

REVISED/AMENDED BY-LAWS
OF
LOS LAGOS II HOMEOWNERS
ASSOCIATION NO 1
1700 MONTANA VISTA LAKE HAVASU CITY, AZ 86403

ARTICLE I

NAME AND LOCATION. The name of the Corporation is the Los Lagos II Homeowners Association No. 1, hereinafter referred to as the "Association". The principal office of the Corporation shall be located in Lake Havasu City, Arizona.

ARTICLE II

MEETING OF MEMBERS

Section 1. "Annual Meeting". The annual meeting of the members of the Association shall be on the third Thursday of each February at 7:00 P M, at a designated location. If the day for annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following, which is not a legal holiday.

Section 2. "Special Meetings". Special meetings of the members may be called at any time by the president or by the Board of Directors, or upon written request of a majority of owners.

Section 3. "Notice of Meetings". Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) but not more than thirty (30) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. "Quorum". The presence in person or by proxy of those owners holding 51% of the votes shall constitute a quorum for any action except as may otherwise be provided in the Articles of Incorporation, or the CC&R's. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting, without notice other than announcement at the meeting, for a period of not less than five (5) days nor more than sixty (60) days. The required quorum at the subsequent meeting shall be one-half of the required quorum at the preceding meeting.

Section 5. "Proxies". At all meeting of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his apartment.

Section 6. "Order of Business". The order of business at all meetings of the owners of units shall be as follows:

- (a) Roll call
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Report of committees.
- (f) Election of inspectors of election.
- (g) Election of directors.
- (h) Unfinished business.
- (i) New business.

ARTICLE III

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. "Number". The affairs of the Association shall be managed by a Board of five (5) directors, all of whom must be members of the Association.

Section 2. "Term of Office". Directors shall hold office for two (2) years.

Section 3. "Removal". Any director may be removed from the Board, with or without cause, by a majority vote of the owners at any regular or special meeting duly called. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. "Compensation". No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. "Action Taken Without a Meeting". The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining phone approval followed by written approval, of a majority of the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors. Directors do not have proxy privileges concerning Board of Directors actions.

ARTICLE IV

NOMINATION AND ELECTION OF DIRECTORS

Section 1. "Nomination". Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor

at the annual meeting. The nominating committee shall consist of a chairman, who shall be a member of the Board of Directors, and two or more members of the Association. 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. Such nominations shall be made from among members.

Section 2. "Election". Election to the Board of Directors shall be by secret written ballot or oral vote. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected.

ARTICLE V

MEETING OF DIRECTORS

Section 1. "Regular Meetings". Regular meetings of the Board of Directors shall be held monthly with notice to the membership at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday, or as determined by a majority vote of the Board.

Section 2. "Order of Business".

- (a) Roll Call
- (b) Reading of Minutes
- (c) Financial Report
- (d) Committee Reports
- (e) Old Business
- (f) New Business
- (g) Correspondence
- (h) Guests, at the option of the Board, may briefly address the Board.

Section 3. "Special Meetings". Special meetings of the Board of Directors shall be held when called by the president of the Association, or by written request from any three directors, after not less than three (3) days notice to each director, given personally by mail, telephone, or facsimile. Said notice shall state the time, place and purpose of the meeting.

Section 4. "Quorum". A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. "Powers". The Board of Directors shall have power to:

- (a) adopt and publish rules and regulations governing the use of the Common Elements and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) suspend the voting rights and right to use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;
- (c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-laws, the Articles of Incorporation, or the Declaration;
- (d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- (e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. "Duties". It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;
- (b) supervise all officers of this Association, and to see that their duties are properly performed;
- (c) As more fully provided in the Declaration, to:
 - (1) fix the amount of the annual assessment against each apartment at least thirty (30) days in advance of each annual assessment period;
 - (2) send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period;
 - (3) record a notice and claim of lien against any

- property for which assessments are not paid after thirty (30) days after due date and foreclose same within a reasonable time, or to bring an action at law against the owner personally obligated to pay the same.
- (d) issue, or to cause an appropriate officer to issue, upon demand by any member, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
 - (e) procure and maintain adequate liability and hazard insurance on property owned by the Association;
 - (f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
 - (g) cause the Common Elements to be maintained;
 - (h) cause the requirements of Arizona Revised Statutes as noted, title 33, Property Chapter 16, Planned Communities, Article 1, General Provisions, effective July 19, 1996, as pertains to condominiums, to be complied with.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 1. "Enumeration of Offices". The officers of this Association shall be a president and vice-president, who shall be at all times members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. "Election of Officers". The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members. The officers of this association shall be elected from among those persons serving as the Board of Directors.

Section 3. "Term". The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. "Special Appointments". The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. "Resignation and Removal". Any officer may be removed from office with proper cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. "Vacancies". A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. "Multiple Offices". The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

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

President

(a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all liens and promissory notes.

Vice-President

(b) The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

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

(d) 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 of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; certain duties of the sec/treas may be delegated to the Association Manager, and annual audits will be made at the discretion of the Board, and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

(e) The officers, in the absence of the Manager, shall supervise all agents and employees of this Association and see that their duties are properly performed.

ARTICLE VIII

COMMITTEES

Section 1. The standing committees of the Association shall be:

- The Nominations Committee
- The Maintenance Committee
- The Architectural Control Committee
- The Audit Committee

The committees shall be appointed by the Board of Directors following each annual meeting to serve from the close of such annual meeting until the close of the next annual meeting. The Board may appoint such other committees as it deems desirable.

Section 2. The Nominations Committee shall have the duties and functions described in Article IV, Section 1.

Section 3. The Maintenance Committee shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the Common Properties and Facilities of the Association, and shall perform such other functions as the Board, in its discretion, determines.

Section 4. The Architectural Control Committee shall have the duties and functions described in Article VIII, Declaration of Covenants and Restrictions applicable to The Properties. It shall watch for any proposals, programs, or activities which may adversely affect the residential value of the Properties and shall advise the Board of Directors regarding Association action on such matters.

Section 5. The Audit Committee shall be composed of the Board of Directors and shall supervise the audit of the Association's books and approve the annual budget and balance sheet statement to be presented to the membership at its regular annual meeting. The committee shall be responsible for the financial operation of the Association including reserves, budgets and funding. The Vice-President shall be chairman of the Committee.

Section 6. With the exception of the Nominations Committee and the Architectural Control Committee, each committee shall have power to appoint a subcommittee from among its membership and may delegate to any such subcommittee any of its powers, duties, and functions.

Section 7. It shall be the duty of each committee to receive complaints from members on any matter involving Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints by bringing the complaints to the Board of Directors.

ARTICLE IX

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of

Incorporation and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE X

ASSESSMENTS

Each member, except as provided for in Article V of the recorded Declaration, is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the unit against which the assessment is made. When a unit is sold, the new owner/s of the apartment shall have one voting share of the Association and pay the proportionate share assessed by the Association as provided for in Article V of the recorded Declaration of Covenants, Conditions and Restrictions.

ARTICLE XI

MERGER OR CONSOLIDATION

To the extent permitted by law the corporation may participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided that any such merger or consolidation shall have the consent of a majority (51%) of the entire membership.

ARTICLE XII

AMENDMENTS

Section 1. These By-laws may be amended, at a regular or special meeting of the Board, by a vote of the majority of the members of the Board.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-laws, the Declaration shall control.

ARTICLE XIII

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year.

IN WITNESS WHEREOF, we, being all of the Directors of
the Los Lagos II Homeowners Association No. I, have hereunto
our hands this 12th day of Dec., 1976.

D. Welch	<u>David L. Welch</u>	K. Ashlock	<u>K. Ashlock</u>
J. McMahon	<u>J. McMahon</u>	C. Mishkin	<u>C. Mishkin</u>
R. Hardy	<u>R. Hardy</u>		