

BY_LAWS
OF
SCOTTSDALE SHADOWS

HORIZONTAL PROPERTY REGIME IV
AS AMENDED BY THE COUNCIL OF CO-OWNERS
ON DECEMBER 31, 2016

ARTICLE I

Section 1 The Regime located in Maricopa County, State of Arizona known as “Scottsdale Shadows” has been previously submitted to a Horizontal Property Regime, pursuant to the Provisions of Section 33-551 to 33-561, Arizona Revised Statutes.

Section 2 Definitions. Whenever terms are used herein which are defined in Section 33-551, ARS, such words shall be the definitions as set forth in said Statute.

Section 3 Application of the By-Laws All present and future owners, tenants and future tenants or their employees or any other person that might use the Facilities of the Regime in any manner are subject to the provisions of these By-Laws. The ownership or rental of these units in the Regime or the mere action of occupancy of any of the said units will signify that these By-Laws are accepted, ratified and will be complied with by the occupant or co-owner.

Article II

Section 1 Voting – Notwithstanding the number of co-owners who may jointly or otherwise own a unit, voting on all matters shall be limited to one (1) of the co-owners. Where two (2) or more persons own an interest in a unit, they shall designate to the Council, in writing, one of their number who shall have the power to vote. In the absence of such a designation and until such designation is made, the Board shall make such designation.

Section 2 In all matters requiring a vote of the co-owners, voting shall be on a percentage basis and the percentage of the vote to which each owner is entitled is the same percentage assigned to each of the said apartments in the common elements of the Declaration submitting said property to a horizontal property regime.

Section 3 Majority of co-owners as used in these By-Laws, the term “Majority of co-owners” shall mean those co-owners holding more than fifty percent (50%) of the vote in accordance with the percentages assigned to each apartment.

Section 4 Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a “Majority of co-owners” as defined in Section 3 of this Article shall constitute a quorum,

and a majority of those present either in person or by proxy at the annual or duly noticed special meeting shall be necessary to pass any proposal before the council.

Section 5 Proxies Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

Article III

Section 1 Council Responsibility. The co-owners of the units will constitute the council of co-owners (herein referred to as "Council") who will have the responsibility of administering the Regime, electing the Board of Directors, and exercising those duties and responsibilities provided for by law and in the Declaration of Restrictions previously recorded.

Section 2. Place of meeting. Meeting of the Council shall be at the principal place of business of the Regime or such other suitable place convenient to the co-owners as may be designated by the Board of Directors.

Section3. Annual Meetings. The first annual meeting of the Council shall be held on or before three years after the recording of the Declaration of Horizontal Property Regime. Thereafter, the annual meeting of the Council shall be held on the second Thursday of January of each succeeding year. At such meetings there shall be elected by ballot of the co-owners a Board of Directors in accordance with the requirements of Section 4 of Article IV of the By-Laws. The co-owners may also transact such other business of the Council as may properly come before them. (Amended 5/2/94)

Section 4. Special Meetings. It shall be the duty of the president to call a special meeting of the co-owners directed by the resolution of the Board of Director or upon a petition signed by the majority of the co-owners and having been presented to the Secretary. The notice of any special meeting shall state the time and the place of meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by agreement of more than fifty percent (50%) of the co-owners present, either in person or by proxy.

Section 5. Notice of Meeting It shall be the duty of the Secretary-Treasurer to mail a notice of each annual meeting or special meeting, stating the proposed purpose thereof with the time and place where it is to be held to each co-owner of record, at least five (5) but not more than twenty (20) days prior to such meeting. The mailing of a notice in the manner provided in this section shall be considered notice served.

Section 6. Adjourned Meetings. If any meeting of co-owners cannot be organized because a quorum has not attended, the co-owners who are present, either in person or by proxy, may adjourn the meeting at a time not more than forty-eight hours (48) from the time the original meeting was called.

Section 7. Order of business. (a) Roll call and verification of proxies.
(b) Proof of notice of meeting.
(c) Reading of the minutes of the preceding meeting.

- (d) Reports of officers.
- (e) Report of the Board of Directors.
- (f) Reports of committees.
- (g) Appointment of inspectors of election when required.
- (h) Election of members of the Board of Directors when required.
- (i) Unfinished business.
- (j) New business

ARTICLE IV

Board of Directors

Section 1. Number of Qualifications. The affairs of the council shall be governed by a Board of Directors composed of five (5) persons, all of which must be co-owners of units in the Regime.

Section 2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Council and may do all such acts and things as are not by law, by the Declaration of Restrictions, or by these By-Laws directed to be exercised and done by the co-owners.

Section 3. Other Duties In addition to the duties imposed by the Declaration submitting property to a Horizontal Property Regime, these By-Laws or by resolution of the Council, the Board of Directors shall be responsible for the following:

- (a) Care, upkeep and surveillance of the project and the general common elements of the facility.
- (b) Preparation of an annual budget and allocation of the budget to various units in accordance with the various percentages of interest owned.
- (c) Collection of monthly assessments from the co-owners and the filing of liens and foreclosure thereof when necessary.
- (d) Employment and dismissal of the personnel necessary for the maintenance and operation of the Regime, the general common elements and facilities.
- (e) Employment of a management agent at a compensation established by the Board of Directors to perform such duties and services as the Board shall authorize. The duties conferred upon the management agent by the Board of Directors may at any time be revoked, modified or amplified by a majority of the Board of Directors at a duly constituted meeting,
- (f) To make repairs within the individual units where such repairs are required for the welfare or safety of the Regime or its residents.
- (g) To exercise the option to purchase granted in the Declaration of Restrictions or to designate a person or persons to exercise such options as provided therein.
- (h) To acquire an interest in Recreation Center, Inc. and to obligate the Regime to pay its share of assessments levied by said Recreation Center, Inc. for the purchase, construction,

development, operation, maintenance, and management of recreation facilities for the co-owners in this and other Regime's. To designate one of its members as a representative of this Regime to attend and vote at all meetings of the Board of Directors and stockholders of Recreation Center Inc.

- (i) Obtain and keep in full force and effect fire and hazard insurance on the building and all common elements in the Regime, and public liability and other insurance as deemed necessary and advisable by the Board.
- (j) To grant or relocate easements required for the benefit of the Regime.
- (k) Adapt and amend rules and regulations and enforce the same covering the operation and the use of all property and recreation areas in the Regime.
- (l) Suspend, prohibit and restrain any co-owner, who is delinquent in the payment of any assessments, or who violates any of the rules, regulations, By-Laws or Declarations, from using all or any part of the recreation facilities furnished and provided by Recreation Center, Inc..
- (m) Opening of bank accounts on the behalf of the Regime and designating the signatories required therefore.
- (n) Invest any excess funds held or controlled by the Council.

Section 4. Election and Term of Office. At the first annual meeting of the Council the term of office of two (2) directors shall be fixed for three (3) years, the term of office for two (2) directors shall be fixed at two (2) years, and the term of office for one (1) director shall be fixed at one (1) year, At the expiration of the initial term of office of each reprehensive director, his successor shall be elected to serve a term of three (3) years. The directors shall hold office until their successors have been elected and held their first meeting. Until the first annual meeting of the Council of Co-owners the Board of Directors shall be designated by Environmental Developers, Inc, and shall serve until the first annual meeting of the Council of Co-owners ar until their successors are duly elected.

Section 5. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the Council shall be filled by the vote of the majority of the remaining directors, even though they may constitute less then a quorum; and each person so elected shall be a director until a successor is elected at the next annual meeting of the Council.

Section 6. Removal of Directors. At any regular or special meeting duly called, any one or more of the directors may be removed with or without cause by a majority of the co-owners and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the co-owners shall be given an opportunity to be heard at the meeting.

Section 7. Compensation. No compensation shall be paid to the directors or officers for their services as directors or officers. No remuneration shall be paid to a director for services performed by him for the Council in any capacity, unless a resolution authorizing such remuneration shall have been unanimously adapted by the Board of Directors before the services are undertaken. Neither a director nor an officer may be an employee of the Council. Directors and officers, however, may be reimbursed for any actual expenses incurred in connection with their duties as such officers or directors.

Section 8. **Organization Meeting.** The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such a place as shall be fixed by the directors at the meeting at which such directors were elected.

Section 9. **Regular Meeting,** Regular meetings of the Board of Directors may be held at such a time and place as shall be determined, from time to time, by a majority of the directors but at least two(2) such meetings shall be held during the fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, email, telephone, or telegraph, at least three (3) days prior to the day named for such a meeting.

Section10. **Special Meetings** Special meetings of the Board of Directors may be called by the President or Secretary on three(3) days' notice to each director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as herein above provided) and purpose of the meeting.

Section 11. **Waiver of Notice.** Before or at any meeting of the Board of Directors. Any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all of the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. **Board of Directors' Quorum.** At all meetings of the Board of Directors, majority of the directors shall constitute a quorum for the transaction of business, and the act of the majority of the directors present at the meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. **Fidelity Bonds.** The Board of Directors shall require that all officers and employees of the Regime handling or responsible for funds of the Regime shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Council.

Section 14. The members of the Board of Directors shall not be liable to the Council of Co-owners or any co-owner for any mistake of judgement, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Council of Co-owners shall indemnify and hold harmless each of the members of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Council of Co-owners unless any such contract shall have been made in bad faith or contrary of the provisions to the Declaration or of these By-Laws.

ARTICLE V

Officers

Section 1 Designation The principal officers of the Council shall be a President, Vice-President, Secretary and Treasurer, all of whom shall be elected by and from the Board of Directors.

Section 2. Election of Officers. The officers of the Council shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon the affirmative vote of the majority of members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 4. President. The President shall be the chief executive officer of the council. He shall preside at all meetings of the Council of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of the Council including, but not limited to such powers. The power to appoint committees from among Co-Owners from time to time as he may at his discretion decide is appropriate to assist in the conduct of the affairs of the Council.

Section 5. Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President shall be able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. Secretary. The Secretary shall have the responsibility for keeping the minutes of all meetings of the Board of Directors and the Council of Co-Owners and such correspondence as shall be necessary and also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 7. Treasurer. The Treasurer shall have the responsibility for the council funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and distributions in the books belonging to the Council and such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VI

Section 1. Assessments. All co-owners shall be obligated to pay monthly assessments for the common element expenses imposed by the Board of Directors. These expenses shall include a public liability insurance policy and an insurance policy covering damage to the structures and improvements which are part of the Regime property as a result of fire, storm, and earth quake or other hazard which shall be in an amount of the cost of replacement of such improvements. The insurance policies shall cover the entire Regime and not be limited to the general common elements. The assessment shall also include the cost of maintenance and repair of the general common elements, utilities, taxes and

assessments, if any' on the common elements and all other items necessary for the maintenance and operation of the common elements. There also be included in the assessments reserves for replacement and impounds as required and the cost to the Regime by reasons of its obligations to pay assessments to the Recreation Center, Inc. for the purpose of construction, development, operation and management of recreation facilities available to co-owners. The assessment shall be made pro-rata according to the percentage of interest of each unit in the common elements of the Regime as set forth in the Declaration submitting said property to the Horizontal Property Regime. Assessments shall commence and be payable by each co-owner as of the date of his acquisition of title to his unit and said assessments shall be payable monthly in advance or at such other time or times as the Board of Directors shall determine. Any assessments levied or collected in excess of the amount required for the purpose herein set forth shall be refunded to co-owner.

Section 2. Each co-owner shall pay to the Council of co-owners at the time each co-owner purchases an apartment a sum equal to six times the then established and existing common element expenses for his apartment unit for common area maintenance costs. Said sum may be used by the council of co-owners as working capital and shall be refunded to the co-owner upon the sale or transfer of his apartment less any amounts then due by said co-owner to the Council of Co-owners.

Section 3. No co-owner shall be liable for payment of any part of the common charges assessed against his unit subsequent to the sale, transfer or other conveyance by him made in accordance with the provisions of the Declaration of Restrictions and these By-Laws of such unit. A purchaser of an apartment unit shall be liable for payment of common charges assessed and unpaid against such unit prior to the acquisition by him of such a unit, except that a mortgagee of other purchaser of a unit at a foreclosure sale of such a unit shall not be liable for, and such unit shall not be subject to, a lien for payment of common charges assessed prior to foreclosure sale.

Section 4. The Board of Directors shall from time to time and at least annually prepare a budget for the Regime, the term and the amount of the common charges payable by the co-owners to meet the common expenses of the Regime and allocate and assess such common charges among the co-owners according to their respective common interests. The Board of Directors shall advise all co-owners promptly in writing of the amount of common charges payable by each of them respectively and shall furnish copies of the budget on which such common charges are based to all co-owners and their mortgagees if requested in writing. The Board of Directors may levy a late penalty charge on any co-owner who fails to pay his assessment on or before the due date as set by the Board of Directors.

Section 5. The Board of Directors shall be required to obtain and maintain, to the extent obtainable, the following insurance (1) fire insurance with extended coverage insuring the building containing the apartment units (including all apartments and the bathroom and kitchen fixtures initially installed therein by the sponsor, but not including carpeting, drapes, wall covering, fixtures, furniture, furnishings of other personal property supplied or installed by co-owner, together with all air-conditioning equipment and other service machinery contained therein and covering the interests of the Regime, the Board of Directors and all co-owners and their mortgagees, as their interests may appear, in the amount determined by the Board of Directors, each of which policies shall contain a standard

mortgagee clause in favor of each mortgagee of an apartment which shall provide that the loss, if any, therefore shall be payable to such mortgagee as its interests may appear, subject, however, to the loss payment provisions in favor of the Board of Directors; (2) Workman's Compensation Insurance; (3) public liability insurance in such amounts and with such coverage as the Board of Directors shall from time to time determine, but at least covering each member of the Board of Directors, the managing agent, the manager and each apartment owner and with cross liability endorsement to cover liabilities of the co-owners as a group to a single co-owner; and (4) such other insurance as the Board of Directors may determine. All such policies shall provide that adjustment of loss shall be made by the Board of Directors and that the net proceeds thereof shall be payable to the Board of Directors.

All policies of physical damage insurance shall contain waivers of subrogation and waivers or any reduction of pro-rata liability of the insurer as a result of any insurance carried by co-owners or of invalidity arising from an acts of the insured or any co-owner, and shall provide that such policies may not be cancelled or substantially modified without at least ten days prior written notice to all of the insureds including all mortgagees of apartment units. Duplicate originals of all policies of physical damage insurance and all renewals thereof, or acceptable certificates of such insurance, together with proof of payment of premiums, shall be delivered to all mortgagees of apartments if requested in writing at least ten days prior to expiration of the then current policies.

Unit owners may carry insurance if they desire for their own benefit insuring their improvements, carpeting, wall covering, fixtures, furniture, furnishings and other personal property provided that all such policies shall contain waivers of subrogation and further provide that the liability of the carrier issuing insurance obtained by the Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by the co-owner.

Section 6. Repair or reconstruction after fire or other casualty. In the event of damage to or destruction of the building containing the apartment units as a result of fire or other casualty the Board of Directors shall arrange for the prompt repair and restoration of the building containing the apartment units. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a common expense and the Board of Directors may assess all co-owners for such deficit and for a completion bond for such deficit as part of the common charges. Notwithstanding the foregoing, if as a result of fire or other causality the loss exceeds 50% of the total replacement value of the entire building, units and improvements in the Regime prior to the casualty, then, in that event, the Board of Directors shall call a special meeting of co-owners as provided for in the Declaration of Restrictions.

Section 7. Maintenance and Repair

- (a) Each co-owner shall perform promptly all maintenance and repairs and upkeep work within his own unit, which, if omitted would affect the Regime in its entirety or in a part belonging to other co-owners. In the event any co-owner fails to maintain, keep or repair his own unit and in the event the Board of Directors shall determine that it is necessary to perform such repairs, the Board of Directors may enter such co-owner's apartment and make such repairs as are necessary, provided, however, that the co-owner shall first have been given thirty

(30) days notice of intention of the Board of Directors to make such repairs. In the event that co-owner fails to make such repairs within said thirty day (30) period, the Board of Directors through its agents may make such repairs and levy an assessment for the costs thereof against co-owner and shall have a lien for all costs incurred against co-owner's unit as provided in the Declaration of Restrictions.

- (b) All repairs of internal installations of the units, such as water, lights, gas, power, sewage, telephone, air-conditioning, doors, windows, lamps and all other accessories belonging to and located within the individual unit shall be at the co-owners expense. Any such repairs required which are outside of the co-owner's apartment shall be at the expense of the Council of Co-Owners as a common area maintenance costs.
- (c) A co-owner shall reimburse the Council for any expenditures incurred in repairing or replacing any common area damaged through his own fault.
- (d) A co-owner shall not make structural modifications or alterations in his unit located in the Regime without previously securing written approval therefore from the Board of Directors.

Section 8. Use of General Common Elements and Facilities. A co-owner shall not place or cause to be placed in any general common element any furniture, packages or objects of any kind. Such areas shall be used for no other purpose than for normal transit through them, and in case of recreational areas, for the normal use provided by such recreational facilities.

Section 9. Right of Entry. The management agent or any other person authorized by the Board of Directors of the Council shall have the right of entry to any unit for the purposes of inspection and making necessary repairs, alterations, installations and maintenance to the common elements, including mechanical or electrical services, provided that such requests for entry are made in advance and such entry is at a time convenient to the co-owner. In case of emergency, the right to entry shall be immediate.

Section 10. Sales and Leases. No co-owner, other than the sponsor may sell or lease his apartment unit in the Regime or any interest therein except by complying with the provisions of the Declaration of Restrictions and these By-Laws.

No co-owner may lease less than his entire apartment unit. All leases must be in writing and must provide the terms of the lease and are subject in all respects to the provisions of the Declaration and By-Laws and the Rules & Regulations adopted by the Board of Directors of the Council of Co-Owners and that any violation of these documents by lessee or the other occupants of the apartment unit shall constitute a default under the lease. There shall be no subleasing of apartment units or assignment of leases. A co-owner may lease his apartment for a term of not less than four (4) months. Concurrently with the execution of the lease for an apartment unit, co-owner of the apartment unit shall pay the council of Co-Owners an administrative fee of \$100.00. If the lease contains provisions giving the lessee

the right to extend the term of the lease then upon each extension of the lease term, the co-owner shall pay the Council of Co-Owners an additional administrative fee of \$100.00.

At least 10 days before the commencement of the lease term, the co-owner shall provide the Recreation Center Inc. Administrative Office with a copy of the lease extension or renewal. A co-owner who leases his apartment unit must provide the lessee with copies of Declaration and Rules and Regulations adopted by the Board of Directors of the Council of Co-Owners. A co-owner shall be liable for any violations of these documents by the lessee or other persons residing in the apartment unit and their guests and invitees and in the event of such violations, the co-owner upon demand of the Council of Co-Owners, shall immediately take all necessary action to correct such violations. *(Amended 4/5/000)*
(Effective 7/1/00) (Amended 1/13/05 see attachment)

ARTICLE VII

Amendments

These By-Laws may be amended by a majority vote of the Council of Co-Owners at a regular or special meeting where notice of the proposed amendment is included in the call or notice of meeting, provided no By-Laws may be amended or added which would be in conflict with the Declaration of Horizontal Property Regime or Declaration of Restrictions heretofore filed.

AMENDMENT

To Article VI – Section 10 Sales and Leasing
By-Laws of Scottsdale Shadows
Horizontal Property Regime IV
Buildings 26/27
7940-7960 East Camelback Rd.
Scottsdale, Arizona 85251
Passed 1/13/2005 Effective Date 1/13/2005

This Amendment is to be attached as the last page of the current Amended By-Laws of Regime IV, and shall be deemed incorporated therein as become a part thereof.

BE IT RESOLVED THAT THE FOLLOWING LANGUAGE SHOULD BE INCLUDED IN ALL LEASES FOR UNITS LOCATED IN BUILDINGS 26 AND 27:

By executing this lease, but the Landlord (Lessor/Unit Owner) and Tenant (Lessee) hereby acknowledge and agree that we are, and shall remain, subject to and bound by all of the terms and provisions of the A.R.S.(Arizona Revised Statutes) pertaining to Condominium Units located in the State of Arizona, as well as any and all provisions of the City of Scottsdale, and the CC&R's, By-Laws and Rules & Regulations of Regime IV (comprising Building 26-7940 East Camelback Road, Scottsdale Arizona; 27-7960 East Camelback Road, Scottsdale Arizona 85251, and the CC&R's. By-Laws and Rules and Regulations of RCI (Recreation Centers Inc.-Scottsdale Shadows) governing ownership, occupancy or use of Unit # _____, Building # _____, known as and by the street # 79____, East Camelback Rd., Scottsdale Arizona 85251. We further acknowledge and agree that by executing this lease, we are, and shall remain jointly and severally subject to the same enforcement proceedings, actions, or otherwise for any breach or violation of any of the provisions of the referred to statutes, CC&R's, Bi-Laws, or Rules and Regulations.

Landlord/Lessor/Unit Owner, hereby acknowledges and agrees that provided written notice is given to Landlord/Lessor/Unit Owner, and Tenant/Lessee, any and all of the above may be enforced individually against Tenant/Lessee in a Court of Law, or otherwise, as may be provided, and Tenant/Lessee hereby agrees that the same may be enforced against him/her/it. The provisions shall be applicable to all Owners and Occupants, whether or not a formal lease has been executed.

