

1997

BY-LAWS
OF
OSBORN GARDENS HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND LOCATION. The name of the corporation is OSBORN GARDENS HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association". The principal office of the corporation shall be at 1402 East Osborn Road, Phoenix, Arizona, but meetings of members and directors may be held at such places within the State of Arizona, County of Maricopa, as may be designated by the Board of Directors.

ARTICLE II

Section 1. "Assessment" shall mean all assessments authorized by the Board of Directors.

Section 2. "Association" shall mean and refer to Osborn Gardens Homeowners Association, its successors and assigns.

Section 3. "Board of Directors" of "Board" shall mean the Board of Directors of the Association.

Section 4. "By-Laws" shall mean the By-Laws of the Association, as and if amended.

Section 5. "Member" shall mean any person, corporation, partnership, or other legal entity who is a member of the Association as provided in Article IV, of the CC&Rs.

"Membership" shall mean the participating interest of a Member in the Association.

ARTICLE III

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held during the month of February, at a time and place designated by the Board of Directors.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president of the Association or by the Board of Directors, or upon written request of the majority of members entitled to vote.

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 15 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, time, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, a majority of the votes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the CC&Rs, or these By-Laws. 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 from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxy. At all meetings of members, each member may vote in person or by

proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his unit.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of Directors of a least five (5) directors, who shall be members of the Association.

Section 2. Term of Office. Directors shall serve for a term of one year.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. 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 except that a member may be paid for duties that would normally be paid an outside vendor for managerial tasks. Any director may be reimbursed for his actual expenses incurred in the performance of his duties. Said expenses to be approved by a majority of the Board.

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 the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for the election to the Board shall be made by any member from the floor at the annual meeting. Such nomination may be made only from among the members entitled to vote.

Section 2. Election. Election to the Board shall be by secret written ballot. 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 provision for the CC&Rs. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board shall be held monthly without notice, 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.

Section 2. Special Meetings. Special meetings of the Board shall be held when called the president of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act of decision done or made by a majority of the directors present at duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board shall have full power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members, tenants and guests, and to establish penalties for infraction thereof;

(b) suspend the voting rights and right to the 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 Board. Such rights may also be suspended after notice and hearing, for a period not to exceed 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 for Incorporation, or the CC&Rs;

(d) 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 to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a complete statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the CC&Rs, to:]

(1) fix the amount of the annual assessment against each unit 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; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date 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, housing authority or insurance company, 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 Area to be maintained.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board, and a secretary/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 following each annual meeting of members.

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 or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary/treasurer. 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 resignations 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/treasurer shall 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 the Article.

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

President

(a) The president shall preside at all meetings of the Board; 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 and promissory notes, unless other signatory is appointed

by the President.

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/Treasurer

(c) The secretary/treasurer 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; receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE IX

COMMITTEES

The Board shall appoint committees as deemed appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

The books and records and papers of the Association shall at all times, during reasonable hours, be subject to inspection by any member. The CC&Rs, 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.

ARTICLE XI

ASSESSMENTS

As more fully provided in the CC&Rs, each member is obligated to pay to the Association annual (paid monthly in equal installments) and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within 30 days (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of 10 percent per annum, and the Association may bring action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorneys fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Unit.

ARTICLE XII

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the

members, by a vote of a majority of a quorum of members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control; and in the case of any conflict between the CC&Rs and these By-Laws, the CC&Rs shall control.

ARTICLE XIII

PROFITS, LOSSES AND INSURANCE PROCEEDS

In the event the Association incurs a net operating profit in excess of the amounts needed as a reserve for maintenance, repair and replacement of common elements, then the Association shall return said net profits to its members in equal shares, provided that the members are current in their assessment payments, or may reduce the amount of future assessments in order to eliminate the excess profits. In the event the properties, or any part thereof, are damaged or destroyed by fire or other hazards, the Board shall contract with a licensed contractor or contractors to rebuild or repair such damaged or destroyed portions of the properties in conformance with the original plans and specifications, or, if the Board determines that adherence to such original plans and specifications are not in conformance with applicable laws, ordinances, building codes or other governmental rules or regulations then in effect, then such repairs or rebuilding shall be of a kind and quality substantially equivalent to the original construction of such improvements. The Board shall use insurance proceeds for the purposes set forth in this paragraph. If the insurance proceeds are insufficient to pay all costs of repair and rebuilding, the Board shall levy a special assessment to make up any deficiency, which assessment shall be levied against all Owners in the same proportion as their percentage interest in the common elements.

ARTICLE XIV

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, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the directors of the OSBORN GARDENS HOMEOWNERS ASSOCIATION, have hereunto set our hands this 4 day of June 1997.

Molly Clark
Molly Clark
President

The foregoing instrument was acknowledged before me by Molly Clark, this 4th day of June, 1997.

Doris Roy
Notary Public

My Commission expires:

8-29-2000