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BYLAWS
OF
PARADISE MANOR ASSOCIATION

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BYLAWS
OF
PARADISE MANOR ASSOCIATION

ARTICLE I

DEFINITIONS

Except as otherwise expressly provided herein, all capitalized terms shall have the meanings assigned to them in that certain Declaration of Covenants, Conditions and Restrictions for Paradise Manor recorded on February 24, 1987 at Recorder's No. 87-108169 in the office of the Maricopa County, Arizona Recorder.

ARTICLE II

OFFICES AND CORPORATE SEAL

2.1 Principal Office. The Association shall maintain its principal office and known place of business at 4820 South Mill Avenue, Tempe, Arizona 85282, or at such other address as may be designated by the Board.

2.2 Other Offices. The Association may also maintain offices and places for conducting business at such other place or places, both within and without the State of Arizona, as may be designated from time to time by the Board, and the business of the Association may be transacted at such other offices with the same effect as that conducted at the principal office.

2.3 Corporate Seal. A corporate seal shall not be requisite to the validity of any instrument executed by or on behalf of the Association, but nevertheless if in any instance a corporate seal be used, the same shall be a circle having on the circumference thereof the name of the Association and in the center the words "corporate seal," the year incorporated, and the state where incorporated.

ARTICLE III

MEMBERS

3.1 Membership. The Members of the Association shall be determined in the manner set forth in the Declaration.

3.2 Place of Members Meetings. The annual meetings of Members shall be held at 4820 South Mill Avenue, Tempe, Arizona 85282, or at such other place as may be fixed from time to time by the Board, or in the absence of direction by the

1 Board, by the president or secretary of the Association, and
2 shall be stated in the notice of the meeting or in a duly exe-
cuted waiver of notice thereof.

3 3.3 Annual Members Meetings. The annual meeting of
4 the Members shall be held on the third Thursday of March in
5 each year, commencing with Thursday, March 17, 1988 (or if that
6 day shall be a legal holiday, then on the next succeeding busi-
7 ness day), or at such other date and time as shall be desig-
nated from time to time by the Board and stated in the notice
of the meeting. At each annual meeting the Members shall elect
the Board and transact such other business as may properly be
brought before the meeting.

8 3.4 Special Meetings of Members. Unless otherwise
9 prescribed by Arizona statute or by the Articles, special meet-
ings of the Members, for any purpose or purposes, may be called
10 by: (a) the president; (b) a majority of the directors; or
(c) Members having at least twenty-five percent (25%) of all
Class "A" votes.

11 3.5 Notice of Members Meetings. Not less than ten
12 (10) nor more than sixty (60) days before the date of any
13 annual or special meeting of the the Members, either the secre-
14 tary or any other officer of the Association shall cause
15 written notice stating the place, date and time of the meeting
16 (and, in the case of a special meeting, the items on the
17 agenda, including, but not limited to, the general nature of
18 any proposed amendment to the Declaration, Articles or Bylaws,
19 any budget changes and any proposal to remove a director or
officer) to be hand-delivered or sent prepaid by United States
mail to the mailing address of each Lot (or to any other
mailing address designated in writing by a Member). If mailed,
such notice shall be deemed to be delivered when mailed.
Business transacted at any special meeting of Members shall be
limited to the items stated in the notice unless determined
otherwise by a unanimous vote of the Members present at such
meeting.

20 3.6 Quorum. Unless otherwise required by the
21 Declaration, the Articles or applicable law, a quorum shall be
22 deemed present for all purposes throughout any meeting of
23 Members if Members entitled to cast at least ten percent (10%)
24 of all outstanding votes are present in person or by valid
25 proxy at the beginning of the meeting. Further, except as
26 otherwise provided in Section 13.1 of these Bylaws and except
as may otherwise be provided by the Declaration, the Articles
or applicable law, the action by Members holding a majority of
votes represented at a meeting at which a quorum is present
shall constitute the act of the full membership of the
Association. Whether or not a quorum is present, a meeting may

1 be adjourned from time to time by the vote of Members holding a
2 majority of the votes represented at such meeting, whether in
3 person or by valid proxy, without notice other than by
4 announcement at the meeting of the time and place at which the
5 adjourned meeting will be reconvened and without further notice
6 to any absent Members, provided, however, that if the adjourn-
7 ment is for more than thirty (30) days, notice of the time and
8 place at which the adjourned meeting will be reconvened shall
9 be given to each Member in the manner provided in Section 3.5
10 above. If a quorum is present at the time and place the
11 adjourned meeting is reconvened, any business may be transacted
12 at the reconvened meeting which might have been transacted at
13 the meeting as originally noticed.

8 3.7 Voting. The Members shall be entitled to the
9 voting rights set forth in the Declaration. At every meeting
10 of Members each Member in good standing shall be entitled to
11 vote either: (a) in person; or (b) by a proxy duly appointed by
12 a written instrument signed by the Member, dated not more than
13 eleven (11) months prior to such meeting (unless such instru-
14 ment provides for a longer period not to exceed 25 months from
15 the date of its execution and states that it is coupled with an
16 interest and is irrevocable). The vote for directors and upon
17 any question before the meeting shall be by voice vote, except
18 that, upon demand of any ten (10) or more Members, a vote shall
19 be taken by ballot. Except as otherwise provided herein or by
20 applicable Arizona law, the Declaration or the Articles, all
21 elections and other matters to be determined by the Members
22 shall be decided by Members (whether present in person or by
23 proxy) holding a majority of votes represented at a meeting at
24 which a quorum is present, and cumulative voting shall not be
25 permitted.

17 3.8 Freezing of List of Members or Fixing of Record
18 Date. For the purpose of determining Members entitled to
19 notice of or to vote at a meeting of Members, or in order to
20 make a determination of Members for any other proper purpose,
21 the Board may provide that the list of Members shall be frozen
22 for a stated period not to exceed ten (10) days. If the list
23 of Members shall be frozen for the purpose of determining
24 Members entitled to notice of or to vote at a meeting of
25 Members, such list shall be frozen for not more than ten (10)
26 days immediately preceding such meeting. In lieu of freezing
the list of Members, the Board may fix in advance a date as the
record date for any such determination of Members, such date in
any case to be not more than ten (10) days prior to the date of
the particular meeting of Members or the date on which the par-
ticular action requiring such determination of Members is to be
taken, as applicable. If the list of Members is not frozen and
no record date is fixed for the determination of Members enti-
tled to notice of or to vote at a meeting of Members, the

1 record date for such determination of Members shall be four
2 o'clock in the afternoon on the day before the day on which
3 notice of the meeting is mailed. When a determination of
4 Members entitled to vote at any meeting of Members has been
made as provided in this Section, such determination shall
apply to any continuation of such meeting following an adjourn-
ment.

5 3.9 Action Without Meeting. Any action required or
6 permitted to be taken at any annual or special meeting of
7 Members may be taken without a meeting, without prior notice,
and without a vote, if a consent in writing, setting forth the
action so taken, shall be signed by all Members.

8 3.10 Waiver of Notice. Whenever any notice is
9 required to be given to any Member under the provisions of the
10 Articles, the Bylaws, the Declaration, applicable Arizona law,
11 or otherwise, a waiver thereof in writing signed by the person
12 or persons entitled to such notices, whether before or after
13 the time stated therein, shall be equivalent to the giving of
such notice. Attendance of a person at a meeting shall consti-
tute a waiver of notice of such meeting, except when the person
attends a meeting for the express purpose of objecting to the
transaction of any business because the meeting is not properly
called or convened.

14 3.11 Assessments. As more particularly provided in
15 the Declaration, the Association has the right, power and
16 authority to establish and levy Assessments against the Units
and the Owners thereof, and to enforce the payment of such
Assessments.

17 3.12 Suspension. As more particularly provided in
18 the Declaration, the Board may impose sanctions for violations
19 of the Declaration and of the rules and regulations of the
20 Association, which sanctions may include suspension of the
21 right to vote, suspension of the right to use recreational
facilities on or constituting part of the Common Area and, in
certain instances, imposition of reasonable monetary fines.
The duration of any suspension of a Member's right to vote or
to use recreational facilities shall be limited as provided in
the Declaration.

22 ARTICLE IV

23 DIRECTORS

24 4.1 Election. The business and affairs of the
25 Association shall be managed, conducted and controlled by the
26 Board. Except for the initial directors appointed in the
Articles (who shall serve until their successors are duly

1 elected and qualified at the first regular annual meeting of
2 Members), and except as provided in Section 4.3 below, each
3 director shall be elected for a one (1) year term and shall be
4 elected at the annual meeting of Members concurrent with the
5 expiration of the term of the director he or she is to succeed,
6 and, except as otherwise provided in these Bylaws or in the
7 Articles or the Declaration, shall hold office until his or her
8 successor is elected and qualified. Nothing herein shall be
9 construed to prevent the election by the Members of any person
10 or persons to two or more terms as director, whether or not
11 such terms shall be consecutive. If, after election: (a) any
12 director (except for a director designated by Developer or by a
13 corporate, partnership or other non-individual Owner) ceases to
14 be a Member, he or she shall thereupon no longer be a director
15 and his or her office shall become vacant; or (b) a corporate,
16 partnership or other non-individual Owner ceases to be a
17 Member, any director serving by virtue of having been desig-
18 nated by such corporate, partnership or other non-individual
19 Owner shall thereupon no longer be a director and his or her
20 office shall become vacant.

11 4.2 Number. The number of directors which shall con-
12 stitute the whole Board shall be three, provided that, at any
13 time after the Class "B" membership ceases to exist (as
14 provided in the Declaration), such number may be increased to a
15 total not to exceed seven (7) directors upon the affirmative
16 vote of Members holding a majority of all Class "A" votes rep-
17 resented in person or by proxy at any annual meeting of Members
18 or at a special meeting of Members called for such purpose.

16 4.3 Vacancies. Vacancies and newly created
17 directorships resulting from any increase in the authorized
18 number of directors may be filled by the affirmative vote of a
19 majority of the remaining directors then in office, or by a
20 sole remaining director, and the directors so chosen shall hold
21 office, in the case of a vacancy, for the remaining term of
22 their predecessors, and, in the case of an increase in the
23 authorized number of directors, until the next annual meeting
24 of Members. If there are no directors in office, any officer
25 or Member may call a special meeting of Members for the purpose
26 of electing the Board.

22 4.4 Annual Board Meetings. Within thirty (30) days
23 after each annual meeting of Members, the newly elected direc-
24 tors shall meet forthwith for the purpose of organization, the
25 election of officers, and the transaction of other business
26 and, if a quorum of the directors is present, no prior notice
of such meeting shall be required to be given, provided that
the place and time of such first meeting of newly-elected
directors may be changed by written consent of all of the
directors.

1 4.5 Special Board Meetings. Special meetings of the
2 Board may be called by the president or secretary and must be
3 called by either of them on the written request of any member
4 of the Board.

5 4.6 Notice of Board Meetings. Notice of all meetings
6 of the Board, except as otherwise provided herein, shall be
7 given by mailing the same at least three (3) days, or by other-
8 wise causing the same to be delivered at least one (1) day,
9 before the meeting to the usual business or residence address
10 of each of the directors, but such notice may be waived by any
11 director. Regular meetings of the Board may be held without
12 notice at such time and place as may be determined by the
13 Board. Any business may be transacted at any meeting of the
14 Board. Attendance of a person at a meeting shall constitute
15 waiver of notice of such meeting, except when the person
16 attends the meeting for the express purpose of objecting to the
17 transaction of any business because the meeting is not properly
18 called or convened.

19 4.7 Quorum. One-half (1/2) of the number of the
20 directors then serving shall constitute a quorum at a meeting
21 of the Board (except that if three (3) directors be then
22 serving, a quorum shall be two (2), and if one (1) director be
23 then serving, a quorum shall be one (1)). If at any meeting
24 there is less than a quorum present, the directors present may
25 adjourn the meeting from time to time without further notice to
26 any absent director.

 4.8 Action Without a Meeting. Unless otherwise
restricted by the Declaration, the Articles or these Bylaws,
any action required or permitted to be taken at any meeting of
the Board or of any committee thereof may be taken without a
meeting, if all members of the Board or committee, as the case
may be, consent to the action in writing; such written consents
shall be filed with the minutes of proceedings of the Board or
committee.

 4.9 Powers. Subject to the provisions of the
Declaration, the Articles, these Bylaws and applicable law, the
Board shall have power:

 4.9.1 To elect and remove the officers of the
Association;

 4.9.2 To administer the affairs of the
Association and the Common Area;

 4.9.3 To engage the services of a manager or
managing agent who shall manage and operate the Common Area for

1 all of the Members upon such terms, for such compensation and
2 with such authority as the Board may approve;

3 4.9.4 To formulate policies for the administra-
4 tion, management and operation of the Common Area;

5 4.9.5 To provide for the operation, maintenance,
6 repair and replacement of the Common Area and payments
7 therefor, and to approve payment vouchers or to delegate such
8 approval to the officers or the manager or managing agent;

9 4.9.6 To provide for the designation, hiring and
10 removal of employees and other personnel, including accountants
11 and attorneys, and to engage or contract for the services of
12 others, and to make purchases for the maintenance, repair,
13 replacement, administration, management and operation of the
14 Common Area, and to delegate any such powers to the manager or
15 managing agent (and any such employees or other personnel who
16 may be the employees of a managing agent);

17 4.9.7 To appoint or dissolve committees of the
18 Board, to remove any director from a committee at any time, and
19 to delegate to such committees the Board's authority to carry
20 out certain duties of the Board;

21 4.9.8 To estimate the amount of the annual bud-
22 get, and to provide the manner of assessing and collecting from
23 the owners their respective shares of such estimated expenses;

24 4.9.9 To exercise all of the rights, powers and
25 duties granted to it by the Declaration;

26 4.9.10 Unless otherwise provided herein or in the
Declaration, the Articles or applicable law, to comply with the
instructions of a majority of the Members as expressed in reso-
lution duly adopted at any annual or special meeting of the
Members; and

4.9.11 To exercise for the Association all other
powers, duties and authority vested in or delegated to the
Association.

4.10 Removal and Resignation of Directors. Any
director or the entire Board may be removed, with or without
cause, by Members holding a majority of all votes. Any direc-
tor may resign upon written notice pursuant to Article VIII of
these Bylaws.

4.11 Place of Board Meetings. The Board shall hold
meetings, both regular and special, in Maricopa County,
Arizona, or at such other place or places, and such meetings

1 may be held by means of conference telephone or similar commu-
2 nications equipment by means of which all persons participating
3 in the meeting can hear each other, and participation in a
meeting pursuant to this Section 4.11 shall constitute presence
in person at such meeting.

4 4.12 Waiver of Notice. Whenever any notice is
5 required to be given to any director of the Association under
6 the provisions of the Articles, these Bylaws, the Declaration,
7 applicable Arizona law or otherwise, a waiver thereof in writ-
ing signed by the person or persons entitled to such notices,
whether before or after the time stated therein, shall be
equivalent to the giving of such notice.

8 4.13 Committees of the Board. The Board, by resolu-
9 tion adopted by a majority of the full Board, may designate
10 from among its members an executive committee and one or more
11 other committees each of which, to the extent provided in such
12 resolution and permitted by law, shall have and may exercise
13 all the authority of the Board. The Board, with or without
cause, may dissolve any such committee or remove any member
thereof at any time. The designation of any such committee and
the delegation thereto of authority shall not operate to
relieve the Board, or any member thereof, of any responsibility
imposed by law.

14 4.14 Compensation. Directors shall receive no com-
15 pensation for their services unless expressly provided for in a
16 resolution duly adopted by Members holding, personally or by
valid proxy, a majority of the votes then entitled to be cast
at a meeting expressly called for that purpose.

17 ARTICLE V

18 OFFICERS

19 5.1 Designation of Titles. The officers of the
20 Association shall be a president, vice president, secretary and
21 a treasurer, and shall be chosen by the Board; the Board may
22 also choose a chairman of the Board. No person may hold, at
any time, more than one of such offices, except that the
offices of secretary and treasurer may be held by the same per-
son. The officers need not be directors of the Association.

23 5.2 Election, Term of Office, Qualification. Except
24 for the initial officers chosen by the Board at its first meet-
25 ing following the incorporation of the Association (who shall
26 serve until their successors shall have been duly chosen and
shall qualify), each of the officers of the Association shall
be chosen annually by a majority of the Board, and shall hold
office for one year or until his or her successor shall have

1 been duly chosen and shall qualify, or until his or her death
2 or until he or she shall resign or shall have been removed pur-
3 suant to these Bylaws or the Articles or the Declaration. No
4 person shall be eligible for election as an officer who is not
5 at the time of election a Member of the Association, except
6 such persons as may be designated from time to time by
7 Developer or by a corporate partnership or other non-individual
8 Owner. If, after election: (a) any officer (except for an
9 officer designated by Developer or by a corporate, partnership
10 or other non-individual Owner) ceases to be a Member, he or she
11 shall thereupon no longer be an officer and his or her office
12 shall become vacant; or (b) a corporate, partnership or other
13 non-individual Owner ceases to be a Member, any officer serving
14 by virtue of having been designated by such corporate,
15 partnership or other non-individual Owner shall thereupon no
16 longer be an officer and his or her office shall become vacant.

9 5.3 Subordinate Officers, Agents or Employees. The
10 Board may appoint such subordinate officers, agents or employ-
11 ees as the Board may deem necessary or advisable, including one
12 or more assistant vice presidents, one or more assistant trea-
13 surers and one or more assistant secretaries, each of whom
14 shall hold office for such period, have such authority and
15 perform such duties as are provided in these Bylaws or as the
16 Board may from time to time determine. The Board may delegate
17 to the president or to any committee of the Board the power to
18 appoint any such additional officers, agents or employees.
19 Notwithstanding the foregoing, no assistant treasurer shall
20 have power or authority to collect, account for, or pay any tax
21 imposed by any federal, state or city government.

16 5.4 Removal. Any officer or agent may be removed by
17 the Board whenever in its judgment the best interests of the
18 Association will be served thereby. Election or appointment of
19 an officer or agent shall not of itself create contract rights.

19 5.5 Vacancies. A vacancy in any office because of
20 death, resignation, removal or any other cause, shall be filled
21 for the unexpired portion of the term in the manner prescribed
22 in Sections 5.1, 5.2 and 5.3 for election or appointment to
23 such office.

22 5.6 Chairman of the Board. The chairman of the
23 Board, if one shall have been appointed and be serving, shall
24 preside at all meetings of the Board and shall perform such
25 other duties as may be assigned to him or her from time to time.

24 5.7 President. The president shall preside at all
25 meetings of Members, and if a chairman of the Board shall not
26 have been appointed or, having been appointed, shall not be
serving or be absent, the president shall preside at all meet-

1 ings of the Board. The president shall be the principal offi-
2 cer of the Association and, subject to the control of the
3 Board, shall in general supervise and control all of the busi-
4 ness and affairs of the Association. The president may sign,
5 with the secretary or any other proper officer of the
6 Association authorized by the Board, deeds, mortgages, bonds,
7 contracts or other instruments which the Board has authorized
8 to be executed, except in cases where the signing and execution
9 thereof shall be expressly delegated by the Board or by the
10 Declaration, the Articles or these Bylaws to some other officer
11 or agent of the Association, or shall be required by law to be
12 otherwise signed or executed; and in general shall perform all
13 duties incident to the office of president and such other
14 duties as may be prescribed by the Board from time to time.

8 5.8 Vice President. The vice president shall have
9 such powers and perform such duties as the Board or the presi-
10 dent may from time to time prescribe and shall perform such
11 other duties as may be prescribed by the Declaration, the
12 Articles or these Bylaws. At the request of the president, or
13 in case of the president's absence or inability to act, the
14 vice president shall perform the duties of the president, and
15 when so acting shall have all powers of, and be subject to all
16 the restrictions upon, the president.

13 5.9 Treasurer. The treasurer shall be responsible
14 for the charge and custody of funds and securities of the
15 Association, keeping full and accurate accounts of receipts and
16 disbursements in books belonging to the Association and
17 depositing all moneys and other valuable effects in the name of
18 and to the credit of the Association in such banks and other
19 depositories as may be designated by the Board. The treasurer
20 shall be responsible for disbursing the funds of the
21 Association as may be ordered by the Board, taking proper
22 vouchers for such disbursements, and rendering to the president
23 and to the directors at the regular meetings of the Board (or
24 at such other times as they may require it), a statement of all
25 financial transactions and an account of the financial condi-
26 tion of the Association; and, in general, the treasurer shall
perform all the duties incident to the office of treasurer and
such other duties as may from time to time be assigned to the
treasurer by the Board.

22 5.10 Secretary. The secretary shall: (a) act as
23 secretary of, and keep the minutes of, all meetings of the
24 Board and of the members; (b) cause to be given notice of all
25 meetings of the members and directors; (c) be custodian of the
26 corporate seal (if any) and shall affix the seal, or cause it
to be affixed, to all proper instruments when appropriate;
(d) have charge of the books, records and papers of the
Association relating to its organization as a corporation;

1 (e) see that all reports, statements and other documents
2 relating to the Association and required by law are properly
3 kept or filed; and (f) in general perform all the duties inci-
4 dent to the office of secretary. The secretary shall also have
5 such powers and perform such duties as are assigned to the sec-
6 retary by these Bylaws or applicable law, and shall have such
7 other powers and perform such other duties, not inconsistent
8 with these Bylaws, as the Board shall from time to time pre-
9 scribe.

6 5.11 Compensation. The officers shall receive no
7 compensation for their services, unless expressly provided for
8 in a resolution duly adopted by Members holding a majority of
9 outstanding votes at a meeting expressly called for that pur-
10 pose.

9 5.12 Bonding. Fidelity bond coverage shall be
10 obtained and maintained by the Board in accordance with the
11 Declaration.

12 ARTICLE VI

13 ASSESSMENTS

14 6.1 Assessments, Liens and Budgets. Each Member, as
15 an Owner, and each Lot shall be subject to the Assessments
16 provided for in the Declaration. The Board shall have all
17 rights, powers, authorities and obligations as are conferred
18 upon it by the Declaration and by applicable law in connection
19 with: (a) the preparation and adoption of budgets; (b) computa-
20 tion, levying, collection and enforcement of Assessments; and
21 (c) adoption of reasonable charges for issuance of certificates
22 regarding Assessments.

18 6.2 Capital Expenditures. Except as may be provided
19 to the contrary in the Declaration, the Board shall not approve
20 any capital expenditure (as opposed to a maintenance expense)
21 in excess of \$10,000.00 without the prior approval of Members
22 holding two-thirds (2/3) of the votes represented, personally
23 or by valid proxy, at a duly convened meeting of Members.

22 6.3 Records and Statement of Account. The Board
23 shall cause to be kept detailed, itemized and accurate records
24 of all receipts and expenditures of the Association. Payment
25 vouchers may be approved in such manner as the Board may deter-
26 mine.

25 6.4 Discharge of Liens. The Board may cause the
26 Association to discharge any mechanics' lien or other encum-
brance which in the opinion of the Board may constitute a lien

1 against the Common Area, rather than against a particular Lot
2 only. When less than all of the Owners are responsible for the
3 existence of any such lien, the Owners responsible shall be
4 jointly and severally liable for the amount necessary to dis-
charge the same and for all costs and expenses, including,
without limitation, attorneys' fees incurred by reason of or in
connection with such lien.

5 ARTICLE VII

6 PARLIAMENTARY RULES

7 The proceedings of all meetings of the Members, of the
8 Board and of any committees of the Board shall be governed and
conducted according to the latest edition of Robert's Manual of
Parliamentary Rules.

9 ARTICLE VIII

10 RESIGNATIONS

11 Any director or officer may resign his or her office
12 at any time by giving written notice of such resignation to the
13 president or the secretary of the Association. Such resigna-
14 tion shall take effect at the time specified therein or, if no
time be specified therein, at the time of the receipt thereof,
and the acceptance thereof by the Board or the Association
shall not be necessary to make it effective.

15 ARTICLE IX

16 FISCAL YEAR

17 The fiscal year of the Association shall be from
18 January 1 to December 31.

19 ARTICLE X

20 CONTRACTS, LOANS, CHECKS AND DEPOSITS

21 10.1 Contracts. Except as limited or restricted by
22 the Declaration, the Articles, these Bylaws or applicable law,
the Board may authorize any officer or officers, agent or
23 agents, to enter into any contract or execute and deliver any
instrument in the name of and on behalf of the Association, and
24 such authority may be general or confined to specific
instances. No contract or other transaction between the
25 Association and one or more of its directors or between the
Association and any corporation, firm or association in which
26 one or more of the directors of the Association are directors,
or are financially interested, is void or voidable because such

1 director or directors are present at the meeting of the Board
2 or a committee thereof which authorizes or approves the con-
3 tract or transaction or because his, her or their votes are
4 counted, if the contract or transaction is just and reasonable
5 as to the Association at the time it is authorized or
6 approved. Common or interested directors may be counted in
7 determining the presence of a quorum at a meeting of the Board
8 or a committee thereof which authorizes, approves or ratifies a
9 contract or transaction.

10 10.2 Loans. No loans shall be contracted on behalf
11 of the Association and no evidences of indebtedness shall be
12 issued in its name unless authorized by a resolution of the
13 Board. No loan approved by the Board in an amount in excess of
14 \$10,000.00 shall be contracted until approved by Members hold-
15 ing two-thirds (2/3) of the votes represented, personally or by
16 valid proxy, at a duly convened meeting of Members.

17 10.3 Checks and Drafts. All checks, drafts or other
18 orders for the payment of money, notes or other evidences of
19 indebtedness issued in the name of the Association shall be
20 signed by such officer or officers, agent or agents of the
21 Association and in such manner as shall from time to time be
22 determined by resolution of the Board.

23 10.4 Deposits. All funds of the Association not
24 otherwise employed shall be deposited from time to time to the
25 credit of the Association in such banks, trust companies or
26 other depositories as the Board may elect.

ARTICLE XI

VOTING UPON SHARES OF OTHER CORPORATIONS

Unless otherwise ordered by the Board, the president shall have full power and authority on behalf of the Association to vote either in person or by proxy at any meeting of shareholders of any corporation in which the Association may hold shares or membership(s), and at any such meeting may possess and exercise all of the rights and powers incident to the ownership of such shares or membership(s) which, as the owner thereof, the Association might have possessed and exercised if present. The Board may confer like powers upon any other person and may revoke any such powers as granted at its pleasure.

1 ARTICLE XII

2 PROHIBITION AGAINST SHARING
3 IN CORPORATE EARNINGS

4 None of the net earnings or pecuniary profit from the
5 operations of the Association shall at any time inure to any
6 Member, director, officer or employee of, or member of a com-
7 mittee of or person connected with, the Association, or any
8 other private individual, provided that this shall not prevent
9 the payment to any such person of such reasonable compensation
10 for services rendered to or for the Association in effecting
11 any of its purposes as shall be fixed by the Board and other
12 payments and disbursements which may be made in furtherance of
13 one or more of its purposes. To the extent that Members
14 receive a benefit from the general maintenance, acquisition,
15 construction, management and care of the Common Area, this ben-
16 efit shall not constitute an inurement; to the extent a rebate
17 of excess dues, fees or Assessments (and not net earnings) is
18 paid to Members, such payment shall not constitute an inurement.

11 ARTICLE XIII

12 REPEAL, ALTERATION OR AMENDMENT

13 13.1 Amendment. Subject to the requirements of
14 applicable law, these Bylaws may be repealed, altered or
15 amended, or substitute Bylaws may be adopted, only in accor-
16 dance with the procedures set forth in the Articles of
17 Incorporation, provided, however, that any matter stated herein
18 to be or which is in fact governed by the Declaration may not
19 be amended except as provided in the Declaration.

17 13.2 Conflicts. In the case of any conflict between
18 the Articles of Incorporation and these Bylaws, the Articles of
19 Incorporation shall control, and in the case of any conflict
20 between the Declaration and these Bylaws, the Declaration shall
21 control.

20 The foregoing Bylaws were adopted by the Board of
21 Directors of PARADISE MANOR ASSOCIATION, at the first meeting
22 of the Board of Directors held at Tempe, Arizona
23 on March 2, 1987 and ratified by the sole member of
24 PARADISE MANOR ASSOCIATION, at a meeting of the sole member
25 held at Tempe, Arizona on March 2, 1987.

24 
25 _____
26 Ron Schulz, Secretary