association, other than incident to a merger or a consolidation, the assets of the Association shall be dedicated, granted, conveyed, or assigned to any nonprofit corporation, association, trust, or other organization designated by the Members approving the dissolution as being the entity that will thereafter perform the duties and obligations of the Association under the Declaration.

ARTICLE XI

AMENDMENTS

These Articles of Incorporation may be amended by Members representing at least seventy-five percent (75%) of the total votes then entitled to be cast by each class of Members except that the Board of Directors shall have the right to amend these Articles of Incorporation in order to conform these Articles of

Incorporation to the rules or guidelines in effect from time to time of any governmental or quasi-governmental entity or federal corporation guaranteeing or insuring mortgage loans or governing transactions involving mortgage instruments including, without limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, and the Veterans Administration.

ARTICLE XII

DURATION

The Association shall exist perpetually.

ARTICLE XIII

FHA/VA APPROVAL

As long as there is a Class B Member, the following actions shall require the prior approval of the Federal Housing Administration or the Veterans Administration: (i) annexation of additional properties; (ii) mergers and consolidations; (iii) mortgaging of Common Areas; (iv) dissolution of the Association; and (v) amendment of these Articles of Incorporation.

ARTICLE XIV

INCORPORATOR

The names and addresses of the incorporators of this Association are:

<u>Name</u>	<u>Mailing Address</u>
Craig L. Krumwiede	1930 East Claremont Phoenix, Arizona 85016
Martin S. Kenney	7557 North Dreamy Draw Drive Unit #169 Phoenix, Arizona 85020

ARTICLE XI

LIABILITY OF DIRECTORS

In accordance with Arizona Revised Statutes §10-1029, the directors of this Association shall not be liable for monetary damages to the Association or its shareholders for breach of fiduciary duty as a director except as follows:

(a) Any breach of the director's duty of loyalty to the Association or its members;

(b) Acts or omissions which are not in good faith or which involve intentional misconduct or a knowing violation of law;

(c) A violation of Arizona Revised Statutes §10-1026, et.seq.

(d) Any transaction from which the director derived an improper personal benefit; or,

(e) A violation of Arizona Revised Statutes §10-1097, et.seq.

Dated this 22 day of September, 1987.

Craig L. Krumwiede
Craig L. Krumwiede

Martin S. Kenney
Martin S. Kenney

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 30th day of September, 1987, by Craig L. Krumwiede, as an incorporator of Canada Hills Community Association, an Arizona nonprofit corporation.

Debbie Elison
Notary Public

My Commission Expires:

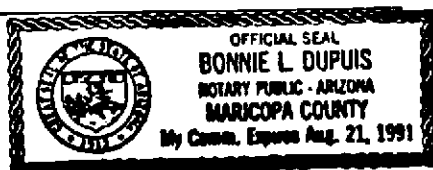
11/14/88

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 22nd day of September, 1987, by Martin S. Kenney, as an incorporator of Canada Hills Community Association, an Arizona nonprofit corporation.

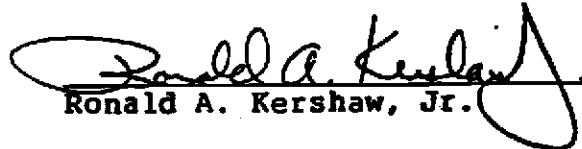
Bonnie L. Dupuis
Notary Public

My Commission Expires:



CONSENT TO ACT AS STATUTORY AGENT

I, Ronald A. Kershaw, Jr., having been designated to act as Statutory Agent for Canada Hills Community Association, an Arizona nonprofit corporation, hereby consent to act in that capacity until removal or resignation is submitted in accordance with the Arizona Revised Statutes.


Ronald A. Kershaw, Jr.

0012b:091587:1

**CANADA HILLS
MASTER ASSOCIATION
BY-LAW AMENDMENT**

The purpose of this Amendment to Section 2.5 of the Master Association ByLaws is to permit homeowners to vote by mail on matters pertaining to the Canada Hills Community Association, and to clarify and streamline voting requirements:

Current ByLaw language:

“2.5 Proxies Votes may be cast pursuant to a written proxy duly executed by an Owner or an Owner’s duly authorized attorney-in-fact and filed with the Secretary of the Association. If a Lot or parcel is owned by more than one Owner, each Owner may register protest to the casting of votes by the other Owner(s) through a duly executed proxy. An Owner may not revoke a proxy except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy is revoked on presentation of a later dated proxy executed by the same Owner. A proxy terminates one (1) year after the date of its execution, unless it specifies a shorter term or unless it states that it is coupled with an interest and is irrevocable whereupon it shall terminate twenty-five (25) months after the date of its execution.”

ByLaw 2.5 to be deleted in its entirety and replaced with new Section 2.5:

“2.5 Voting and Proxies. At all meetings of members, each member may vote in person or by proxy. Voting by mail-in ballot may be conducted in the case of election of Directors under procedures and guidelines established in advance by the Board of Directors, and published in advance to homeowners. All proxies shall be in writing, signed and dated by the Owner(s), and shall automatically terminate one (1) year after the date of its execution unless it specifies a shorter term. Every proxy may be revoked by written notice executed by the same Owner.”

The new Proposed language confirms the right to vote “in person” and permits the use of a mail-in ballot for the election of Directors, if so conducted, under pre-established guidelines. The wording relating to proxies has also been simplified and streamlined. The option to conduct a mail-in ballot is designed to give absent homeowners the opportunity to vote for Directors, and helps speed up the voting process. For example, advance mail-in voting may help avoid the lengthy process of balloting, staff administration and vote-counting at Annual membership meetings. So that the use of a mail-in voting is administered fairly and effectively, language has been included to ensure that procedures and guidelines for such voting be published in advance to all homeowners.

The adoption of this Amendment requires the affirmative vote of a majority of members present in person or by proxy (ByLaws 1.6) at a quorum of the Special Meeting of the members scheduled for October 21, 1998. (A quorum is 10%, ByLaws 2.3). If you cannot attend this meeting, please send in the attached Proxy to Cadden Parfrey Services, 7355 N. Oracle Road #110, Tucson, AZ 85704.