

AMENDED AND RESTATED  
BYLAWS OF  
VISTOSO COMMUNITY ASSOCIATION

ADOPTED ON MARCH 21, 2000

REPLACING IN ITS ENTIRETY  
THOSE BYLAWS DATED  
NOVEMBER 22, 1989.

AMENDED AND RESTATED  
BYLAWS OF  
VISTOSO COMMUNITY ASSOCIATION

ARTICLE I  
General

Section 1.1 - Organization and Scope. These Amended & Restated Bylaws shall constitute the Bylaws of Vistoso Community Association (the "Association"), an Arizona nonprofit corporation formed for the purpose of serving as the master property owners association for Rancho Vistoso, a master-planned community, pursuant to the Restated Declaration of Covenants, Conditions, Restrictions and Easements for Rancho Vistoso recorded in Docket 08021, page 0925, in the Official Records of Pima County, Arizona, as amended by that certain First Amendment to Restated Declaration of Covenants, Conditions, Restrictions and Easements for Rancho Vistoso dated July 11, 1988 and recorded on July 13, 1988 in Docket 8327, p. 2059 in the office of the Pima County, Arizona Recorder, and as amended by that certain Second Amendment to Restated Declaration of Covenants, Conditions, Restrictions and Easements For Rancho Vistoso dated September 19, 1989, and recorded on September 25, 1989 in Docket 08629, p. 0576 in the office of the Pima County, Arizona Recorder, as the same may be amended from time to time (the "Declaration"). These Amended and Restated Bylaws shall replace in their entirety those certain Bylaws of Vistoso Community Association dated February 12, 1987 and those certain Bylaws of Vistoso Community Association dated November 22, 1989.

Section 1.2 - Definitions. Except as otherwise provided herein, capitalized terms used herein which are defined in the Declaration or the Articles of Incorporation of the Association (the "Articles") shall have the meanings set forth in the Declaration or the Articles, as applicable.

Section 1.3 - Application of Bylaws. All present and future Owners and Occupants, or any other Persons with any right, title or interest in any Lot or Parcel, or who may have a right to use the Common Areas, are subject to the provisions of these Bylaws. The ownership, rental or occupancy of any Lot or Parcel shall be deemed an acceptance and ratification of, and agreement to comply with, these Bylaws by the Owner, Tenant or other Occupant.

Section 1.4 - Association Responsibilities. The Association, acting through its Board of Directors and its Members, shall constitute the master property owners association for Rancho Vistoso. The Board shall be responsible for administering the Declaration and exercising the powers and duties provided for by law and in the Declaration, except for such matters as are reserved to the Members by law, the Declaration, the Articles or these Bylaws.

## ARTICLE II Voting Rights

Section 2.1 - Majority Vote. A majority of the votes of Members eligible to vote and present at any meeting (i.e., more than fifty percent of the votes of Members eligible to vote who are present and voting, either in person or by proxy) shall decide any question presented to the Members unless these Bylaws, the Articles, the Declaration or applicable law shall require otherwise, in which latter event the voting percentage required by these Bylaws, the Articles, the Declaration or such applicable law shall control.

Section 2.2 - Vote Indivisible. Joint ownership or ownership of undivided interests in any property as to which a Membership is established pursuant to the Declaration shall not cause there to be more Memberships than the number established in the Declaration. A Membership shall be shared by any joint owners of, or Owners of undivided interests in, the property interest to which such Membership is attributable. The vote for each Member must be cast as a single unit. Fractional votes shall not be allowed.

Section 2.3 - Designation of Voting Member. 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 will thereafter 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.

Section 2.4 - List of Members Entitled to Vote. Pursuant to Section 10-3710, Arizona Revised Statutes, the Secretary of the Association shall maintain, at the office of the statutory agent of the Association or the known place of business of the Association set forth in the Articles, a record of the names and addresses of Members entitled to vote.

## ARTICLE III Meetings of Members

Section 3.1 - Annual Meetings. The annual meeting of the Members shall be held in March of each year, with the specific date of the annual meeting to be designated by the Board in its sole discretion. Subject to Declarant's right to appoint all directors prior to termination of Declarant's Class B Membership as provided in the Articles, at each annual meeting the Members shall elect the Board in accordance with the requirements of the Declaration, the Articles and these Bylaws, and may also transact such other business as may be authorized to be transacted by the Members at annual meetings.

Section 3.2 - Special Meetings. Except as otherwise provided in the Declaration, special meetings of the Members for any purpose or purposes may be called by the President, by a resolution of the Board, or upon a written petition presented to the Secretary, signed by Members who are entitled to cast one-tenth (1/10) of all of the votes of the Class A Membership. A special meeting shall be held within forty-five (45) days from the date the petition is presented to the Secretary. No business shall be transacted at a special meeting except as stated in the notice thereof.

Section 3.3 - Place. All meetings of the Members shall be held at such place and time as shall be designated by the Board and stated in the notice of the meeting.

Section 3.4 - Notices. It shall be the duty of the Secretary to mail or deliver to each Member, at least fifteen (15) days but not more than thirty (30) days prior to such meeting, a notice of each annual or special meeting, stating the time and place thereof. All notices shall be mailed to or served at the address of the Member as it appears in the records of the Association.

Section 3.5 - Record Date. The Board may fix in advance a date as the record date for the purpose of determining Members entitled to notice of, or to vote at, any meeting of the members, or to make a determination of Members for any other proper purpose (the "Record Date"). The Record Date shall be not more than fifty (50) days prior to the date on which the particular action requiring such determination is to be taken, and, in the case of a meeting of the Association, not fewer than ten (10) days prior to the date of the meeting. Unless a different date is set by the Board, the Record Date shall be forty (40) days prior to the action requiring the determination. An Owner who is delinquent with respect to an Assessment or whose rights as a Member are otherwise under suspension pursuant to the Declaration as of the Record Date shall not be entitled to notice of, or to vote at, any meeting of Members noticed or held during the period of the delinquency or suspension. When a determination of Members entitled to vote at any meeting of the corporation has been made as provided in this Section, such determination shall apply to any adjournment thereof.

Section 3.6 - Quorum. Except as otherwise provided by statute, the Declaration, the Articles or these Bylaws, at any meeting, except the Annual Meeting, of the Members, one-tenth (1/10) of the votes in each class of Members entitled to vote at the meeting, whether present in person or represented by proxy, shall constitute a quorum for the transaction of business. At the Annual Meeting of the Members, one-twentieth (1/20) of the votes in each class of Members entitled to vote at the meeting, whether present in person or represented by absentee ballot, shall constitute a quorum for the election of the Board of Directors.

Section 3.7 - Proxies. A Member entitled to vote may do so by filing a written proxy with the Secretary before or at the time of a meeting, except for the Election of the Board of Directors (see Section 3.9). The proxy shall be counted for purposes of determining whether a quorum is present, and may be voted by the holder of the proxy with respect to any business, except for the Election of the Board of Directors (see Section 3.9), that may come before the meeting for which the proxy is filed. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy. A Membership held by a duly appointed personal representative or by a court appointed receiver may be voted, in person or by proxy, by such representative or receiver without the transfer of such Membership into the name of the personal representative or receiver. Proxies shall be revocable unless otherwise stated therein and coupled with adequate legal interests. A revocable proxy shall be terminated by the Members subsequent filing of another proxy or the Member's filing a written notice of termination of the proxy prior to the meeting. A proxy shall be automatically revoked upon termination of the Member's Membership.

Section 3.8 - Nomination of Directors. Subject to Declarant's right to appoint all Directors prior to termination of Declarant's Class B Membership as provided in the Articles, nomination for election to the Board of Directors shall be made by a Nominating Committee. Nomination may also be made from the floor at the annual meeting of the Members. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more persons who are either Members of the Association, officers of a corporate Member, or partners in a partnership Member. The Nominating Committee shall be appointed by the Board of Directors 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 of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled, provided that such nominations shall be in accordance with the Board composition requirements set forth in Section 4.2.

Section 3.9 - Election of Directors. Subject to Declarant's right to appoint all Directors prior to termination of Declarant's Class B Membership as provided in the Articles, at such election the Members may cast as many votes as they are entitled to exercise under the provisions of the Declaration, providing that the casting of an Owner's vote shall be aligned with the composition of the Board requirements in Section 4.2:

- a. Owners of Single Family Residential Use Lots shall be entitled to cast votes for the five (5) Directors of Single Family Residential Use Lots;
- b. Owners of Residential Use Lots, other than Single Family Residential Use Lots shall be entitled to cast votes for the one (1) Director for Residential Use Lots, other than Single Family Residential Use Lots;
- c. Owners of Non-Residential Use Lots shall be entitled to cast votes for the one (1) Director for Non-Residential Use Lots

The persons receiving the largest number of votes shall be elected.

For the Election of the Board of Directors, each Membership must vote in person at the annual meeting or by absentee ballot prior to the annual meeting. Whether voting in person at the annual meeting or by absentee ballot, each Member shall vote be in accordance with Section 3.9(a-c) above. Absentee ballots shall be used to establish a quorum of the membership. All absentee ballots shall be pre-numbered and mailed directly to each Member at least 30 days prior to the election of the Board of Directors. All absentee ballots shall be returned via mail in a sealed envelope to the Management Company prior to the Annual Meeting date. Absentee ballots for Member voting purposes are only used at the Annual Meeting for the Election of the Board of Directors and to establish a quorum.

#### ARTICLE IV Board of Directors

Section 4.1 - Number and Qualification of Directors. The affairs of the Association shall be governed by the Board. Upon termination of the Declarant's right to appoint all directors, the number and qualifications of the directors shall be as set forth in the Articles and as designated in Section 3.9 and 4.2 of these Bylaws. After there is no longer a Class B Member, the number of directors shall be seven (7).

Section 4.2 - Term and Organization. Subject to Declarant's right to appoint all directors prior to termination of the Class B Membership, at each annual meeting the number of directors provided for in the Articles shall be elected in accordance with the procedures set forth in these Bylaws. Of the seven (7) Directors, five (5) Directors must be a Member who shall be Resident of Single Family Residential Use Lots (as those terms are defined in the Declaration); one (1) Director must be a Member who shall be a Resident of Residential Use Lots, other than Single Family Residential Use lots; and one (1) Director must be an Owner (or its representative) of a Non-Residential Parcel (as that term is defined in the Declaration). Directors shall take office following the close of the annual meeting at which they are elected and shall hold office until their successors have been duly elected and the first meeting of the new Board has been held. The organizational meeting of a newly elected Board shall be held within five (5) business days after the annual meeting at which the Board was elected. Cumulative voting for directors shall not be required or permitted.

Section 4.3 - Removal of Directors. At any regular or special meeting of the Members duly called, any one or more of the directors may be removed with or without cause by the affirmative vote of Members eligible to vote for that Director casting not less than sixty percent (60%) of the total votes represented at such meeting in person or by proxy, and a successor may then and there be elected by the Members to fill the

vacancy, provided that such vacancy shall be filled in accordance with the Board composition requirements set forth in Section 3.9 and 4.2 above. Any director whose removal has been proposed to by the Members shall be given an opportunity to be heard at the meeting.

Section 4.4 - Vacancies on Board of Directors. Subject to Declarant's right to appoint all directors prior to termination of the Class B Membership, all vacancies on the Board shall be filled by a majority of the remaining directors, even though less than a quorum, provided that such vacancy shall be filled in accordance with the Board composition requirements set forth in Section 4.2 above, and the Board shall be required to fill such vacancy within 90 days of said vacancy. Each person elected to fill a vacancy shall serve as a director until a successor is elected at the next annual meeting of the Members and the first meeting of the new Board has been held.

Section 4.5 - Disqualification and Resignation of Directors. Any director may resign at any time by sending written notice of such resignation to the Secretary of the Association. Unless otherwise specified therein, such resignation shall take effect upon receipt by the Secretary. Except in the case of injury, illness or similar excusable circumstances, a director's fourth consecutive absence from duly called regular meetings of the Board shall automatically constitute a resignation by such absent director, effective as of the commencement of the fourth missed meeting. In the event a director ceases to be a Member (or, in the case of a director who is an individual designated by a corporate, partnership or other non-individual Member, if such designating Member ceases to be a Member), his directorship shall immediately and automatically terminate. No individual shall continue to serve on the Board if such individual, or the corporate, partnership or other non-individual Member which designated such individual for candidacy as a director, is more than thirty (30) days delinquent in the payment of an Assessment or Special Use Fee, and such delinquency shall automatically constitute a resignation by such director on the thirty-first (31st) day of the delinquency.

Section 4.6 - Regular Meetings. The Board may hold regular meetings at such time and place as a majority of the directors shall designate. Notice of regular meetings shall be given to each director, personally or by mail, telephone or telegraph, at least five (5) days prior to the date designated for such meeting. Notice of regular meetings shall be given to each Owner, by mail, at least 48 hours prior to the date designated for such meeting, or within the numbers of days set forth by Arizona State Statutes.

Section 4.7 - Powers and Duties. The Board shall have all powers necessary to, and shall be responsible for, the administration of the affairs of the Association, and may do all such acts and things as are not by law, by the Declaration, by the Articles or by these Bylaws directed to be exercised solely by the Members. These powers shall include, but not be limited to, the following:

- (a) To make, collect, use and expend Assessments and Special Use Fees to carry out the purposes and powers of the Association;
- (b) To employ, dismiss and control the personnel necessary for the maintenance and operation of Lots, Parcels and Common Areas, including the right and power to employ attorneys, accountants, contractors and other professionals as the need arises;
- (c) To make and amend rules and regulations respecting the operation, use, and maintenance of Lots, Parcels and Common Areas (not inconsistent with existing Declaration);
- (d) To contract for the management of the Association and to delegate to the manager all or a portion of the powers and duties of the Association;
- (e) To engage in the management of the business affairs of the Association
- (f) To use and disburse the proceeds of the Assessments and Special Use Fees in the exercise of its powers and duties;
- (g) To maintain, repair, replace and operate the Common Areas;
- (h) To reconstruct improvements after casualty loss and to make further improvements to Rancho Vistoso;
- (i) To establish committees of the Board and delegate to such committees the Board's authority to carryout certain duties of the Board;
- (j) To establish a Homeowners Executive Advisory Committee (HEAC), and seek volunteer membership on the committee with representation from each land use definition; such committee shall cease operations at the first annual meeting of the members after the Declarant's right to appoint all directors prior to termination of the Class B Membership is no longer in force.
- (k) To enforce, by legal means if necessary, the provisions of the Declaration, any Recorded Tract Declarations or Subsidiary Declarations, the Articles, the Bylaws, the Association Rules, the Architectural and Landscaping Review Committee Guidelines, and any other documents and laws respecting the Association and Rancho Vistoso;
- (l) To pay taxes and assessments which are liens against any part of the Common Areas;



- (m) To pay the cost of all power, water, sewer and other utility services rendered to the Common Areas and not metered and billed to individual Lots or Parcels;
- (n) To elect the officers of the Association;
- (o) To prepare the annual and other budgets;
- (p) To establish and collect the Assessments and Special Use Fees, and to enforce such charges by recording Assessment Liens and by initiating foreclosure proceedings in regard thereto;
- (q) To obtain necessary insurance for the Common Areas;
- (r) To grant or relocate easements within Common Areas for the benefit of the Owners and occupants;
- (s) To open bank accounts on behalf of the Association and to designate the signatories therefor; and
- (t) To invest any excess funds held or controlled by the Association.

Section 4.8 - Special Meetings. Special meetings of the Board may be called by the President or Secretary or by two-thirds (2/3) of the directors on three (3) days notice to each director, given personally or by telephone or telegraph, which notice shall state the time, place and purpose of the special meeting.

Section 4.9 - Waiver of Notice. Before, at or after any meeting of the Board, 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 the director 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 4.10 - Board of Directors Quorum. At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board. If at any meeting of the Board there shall be less than a quorum present, a majority of those present may adjourn the meeting to a time not more than 48 hours from the time the original meeting was called, and no new notice shall be required for any such adjourned meeting. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called.

Section 4.11 - Fidelity Bonds. The Board may require that all officers and employees of the Association handling or responsible for Association funds, and all other persons designated in the Declaration, shall furnish adequate fidelity bonds or coverage. The premiums on such bonds or coverage shall be paid by the Association.

Section 4.12 - Informal Action. Unless otherwise expressly restricted by the Articles or these Bylaws, any action required or permitted to be taken at a meeting of the Board or any committee thereof may be taken without a meeting if all directors or committee members, as appropriate, consent thereto in writing. Each such consent shall be filed with the minutes of proceedings of the Board or the committee.

Section 4.13 - Compensation. No compensation shall be paid to directors or officers of the Association for their services as directors or officers. No remuneration shall be paid to a director or an officer for services performed for the Association in any other capacity unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board before the services are undertaken. Directors and officers of the Association may be reimbursed for any reasonable actual expenses incurred on behalf of the Association in connection with their duties as officers or directors.

## ARTICLE V Officers

Section 5.1 - Elected Officers. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer. Following termination of the Class B Membership pursuant to the Declaration, each officer shall be an Member or a representative designated by a group of Owners in accordance with Section 2.3 hereof or an individual designated by a corporate, partnership or other non-individual Owner. A person may not hold more than one office. Board members may be appointed as officers.

Section 5.2 - Term. The officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. If any office becomes vacant for any reason, the vacancy shall be filled by the Board at any regular or special meeting of the Board.

Section 5.3 - The President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Members and of the Board. The President shall have executive powers and responsibility for general supervision over the affairs of the Association, including but not limited to the power to appoint committees from among the Members to assist in the conduct of the affairs of the Association. The President must be selected from among the sitting Board members.

Section 5.4 - The Vice President. The Vice President shall take place of the President and perform all of the duties of the President whenever the President is absent or unable to act. The Vice President shall also perform such other duties as may be imposed on the Vice President from time to time by the Board. The Vice President must be selected from among the sitting Board members.

Section 5.5 - The Secretary. The Secretary shall: (a) issue notices of all meetings of the Members and the Board; (b) attend and keep the minutes of such meetings; (c) have charge of all of the Association's books, records and papers, including the Member list; and (d) perform such other duties as may be imposed on the Secretary from time to time by the Board.

Section 5.6 - The Treasurer. The Treasurer shall have custody of, and shall keep full and accurate account of, all receipts and disbursements of the Association, in books belonging to the Association, and shall deposit all monies and other valuable effects in the name of and to the credit of the Association in such depositories as may be designated from time to time by the Board. The Treasurer may delegate the collection, deposit and disbursement of monies by establishing a reasonable method of accounting which shall be reviewed by the Board on a monthly basis. All books of account shall be kept on a consistent basis in accordance with generally accepted accounting practices. The Treasurer shall also perform such other duties as may be imposed on the Treasurer from time to time by the Board.

Section 5.7 - Resignation and Removal of Officers. Upon an affirmative vote of a majority of the Members of the Board, any officer may be removed, either with or without cause. Any officer may resign at any time by giving written notice of such resignation to the Board, the President or the Secretary. Such resignation shall take effect upon receipt or at any later time specified therein, and unless otherwise provided therein, acceptance of such resignation shall not be necessary to make it effective.

## ARTICLE VI Fiscal Management

Section 6.1 - Depositories. The funds of the Association shall be deposited in such banks and depositories as may be determined by the Board from time to time, upon resolutions approved by the Board, and shall be withdrawn only upon checks and demands for money signed by such officer or officers of the Association or a management company as may be designated by the Board.

Section 6.2 - Budget. The board shall cause to be prepared an estimated annual budget for each fiscal year of the Association. Such budget shall take into account the

estimated cash requirements and income of the Association for the year. The annual budget shall also provide for a reserve for contingencies for the year and an adequate reserve for maintenance, repairs and replacements of those Common Areas that must be replaced on a periodic basis, as determined by the Board. To the extent that the Assessments and other cash income collected from the Owners during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit as the case may be, shall be taken into account in determining the annual budget. The estimated annual budget for each fiscal year shall be approved by the Board, and a copy thereof shall be finished by the Board to each Owner at the annual meeting of the Members or at any other upon the request of any Member.

Section 6.3 - Assessments. Each Owner shall pay the Owner's share of the Annual Assessments, Special Assessments, Maintenance Assessments and other charges as required by the Declaration.

Section 6.3.1 - Statement of Annual Assessments. The Annual Assessments shall be payable quarterly in equal installments or in periodic payments as determined by the Board of Directors. Upon determining the amount of any Assessment or Special Use Fee, the Board shall cause the Treasurer to send to each Owner a statement showing the amount due from such Owner. The failure to send or to receive such a statement shall not relieve any Owner of his obligation to pay such an Annual Assessment on or before the due date. All Assessments and Special Use Fees shall be payable to the Association. In the event the Board does not approve an estimated annual budget or fails to determine the Annual Assessments for any year, or shall be delayed in doing so, each Owner shall continue to pay the amount of the Owner's Assessment for the preceding year, on or before the due dates for the current year.

Section 6.3.2 - Additional Assessments. The Board may levy additional monthly assessments to the Annual Assessments to meet the Association's expenses if the Board determines that such assessments become necessary or desirable during the fiscal year. The Board may also levy Special Assessments, Maintenance Assessments and Special Use Fees as authorized by, and in accordance with, the Declaration. Such Assessments and Special Use Fees shall be payable upon such notice as the Board may determine, or as set forth in a resolution of the Members.

Section 6.3.3 - Obligation. No Owner shall be relieved of the obligation to pay Assessments or Special Use Fees by abandoning or failing to use the Owner's Lot or Parcel or the Common Areas. Any Person who becomes an owner after the commencement of a fiscal year shall pay the Annual Assessment applicable to his Lot or Parcel as such becomes due, and shall pay any Special Assessment or Maintenance Assessment levied on or after the date the Person becomes an

Owner. The previous owner of such Lot or Parcel shall remain liable for all unpaid and delinquent Assessments and Special Use Fees levied against the preceding Owner of the Lot or Parcel prior to such transfer of ownership.

Section 6.3.4 - Nonpayment of Assessments; Sanctions Upon Delinquency.

The Board may invoke any or all such sanctions provided herein or in the Declaration, or any other reasonable sanction, to compel payment of any Delinquent Amount. Such sanctions include, but are not limited to, the following:

(a) Interest. Any Delinquent Amount shall have added thereto a late charge of fifteen percent (15%) if the Delinquent Amount is not paid within fifteen (15) days after its due date. In addition, the Delinquent Amount shall thereafter bear interest until such time as it is paid in full at a rate equal to the greater of (i) twelve percent (12%) per annum; or (ii) the then prevailing interest rate on loans insured by FHA or VA,

(b) Suspension of Rights. The Board may suspend for the entire period during which an Assessment or special Use Fee remains delinquent the obligated Owner's voting rights and rights to use and enjoy of the Common Areas;

(c) Collection of Delinquent Amount. The Board may institute an action at law for a money judgment or any other proceeding to recover the delinquent Amount;

(d) Recording of Notice. The Board may record a notice of lien covering the Delinquent Amount plus interest and accrued collection costs as provided in the Declaration. The Board may establish a fixed fee to reimburse the Association for the Association's cost of recording the notice, processing the delinquency and recording a notice of satisfaction of the lien; and

(e) Foreclosure of Lien. The Board may foreclose the Recorded Assessment against the Lot or Parcel in accordance with then prevailing Arizona law relating to the foreclosure of realty mortgages (including the right to recover any deficiency).

Section 6.3.5 - Assessment Lien. It shall be the duty of every Owner to pay all Assessments and Special Use Fees with respect to the Owner's Lot or Parcel in the manner provided herein and in the Declaration. Such Assessments and Special Use Fees, together with interest and costs of collection as provided for in the Declaration, shall, until paid, be a charge and continuing servitude and lien upon the Lot or Parcel against which Assessments or Special use Fees are made, provided, however, that the Assessment Lien shall be subordinate to only those matters identified in the Declaration. The Association and the Board shall have

the authority to exercise and enforce any and all rights and remedies provided for in the Declaration or these Bylaws, or otherwise available at law or in equity for the collection of all unpaid Assessments and Special Use Fees, interest thereon, costs of collection thereof and reasonable collection agency and attorneys' fees.

Section 6.3.6 - Suit. The Association shall be entitled to maintain suit to recover a money judgment for unpaid Assessments or Special Use Fees without a foreclosure of the Assessment Lien, and the same shall not constitute a waiver of the Assessment Lien.

Section 6.4 - Records and Statements of Payment. The Treasurer shall cause to be kept detailed and accurate records, in chronological order, of the receipts and expenditures affecting the Common Areas and any other property owned or controlled by the Association, specifying and itemizing the expenses incurred and expenditures made. All records authorizing such expenditures shall be available for examination by Owners at convenient hours designated by the Board. Upon receipt of a written request from any Owner or Occupant, the Board, within a reasonable period of time thereafter, shall issue to the requesting party a written statement stating that as of the date of the statement: (a) all Assessments and Special Use Fees (including collection fees, interest, costs and attorneys, fees, if any) have been paid with respect to a specified Lot or Parcel; or (b) if such Assessments and Special Use Fees have not been paid, the amount(s) then due and payable. The Association may make a reasonable charge for the issuance of such a statement.

Section 6.5 - Discharge of Liens. The Board may cause the Association or any Owner or Occupant to discharge any mechanics, or materialmen's liens or other encumbrances which in the opinion of the Board may constitute a lien against the Common Areas. When less than all of the owners are responsible for any such lien or encumbrance, such owners as are responsible shall be jointly and severally liable for the amount necessary to discharge the same, and for all costs and expenses, including but not limited to attorneys, fees, incurred in connection with such lien or encumbrance.

Section 6.6 - Fiscal Year. The fiscal year of the Association shall be January 1 through December 31. The commencement date of the fiscal year herein established may be modified by the Board, subject to any necessary approvals by the Arizona Corporation Commission and the Internal Revenue Service.

Section 6.7 - Contracts. Unless otherwise provided by the Board, all contracts shall be executed on behalf of the Association by either the President or the Vice President and countersigned by the Secretary. The Board may authorize any officer of agent of the Association to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. No contract or other transaction between the Association

and one or more of the directors, or between the Association and any corporation, firm or association in which one or more of the directors is financially interested, is void or voidable because such director is present at the meeting of the Board or a committee thereof which authorizes or approves the contract or transaction, or because his or her vote is counted, if the contract or transaction is just and reasonable as to the Association at the time it is authorized or approved. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or a committee thereof which authorizes, approves or ratifies such a contract or transaction.

Section 6.8 - Loans. No loan shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in the Association's name unless authorized by a resolution of the Board. No loan approved by the Board in an amount in excess of \$5,000.00 shall be contracted until approved by a two-thirds (2/3) vote of the Members then entitled to vote at a meeting of the Association.

## ARTICLE VII Obligations of Members

### Section 7.1 - Maintenance and Repair.

7.1.1 Maintenance. Every Owner and occupant shall perform promptly all maintenance and repair work required by the Declaration, any applicable Recorded Tract Declaration, the Association Rules, the Architectural Committee Guidelines and these Bylaws. Should an Owner or Occupant fail to perform or perform without due care and diligence any maintenance or repair required by the foregoing documents, the Owner or occupant shall be liable for all damages caused thereby.

7.1.2 Reimbursement. In accordance with the Declaration, an Owner shall reimburse the Association for any expenditures incurred by the Association in repairing or replacing any Common Areas damaged through the willful or negligent act or omission of such owner or an Occupant of the Owners Lot or Parcel.

Section 7.2 - Costs and Attorneys' Fees. In any proceeding arising because of an alleged default by an Owner of his obligation under the documents referred to in Section 7.1.1, the prevailing party therein, as determined by the court, shall be entitled to recover costs of the proceeding and such reasonable attorneys' fees as may be determined by the court.

Section 7.3 - Use of Common Areas. The Common Areas shall be used for only such purposes as may be permitted by the Declaration, the Association Rules, a Recorded

Tract Declaration or these Bylaws. All Owners and Occupants shall abide by such rules as the Board of Directors may from time to time adopt relating to the time, manner and nature of the use of the Common Areas.

## ARTICLE VIII Amendments

These Bylaws may be amended by a majority vote of the Members then eligible to vote and present at any duly called regular or special meeting of the Members, provided that the notice of the meeting shall contain a statement of the proposed amendment, and provided further that the FHA and VA shall have the right to veto any amendments while there is a Class B Membership. Notwithstanding the foregoing, these Bylaws shall not be amended to contain any provision which would be contrary to or inconsistent with the Declaration or the Articles as in effect from time to time; and any provision of, or purported amendment to, these Bylaws which is contrary to or inconsistent with the Declaration or the Articles shall be void to the extent of such inconsistency. Anything in this Article to the contrary notwithstanding, Declarant reserves the right to amend these Bylaws as may be requested or required by the FHA, VA or any other Agency with whom Declarant elects to do business as a condition precedent to such Agency's approval of these Bylaws, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Lot or Parcel or purchasing loans secured thereby. Any such amendment shall be effected by Declarant executing an amendment specifying the Agency or the lending institution requesting the amendment and setting forth the requested or required amendments. Execution of such a Certificate shall be deemed conclusive proof of the Agency's or institution's request or requirement and such Certificate, when executed, shall be binding upon all of the Covered Property and all persons having an interest therein. It is the desire of Declarant to retain control of the Association and the Association activities during the period of planning and development of the Covered Property. If any amendment requested or required pursuant to the provisions of this Article deletes, diminishes or alters such control, Declarant shall have the right to prepare, provide for and adopt as an amendment hereto other and different control provisions which shall be binding upon the Covered Property and Owners without a vote of the Owners.

## ARTICLE IX Liability Survives Termination of Membership

The termination of Membership in the Association shall not relieve or release a former Member from any liability or obligation under the Declaration, or 'in any way connected with the Association, incurred by the former Member during the period of Membership, or impair any rights or remedies the Association may have against the former Member with respect to such liability or obligation.



ARTICLE X  
Limitation of Liability

Notwithstanding any duty the Association may have to maintain and repair the Common Areas, the Association shall not be liable for injury or damage caused by a latent condition therein or by any Owners or Occupant or other person.

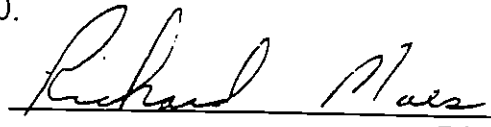
ARTICLE XI  
Construction

Section 11.1 - Priorities. Unless otherwise provided, any inconsistencies or conflicts among the provisions of the Arizona Revised Statutes or other applicable law, the Declaration, the Articles, the Association Rules and these Bylaws shall be resolved by giving priority first to the Arizona Revised Statutes or other applicable law, second to the Declaration, third to the Articles, fourth to the Association Rules, and fifth to the Bylaws.

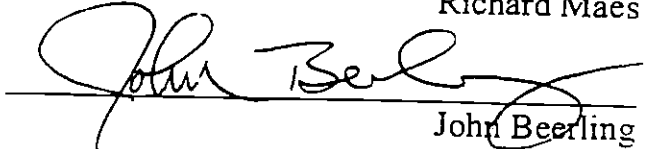
Section 11.2 - Disputes. In the event of any dispute or disagreement between or among any Owners relating to the interpretation or application of the provisions of the Articles, the Declaration or these Bylaws, or any questions of interpretation thereof, the determination thereof by the Board shall be final and binding.

Section 11.3 - FHA and VA. Notwithstanding anything to the contrary herein, to the extent that these Bylaws shall be contrary to or inconsistent with provisions of the rules and regulations of the FHA or the VA applicable to the Association, these Bylaws shall be considered superseded by such provisions, rules and regulations.

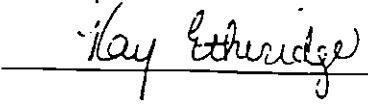
ADOPTED BY the Board of Directors of VISTOSO COMMUNITY ASSOCIATION on this 7<sup>th</sup> day of April, 2000.

  
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Richard Maes

  
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John Beerling

  
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Kay Etheridge

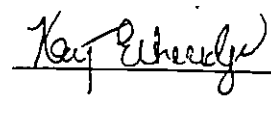
CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of Vistoso Community Association, an Arizona non-profit corporation and

THAT the foregoing Bylaws constitute the Amended and Restated Bylaws of such corporation, as duly approved and adopted at a Special Meeting of the Members of the Association held on the 21<sup>st</sup> day of March, 2000.

IN WITNESS THEREOF, I have hereunto subscribed my name as of this 7<sup>th</sup> day of April, 2000.

  
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Kay Etheridge