

**BYLAWS**  
**OF**  
**PARADISE NORTH AND SOUTH HOMEOWNERS ASSOCIATION,**  
**an Arizona nonprofit corporation**

**ARTICLE 1**  
**NAME AND LOCATION**

1.1 The name of the homeowners association is **PARADISE NORTH AND SOUTH HOMEOWNERS ASSOCIATION** (the "*Association*"). The principal office of the Association shall be located in Maricopa County, Arizona or at such other place as the Board of Directors may specify.

**ARTICLE 2**  
**DEFINITIONS**

2.1 Definition of Declaration. "*Declaration*" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Paradise 21 North and South to be applicable to the Property after such are recorded in the office of the Maricopa County Recorder.

2.2 Declaration Definitions. The definitions contained in the Declaration are incorporated in these Bylaws by reference.

**ARTICLE 3**  
**MEETINGS OF MEMBERS**

3.1 Membership. The owner of a Lot shall automatically, upon becoming the record owner of the same, be a Member of the Association and shall remain a Member thereof until such time as his ownership ceases for any reason, at which time his Membership in the Association shall automatically cease. Membership and voting rights are appurtenant to and inseparable from ownership of a Lot.

3.2 Annual Meetings. Regular meetings of Members of the Association shall be held annually on the Property or such other suitable place convenient to the Members within or without this state as may be designated by the Board at the time and on the date set by the Board for such annual meeting, but in no event shall the first meeting be held later than September 30, 2015.

3.3 Special Meetings. A special meeting of the Members of the Association may be called by the President of the Association, by the Board upon the vote for such a meeting by a majority of the Board, or upon receipt of a written request therefor signed by Members representing at least ten percent (10%) of the total votes entitled to be cast at such meeting.

3.4 Notice of Meetings. Written notice of regular and special meetings shall be given to Members by or at the direction of an Officer of the Association by hand delivering or mailing a notice in the manner provided in Section 12.4 below to each Member which shall specify the place, day and hour of the meeting and, in the case of a special meeting, the nature of the specific items on the agenda to be heard and considered and shall include an absentee ballot or shall specify that an absentee ballot will be sent at a later date. Except as provided in Section 3.10 below, notice shall be delivered or mailed to each Member at least ten (10) and not more than fifty (50) days prior to the meeting.

3.5 Quorum. The presence in person, by absentee ballot, or by proxy (if allowed) of twenty-five percent (25%) of the total votes entitled to be cast at the meeting shall constitute a quorum except as specifically provided to the contrary in the Declaration, the Articles or these Bylaws. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. If a quorum is not present, the provisions of Section 3.10 below shall apply.

3.6 Action Without a Meeting. Any action that, under the provisions of Arizona corporate law, may be taken at a meeting of the Members, may be taken without a meeting if the Association, through uniform procedures adopted by the Board, delivers a written ballot to every Member entitled to vote on such matters as are before the Association. Any such uniform procedures adopted by the Board shall meet the requirements of Arizona corporate law and this Section 3.6. Any written ballot sent to members and used for action without a meeting shall (a) set forth each proposed action and (b) provide an opportunity to vote for or against each proposed action. Approval by written ballot pursuant to this Section 3.6 is valid only if both (a) the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action and (b) the number of ballots approving a matter equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by written ballot shall (a) indicate the number of responses needed to meet the quorum requirements; (b) state the percentage of approvals necessary to approve each matter other than election of directors; and (c) specify the time by which a ballot must be delivered to the Association in order to be counted, which time shall not be less than seven (7) days after the date the ballot is delivered. Except as otherwise provided herein, a written ballot shall not be revoked.

3.7 Joint Ownership of Lots. When more than one person owns an interest in any Lot, all of such persons shall be Members of the Association. The vote for such Lot shall be exercised as the owners of the Lot determine among themselves, but in no event shall more than one (1) ballot be cast for or with respect to any Lot concerning a particular vote of the Association. The vote for each Lot must be cast as a unit and fractional division of the votes shall not be allowed. If the vote for a Lot is fractionally divided as a result of being cast by more than one owner of a particular Lot during a particular vote of the Association, said vote shall not be counted and shall be deemed void. If any owner or owners cast a vote on behalf of a Lot, it will thereafter be conclusively presumed for all purposes that he or they was/were acting with the authority and

consent of all owners of the Lot unless any other owners of the Lot promptly protest such action to the person presiding over the meeting.

3.8 Proxies. During the Declarant Control Period (as defined in the Declaration) at any meetings of Members, each Member may vote (or register protest to the casting of the vote for the Member's Lot by another owner of the Lot) 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 may be revoked upon actual notice of revocation to the person presiding over a meeting of the Association or upon presentation of a letter dated proxy executed by the same Member. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates twenty-five (25) months after its date unless it specifies a shorter term. All proxies shall be automatically revoked upon conveyance by the Member of his Lot, upon receipt of actual notice by the Secretary of the death or judicially declared incompetence of such Member or upon the termination of the Declarant Control Period.

3.9 Absentee Ballot. At any annual or special meeting of the Members, voting by absentee ballot shall be allowed. The absentee ballot shall meet the following requirements:

- a. The absentee ballot shall set forth each proposed action for which a vote shall be taken;
- b. The absentee ballot shall provide an opportunity to vote for or against each proposed action;
- c. The absentee ballot shall be valid for only one specified election or meeting of the Members and expires automatically after the completion of the election or meeting, even if said meeting is adjourned and reconvened at a later time;
- d. The absentee ballot must specify the time and date by which the ballot must be delivered to the Board of Directors in order to be counted, which shall be at least seven (7) days after the date that the Board delivers the unvoted absentee ballot to the Member; and
- e. The absentee ballot does not authorize another person to cast votes on behalf of the Member.

3.10 Adjournment. Any meeting of the Members, the meeting may be adjourned to another time and place and notice need not be given of the reconvened meeting if the time and place of the reconvened meeting are announced at the meeting at which adjournment is taken and the reconvened meeting is held within thirty (30) days of the adjourned meeting. In the absence of a quorum at a meeting of the Members, a majority of those present in person or by proxy may adjourn the meeting as provided above but may not transact any other business. At any reconvened meeting, the quorum prescribed in the Declaration and/or in these Bylaws shall be required.

3.11 Classes of Membership. The Association shall have two (2) classes of voting Membership established according to the Declaration.

3.12 Commencement of Voting Rights. Voting rights attributable to each Lot shall vest in accordance with the terms and provisions of the Declaration.

3.13 Record Date. For any meeting of the Members, the Board of Directors may fix in advance a date, not more than sixty (60) days before the date of such meeting, as record date for the determination of the Members of record entitled to notice of, and to vote at, such meeting. The Members entitled to vote at any meeting of the Members will be determined as of the applicable record date if one has been fixed as aforesaid, otherwise, as of the time the meeting is convened.

3.14 Organization and Conduct of Meetings. All meeting of Members will be called to order and thereafter chaired by the President. If the President is unavailable, such other Officer of the Association or authorized agent of the Association, including a representative of a management company, or such Member as may be appointed by the Board of Directors may call the meeting to order and chair the meeting. The Association's Secretary will act as secretary of each Membership meeting. In the Secretary's absence, the Chairman of the meeting may appoint any person (whether a Member or not) to act as secretary thereat. After calling a meeting to order, the chairman thereof may require the registration of all Members intending to vote in person and, the filing of all proxies and any absentee ballots with the election inspector or inspectors, if one or more has/have been appointed (or, if not, with the secretary of the meeting). After the announced time for such filing of proxies has ended, no further proxies or changes, substitutions or revocations of proxies will be accepted. If Directors are to be elected, a tabulation of the proxies and absentee ballots so filed, if any person entitled to vote in such election so requests, will be announced at the meeting (or adjournment thereof) prior to the closing of the election polls. Absent a showing of bad faith on his part, the Chairman of the meeting will, among other things, have absolute authority to fix the period of time allowed for the registration of Members and the filing of proxies and absentee ballots, to determine the order of the business to be conducted at such meeting and to establish reasonable rules for expediting the business of the meeting (including any informal or question and answer portion thereof).

#### **ARTICLE 4**

##### **BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE**

4.1 Number; Qualifications and Terms of Directors. The Board shall consist of at least one (1) but not more than seven (7) Directors who shall serve one (1) year terms while Class B Membership exists. The Directors may be Lot owners or agents of Declarant (while Declarant remains a Lot owner). If an owner other than Declarant is a corporation, partnership or trust, a Director may be an officer, partner, trustee, or beneficiary of such owner. If a Director shall fail to meet such qualifications during his term, he will thereupon cease to be a Director, and his place on the Board shall be deemed vacant. The incorporating Directors, or their duly elected replacements, shall serve until the first meeting of the Association; thereafter, all Directors shall be appointed or elected and removed as provided herein.

After Class B Membership terminates and if there are at least three (3) Directors, each of whom shall serve the same one (1) year term. If there are more than three Directors, the Directors shall serve staggered terms as follows: The first three (3) Directors (the Director(s) with the most

votes), elected at the first meeting of the Association held after Class B Membership terminates shall serve a two (2) year term, the Directors, up to four (4), with the next highest vote totals elected at that meeting shall serve a one (1) year term. Thereafter, all appointments of Directors (or additions of Directors) under these Bylaws shall be for such terms as will preserve the staggering of terms as provided in this Section 4.1.

4.2 Election of Board of Directors. The initial Board of Directors shall be the persons set forth in the Articles of Incorporation. During the Declarant Control Period, the Declarant shall appoint all the Directors. Commencing with the first annual meeting after the lapse of the Declarant Control Period, the Board of Directors shall be elected from the persons nominated in accordance with Section 4.3 herein who shall serve terms as provided in Section 4.1 above.

4.3 Nomination. During the Declarant Control Period, the Declarant shall appoint the Directors. After the lapse of the Declarant Control Period, the Board may appoint a "Nominating Committee" which shall consist of a chairman (who shall be a Member of the Board of Directors) and two (2) or more Members of the Association. If a Nominating Committee is appointed, the Nominating Committee shall be appointed at least ninety (90) days prior to the annual meeting of the Members, to serve until the close of such annual meeting, and shall make as many nominations for election to the Board of Directors as it in its discretion shall determine but not less than the number of vacancies that are to be filled. Any Member may also submit a written nomination or be nominated at the annual meeting of the Members in which an election is to occur.

4.4 Secret Ballot; No Cumulative Voting. After the lapse of the Declarant Control Period, election of the Board Members by the Association Membership shall be by secret written ballot. Cumulative voting shall not be permitted except as may be required by law. In the event of a tie for any position, a run-off election shall be held and the successful candidate shall be determined by a voice vote, or, if inconclusive, by another balloting of the Members including votes on any absentee ballots for the remaining candidates.

4.5 Removal. After the lapse of the Declarant Control Period, the entire Board or any individual Director may be removed from office by an affirmative vote of Members holding a majority of the voting power entitled to vote at an election of Directors. If any Director is so removed, a new Director shall be elected at the same meeting.

4.6 Vacancies. After the lapse of the Declarant Control Period, vacancies in the Board caused by any reason other than the removal of a Director by a vote of Members shall be filled by vote of the majority of the remaining Directors, and each person so elected shall be a Director for the remainder of the term of the Director he replaces or until a successor is elected at a special meeting of the Members called for that purpose. The Board shall have the power to declare that a Director's absence from three (3) consecutive regular and duly noticed meetings of the Board shall constitute a vacancy. Vacancies created by the removal of a Director by the Members as provided in Section 4.5 hereof shall be filled by a vote of the Members.

**ARTICLE 5**  
**MEETINGS OF DIRECTORS**

5.1 Regular Meetings. Regular meetings of the Board shall be held at such time and place as the Board shall determine.

Notwithstanding the foregoing, participation at a Directors' meeting pursuant to this Section may be by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and such participation by a Director shall constitute a Director's "*presence*" thereat. After the Declarant Control Period, notice to members of regular meetings of the Board shall be given at least forty-eight (48) hours in advance of the meeting by newsletter, conspicuous posting or any other reasonable means as determined by the Board.

5.2 Special Meetings. A special meeting of the Board may be called by written notice signed by the President of the Association or by any two (2) Directors other than the President. Notice shall be provided to all Directors and shall include a description of the nature of any special business to be considered by the Board.

5.3 Waiver of Notice. Before 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 to that Director. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place of the meeting unless such attendance is for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Furthermore, any action to be taken by the Directors pursuant to the Articles, the Declaration or these Bylaws may be taken without a meeting if all Directors consent thereto in writing. Such consent shall have the same effect as a unanimous vote.

5.4 Quorum. The presence in person of a majority of the Directors at the beginning of any meeting of the Board shall constitute a quorum throughout the meeting. Every act or decision done or made by a majority of the Directors at a duly held meeting at which a quorum is present shall be regarded as an act of the Board.

**ARTICLE 6**  
**POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

6.1 Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association. Without limitation on the generality of the foregoing powers and duties, the Board shall be vested with, and responsible for, the following powers and duties:

- a. To select, appoint, supervise and remove all Officers, agents and employees of the Association; to prescribe such powers and duties for them as may be consistent with Arizona corporate laws governing nonprofit corporations and with the Declaration; to fix their compensation (if not prohibited under these

Bylaws); and to require from them security for faithful service when deemed advisable by the Board.

b. To enforce the applicable provision of the Declaration and any other instruments relating to the ownership, management and control of the Property.

c. To adopt and publish rules and regulations governing the use of the Common Area and facilities and the personal conduct of the Members and their guests thereon and to establish procedures and penalties for the infraction thereof, subject to approval of the Members as provided in Section 9 hereof.

d. To adopt and publish rules and regulations governing the keeping of animals in the Property.

e. To pay all taxes and assessments which are, or could become, a lien on the Common Area or a portion thereof.

f. To contract for casualty, liability and other insurance on behalf of the Association as provided in the Declaration.

g. To cause to be maintained the portions of the Common Area or other real or personal property for which the Association is responsible pursuant to the Declaration and to contract for goods and/or services for the Common Area or for the Association, subject to the limitations set forth in the Declaration.

h. To prepare, adopt and amend budgets and financial statements for the Association without the consent of the Members as prescribed in these Bylaws.

i. To initiate and execute disciplinary proceedings against Members of the Association for violations of the provisions of the Declaration in accordance with procedures adopted pursuant to these Bylaws and to impose suspensions of rights and reasonable monetary penalties as provided in Section 9 hereof.

j. Upon the giving of reasonable notice, to enter upon any privately owned Lot as necessary in connection with construction, maintenance or emergency repair for the benefit of the Common Area or the owners.

k. To borrow money and incur indebtedness for purposes of the Association; to cause to be executed and delivered therefore, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecation or other evidences of debt and securities therefor.

l. To fix and collect regular and special Assessments according to the Declaration and these Bylaws and, if necessary, to record a notice of Assessment Lien and foreclose said Lien against any Lot for which an Assessment is not paid within thirty (30) days after the due date or bring an action at law against the owner

personally obligated to pay such Assessment. All reserves for capital expansion, repair and maintenance shall be transferred to and held in a separate fund for such purpose, to be expended only in the manner allowed by the Declaration and/or prescribed by the Membership or the Board in accordance with a duly adopted budget, all as limited and provided in the Declaration.

m. To prepare and file annual tax returns with the federal government and the State of Arizona and to make such elections as may be necessary to reduce or eliminate the tax liability of the Association. Without limiting the generality of the foregoing, the Board may, on behalf of the Association, elect to be taxed under Section 528 of the Internal Revenue Code or any successor statute conferring income tax benefits on homeowners associations. In connection therewith, the Board shall take such steps as are necessary to assure that the income and expenses of the Association for any taxable year shall meet the following limitations and restrictions:

(i) At least sixty percent (60%) of the gross income of the Association for any taxable year shall consist solely of amounts received as Membership dues, fees or Assessments from Lot owners;

(ii) At least ninety percent (90%) or more of the expenditures of the Association for any taxable year shall be for the acquisition, construction, management, maintenance and care of the Common Area or other Association property; and

(iii) No part of the net earnings of the Association shall inure to the benefit of any private individual (other than by acquiring, constructing or providing management, maintenance and care of the Common Area and other Association property and other than by a rebate of excess Membership dues, fees of Assessments).

n. To delegate to committees, Officers or employees of the Association or to a management company pursuant to written contract the powers described above, and the right to collect (but not to fix) the Assessments and to take all permitted actions to collect the same as provided above.

6.2 Limitation on Board's Power. Except with the vote or written assent of a majority of the votes in the Association residing in Members other than Declarant, the Board shall be prohibited from taking any of the following actions:

a. Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

b. Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

c. Paying compensation to Directors or Officers of the Association for services performed in the conduct of the Association's business, provided, however, that the Board may cause a Director or Officer to be reimbursed for expenses incurred in carrying on the business of the Association.

d. Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one (1) year with the following exceptions:

(i) A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration, as may be required. Such contract shall include that either party may cancel such contract with or without cause by providing a written thirty (30) day notice.

(ii) A contract with a public utility company if the rates charged for the materials or services are regulated by the Arizona Corporation Commission or successor agency, provided however, that the term of the contract shall not exceed the shortest term for which the supplied will contract at the regulated rate; and

(iii) Prepaid casualty and/or liability insurance policies not to exceed three (3) years' duration; provided, however, that the policy permits short rate cancellation by the insured.

e. Entering into any contract or lease (including a management contract for the Common Area), inconsistent with the provisions of the Declaration as the same may be amended from time to time.

f. Taking any action which is specifically reserved to the Members under the provisions of the Declaration.

**ARTICLE 7**  
**OFFICERS AND DUTIES**

7.1 Enumeration and Term. The Officers of this Association shall be a president (who shall at all times be a member of the Board of Directors), a vice president, a secretary, a treasurer and such other Officers as the affairs of the Association may require and as the Board by resolution, may from time to time establish. The Officers may be Lot owners or agents of Declarant (while Declarant remains a Lot owner). The Officers shall hold office for one (1) year unless they shall sooner resign, shall be removed or shall otherwise be disqualified to serve.

7.2 Election of Officers. The election of Officers by the Board shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

7.3 Resignation and Removal. At any time with or without cause, any Officer may be removed from office by a majority of the Board. Any Officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date or 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.

7.4 Vacancies. A vacancy in any office may be filled by appointment by the Board. The Officer appointed to fill such vacancy shall serve for the remainder of the term of the Officer he replaces. If, however, the office of President becomes vacant, the Secretary shall automatically fill the office of President and shall serve the remainder of the term. The Board shall then fill by appointment the vacant position of Secretary.

7.5 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 7.1 above.

7.6 Duties. The duties of the Officers are as follows:

President. 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 checks (unless the authority to sign checks in the ordinary course of Association business has been delegated to a management company as provided by the Board) and promissory notes. The President shall execute, certify and record all amendments to the Declaration, the Articles or these Bylaws adopted by the Members from time to time.

Vice-President. 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. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, shall serve notice of meetings of the Board and

of the Members, shall keep appropriate current records showing the Members of the Association together with their addresses and shall perform such other duties as required by the Board.

Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association, shall disburse such funds as directed by resolution of the Board of Directors, shall co-sign all checks and promissory notes of the Association and shall keep proper books of account and prepare or have prepared financial statements as required in these Bylaws. The duty of Treasurer to receive and deposit funds and to co-sign checks in the ordinary course of Association business may be delegated to a management company as provided by the Board.

## **ARTICLE 8 MAINTENANCE; ASSESSMENTS**

Pursuant to the procedures and guidelines set forth in the Declaration, the Board shall levy, collect and enforce regular and special Assessments for the operation of the Association and for the management, maintenance and operation of the Common Area for which the Association is responsible pursuant to the Declaration. The Assessments shall be used exclusively to promote the recreation, health, safety and welfare of all residents in the North Property or South Property, depending on the origin of such Assessments, and for the improvement and maintenance of the Common Area and any other areas of the Property for the common good of the North Property and/or the South Property. Regular replacement of the Common Area and any other areas of the Property for which the Association has maintenance responsibilities shall be subject to Section 6.1 herein.

## **ARTICLE 9 DISCIPLINE OF MEMBERS; SUSPENSION OF RIGHTS**

Discipline of Members; Suspension of Rights. The Association shall have no power to cause a forfeiture or abridgement of an owner's right to the full use and enjoyment of his individually owned Lot on account of a failure by the owner to comply with provisions of the Declaration, except where the loss or forfeiture is the result of the judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sheriff's sale for failure by the owner to pay Assessments levied by the Association. Notwithstanding the foregoing, the Board shall have the power to impose reasonable temporary suspensions of an owner's voting rights as a Member of the Association and/or rights to use the Common Area for failure to comply with the Declaration or Association Rules, provided that any suspension, except that resulting from failure to pay Assessments, shall not exceed sixty (60) days per violation, and further provided that the accused shall be given reasonable notice and the opportunity to be heard by the Board with respect to the alleged violation before a decision to impose discipline is reached. In a case in which monetary penalties are to be imposed, such penalties shall be according to a schedule of penalties related to specific offenses approved by the Board. Such penalties shall bear a reasonable relationship to the conduct for which the penalty is imposed and may only be imposed prospectively. Such penalties shall not affect any subsequent owners of the Lot.

**ARTICLE 10**  
**BUDGETS; FINANCIAL STATEMENTS; BOOKS AND RECORDS**

10.6 Budgets and Financial Statements. Financial statements for the Association shall be regularly prepared and copies shall be distributed to each Member of the Association as follows:

- a. A pro forma operating statement (budget) for each fiscal year shall be distributed not less than thirty (30) days before the beginning of the fiscal year.
- b. A balance sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year shall be distributed at the Annual Meeting.

Without limiting the foregoing, and unless inconsistent with the Declaration, the Board may from time to time amend or adopt budgets without the consent of the Members and shall provide a summary of any such budgets to the Members not later than thirty (30) days after amendment or adoption of the same.

10.7 The fiscal year of the Association shall be determined by the resolution of the Board. In the absence of such a resolution, the fiscal year shall be the calendar year.

10.8 Inspection of Association's Books and Records. The Membership register, current copies of the Declaration, financial statements, books of account and minutes of meetings of the Members, the Board and committees of the Board and/or Association, excluding minutes of the Board's Executive Sessions, shall be made available for inspection and copying by Members of the Association, First Mortgagees and insurers or guarantors of First Mortgages or by their duly appointed representatives, at any reasonable time and for a purpose reasonably related to their interests as Members, as First Mortgagees or as insurers or guarantors of First Mortgages, at the office of the Association or at such other place within the Property as the Board shall prescribe. Such inspection may take place on weekdays during normal business hours following at least forty-eight (48) hours' written notice to the Board by the Member, First Mortgagee or insurer or guarantor of a First Mortgage desiring to make the inspection. Any Member, First Mortgagee or insurer or guarantor of a First Mortgage desiring copies of any document shall pay the reasonable costs of reproduction. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right to inspection by a Director includes the right to make extracts and copies of documents.

**ARTICLE 11**  
**AMENDMENT TO BYLAWS**

11.1 These Bylaws may be amended at any meeting of the Association Membership at which a quorum is established by the vote or written assent of Members holding seventy-five percent (75 %) of the votes entitled to be cast by Members (who are present in person, by absentee ballot or by proxy, if allowed) at such meeting; provided, however, that the percentage of the votes necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. In addition to the foregoing, no provisions of these Bylaws affecting matters set forth in the Declaration (as amended from time to time) shall be amended without the requisite consent of owners and First Mortgagees specified therein. For as long as there are two (2) classes of Membership in the Association, the proposed amendment must be approved in advance by the Federal Housing Administration or the Veterans Administration if either of those agencies has approved the proposed development plan of the Property.

**ARTICLE 12**  
**MISCELLANEOUS PROVISION**

12.1 Regulations. All owners, tenants, their employees and any other person who might use the facilities of the Property in any manner are subject to the regulations set forth in the Declaration, Association Rules as well as all reasonable rules enacted pursuant to the procedures established pursuant to the Declaration or these Bylaws. Acquisitions, rental or occupancy of any Lot shall constitute acceptance and ratification of the provisions of all such rules and regulations.

12.2 Indemnity of Officers and Directors. To the fullest extent permitted under A.R.S. § 10-850 et seq., each Officer and Director shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him by judgment or settlement in connection with any proceeding to which he may be a party or in which he may become involved by reason of his being or having been an Officer or Director of the Association. Liability of the Directors shall be limited as provided in the Articles.

12.3 Committees. The Board may appoint a Nominating Committee as provided in these Bylaws and shall appoint an Architectural Committee as provided for in the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

12.4 Notices. Any notices permitted or required to be given by the Declaration may be delivered either personally, by mail or as otherwise specifically provided in the Declaration. If delivery is by mail, it shall be deemed to have been given if sent by United States mail to the mailing address for each Lot or Owner addressed to each person at the current address given by such person to the Secretary of the Association or addressed to the Lot of such person if no address has been given to the Secretary.

12.5 Plurals, Gender. Whenever the context so requires, the use of the singular shall include and be construed as including the plural and the masculine shall include the feminine and neuter.

12.6 Conflicts. With respect to any inconsistency or conflict between the provisions of these Bylaws and provisions of the Declaration, the provisions of the Declaration shall govern and prevail.

**CERTIFICATE**

I, Angela Kent, the duly elected, qualified and acting Secretary of PARADISE NORTH AND SOUTH HOMEOWNERS ASSOCIATION, an Arizona nonprofit corporation, do hereby certify that the above and foregoing are the Bylaws of this Association duly and regularly adopted by the Directors, by unanimous consent, on the 20 day of January, 2016.

IN WITNESS WHEREOF, I have hereunto set my hand as of this 20 day of January, 2016.

  
Angela Kent, Secretary