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WHEN RECORDED PLEASE RETURN TO:

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COUNTRY CLUB HEIGHT III

BYLAWS (BY)

BY-LAWS

% JLB PROPERTY MGMT., INC.  
2312 W. Lindner, #14  
Mesa, AZ 85282  
833-2961

OF

COUNTRY CLUB HEIGHTS  
UNIT THREE TOWNHOUSE CORPORATION

RECORDED IN OFFICIAL RECORDS  
OF MARICOPA COUNTY, ARIZONA

FEB 12 1987 - 8:00  
KEITH POLETIS, County Recorder

FEE 15.00 PGS 10 C.W.

ARTICLE I

NAME AND LOCATION

The name of the corporation is COUNTRY CLUB HEIGHTS UNIT THREE TOWNHOUSE CORPORATION, hereinafter referred to as the "Association". The principal office of the corporation shall be located at Phoenix, Arizona, but meeting 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

DEFINITIONS

Section 1. "Association" shall mean and refer to COUNTRY CLUB HEIGHTS UNIT THREE TOWNHOUSE CORPORATION, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties with the exception of the Common Area.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to the ARIZONA TITLE INSURANCE AND TRUST COMPANY, and Arizona corporation, its successors, and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Recorder, Maricopa County, Arizona.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III

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MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held on the second Tuesday in May commencing with the year 1973, and each subsequent regular annual meeting of the members shall be held during the month of October on a Saturday or Sunday at a time and date to be designated by the Board of Directors. The date designated shall not be 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 the members who are entitled to vote one fourth ( $\frac{1}{4}$ ) of all the votes of the Class A membership.

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 supplies by such member to the Association for the purpose of notice. Such notice shall specify the place, 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, one tenth ( $\frac{1}{10}$ ) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, 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. Proxies. 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 Lot.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this association shall be managed by a board of not less than four nor more than eleven directors, who need not be members of the association.

Section 2. Term of Office. At the first annual meeting held after the close of the fiscal year 1974, the members shall elect three directors for a term of one year, four directors for a term of three years; at each annual meeting thereafter, the members shall elect the number of directors necessary to fill any expired terms.

(Article VII, Section 2, c), cont.)

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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. *foreclosure*

d) issue, or to cause an appropriate officer to issue, upon demand by any person, 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 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.

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. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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(Article IV, cont.)

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 AS A DIRECTOR IN EXCESS OF THE RATE OF THE ANNUAL ASSESSMENT ACTUALLY IMPOSED FOR THE CURRENT FISCAL YEAR, PROVIDED SAID COMPENSATION DOES NOT EXTEND BEYOND THE TERM OF OFFICE ACTUALLY SERVED BY SAID DIRECTOR. 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 by obtaining the written approval of all the directors. An 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 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 may be made from among members or non-members.

Section 2. Election. Election to the Board of Directors 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 provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is permitted.

#### ARTICLE VI

##### MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors 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.

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(Article VI, cont.)

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by 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 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 VII

##### POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the 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 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 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 of member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

e) employ a manager, and an independent contractor, or such other employees as the 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 (¼) of the Class A members who are entitled to vote;

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 Declaration, to:

1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(Article VIII, cont.)

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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 checks 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; cause 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 represented to the membership at its annual meeting, and deliver a copy to each of the members.

ARTICLE IX

COMMITTEES

The Association shall appoint as Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided by these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

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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 XI

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual 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 thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of one and a half percent (1½) percent per month, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's 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 non-use of the Common Area or abandonment of his lot.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: COUNTRY CLUB HEIGHTS UNIT THREE TOWNHOUSE CORPORATION.

ARTICLE XIII

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 shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XIV

MISCELLANEOUS

This fiscal year of the Association shall begin on the first day of August and end on the 31st day of July of every year, except that the first fiscal year shall begin on the date of incorporation

ARTICLE XV

CONFLICT OF INTEREST

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A director or officer of the corporation shall not be disqualified by this office from dealing or contracting with the corporation either as a vendor, purchaser or otherwise, nor shall any transaction or contract of the corporation be void or voidable by reason of the fact that any director or officer or any firm of which any director or officer is a member or any corporation of which any director or officer is a stockholder, officer or director, is in any way interested in such transaction or contract provided that such transaction or contract is or shall be authorized, ratified or approved either (1) by a vote of a majority of the Board of Directors or of an executive committee thereof, there being a quorum present, without counting in such majority any director so interested (although any director so interested may be included in such quorum), or (2) by a majority of the stockholders present and entitled to vote at any meeting which a quorum is present. No director or officer shall be liable to account to the corporation for any profits realized from any such transaction or contract authorized, ratified or approved as aforesaid by reason of the fact that he, or any firm of which he is an officer or director was interested in such transaction or contract. Nothing herein contained shall create liability in the events described or prevent the authorization, ratification or approval of such contracts in any other manner permitted by law.

ARTICLE XVI

LIABILITY OF OFFICERS & DIRECTORS

No person shall be liable to the corporation for any loss or damage suffered by it on account of any action taken or omitted to be taken by him as a director or officer of the corporation in good faith, if such person (1) exercised or used the same degree of diligence, care and skill as an ordinarily prudent man would have exercised or used under the circumstances in the conduct of his own affairs, or (2) took or omitted to take, such action in reliance upon advice of counsel for the corporation, or upon statements made or information furnished by officers or employees of the corporation which he had reasonable grounds to believe to be true, or upon a financial statement of the corporation prepared by an officer or employee of the corporation in charge of its accounts or certified by a public accountant or firm of public accountants.

ARTICLE XVII

INDEMNIFICATION OF OFFICERS & DIRECTORS

Any person made a party to, or involved in, any civil, criminal or administrative action, suit or proceeding by reason of the fact he, his testator or intestate, is or was a director, officer or employee of the corporation, or of any corporation which he, his testator, or intestate, served as such at the request of the corporation, shall be indemnified by the corporation against expenses reasonably incurred by him or imposed on him in connection with, or resulting from the defence of such action, suit or proceeding, or in connection with, or resulting from, any appeal therein, except with respect to matters as



(Article XVII, cont.)

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to which it is adjudged in such action, suit or proceeding that such officer, director or employee is liable to the corporation or to such other corporation for negligence or misconduct in the performance of his duties. As used herein the term "expenses" shall include all obligations incurred by such person for the payment of money including, without limitation, attorney fees, judgements, awards, fines, penalties and amounts paid in satisfaction of judgement or in settlement of any such action, suit or proceeding, except amounts paid to the corporation or such other corporation by him. A judgement or conviction (whether based on a plea of guilty or nolo contendere or its equivalent, or after trial) shall not of itself be deemed an adjudication that such director, officer or employee is liable to the corporation or such other corporation for negligence or misconduct in the performance of his duties. Determination of the right to such indemnification and the amount thereof may be made, at the option of the person to be indemnified, pursuant to procedure set forth from time to time in the By-Laws or by any of the following procedure: (1) order of the court of the court or administrative body or agency having jurisdiction of the action, suit or proceeding, (2) resolution adopted by a majority of the board of directors of the corporation, there being a quorum present, without counting in such majority or quorum any directors who have incurred expenses in connection with such action, suit or proceeding, (3) if the majority of the directors have incurred expenses in connection with such action, suit or proceeding, then by resolution adopted by a majority of a committee of stockholders or directors who have not incurred such expenses, appointed by the entire board of directors, (4) resolution adopted by a majority of a quorum of the stockholders entitled to vote at any meeting, or (5) order of any court having jurisdiction over the corporation. Any such determination that a payment by way of indemnity should be made shall be binding upon the corporation. Such right of indemnification shall not be exclusive of any other right which such directors, officers and employees of the corporation, and the other persons above mentioned, may have or hereafter acquire and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any By-Law, agreement, vote of stockholders, provision of law or otherwise, as well as their rights under this article. The provisions of this article shall apply to any member of any committee appointed by the board of directors as fully as though such person had been a director, officer or employee of the corporation.

## ARTICLE XVIII

NOTIFICATION UPON TRANSFER

An owner of any lot which is part of the Properties shall notify the Secretary of the Board of Directors when the lot is sold or rented or when the owner gives up possession and occupancy of the lot to another. The owner will thereupon provide the Secretary with the name, lot number, townhouse number, and billing address as well as the nature of the occupancy by the new person.

## ARTICLE XIX

BONDING

The Treasurer and other members of the association handling association money shall be bonded in an amount as may be appropriate.

ARTICLE XX

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NONPAYMENT OF ASSESSMENTS

All assessments are due on the first day of each quarter as established by the Board of Directors. Any assessments not paid within thirty (30) days after the first day of each quarter shall be considered delinquent. All delinquent assessments shall bear interest from the first day of each quarter at the rate one and a half percent (1½%) per month. If the assessment is not paid, then at least thirty (30) days after the first day of each quarter, the delinquent owner shall be advised by letter that association services will be discontinued if payment is not made. If the assessment remains unpaid on the 55th day following the beginning of the quarter, the delinquent owner will be supplied a second notice in writing, comparable to the first notice. If the assessments are not paid by the 70th day following the beginning of the quarter, the owner will be notified by certified or registered mail or by personal delivery of a written notice comparable to the first notice mailed. If the assessment is not paid by the 75th day, an agent of the association shall personally notify the occupant of the lot upon which a delinquency exists that association services will be discontinued upon the 80th day. If the assessments remain unpaid as of the 80th day following the beginning of the quarter, the Board of Directors is authorized, through it's officers and agents, to cause all association services to be terminated as to any lot upon which there exists delinquent assessments. As used in this paragraph, the word association services includes the termination of individual internal water supply to the delinquent townhouse. In the event association services are terminated pursuant to this paragraph, the services will not be reinstated until all past assessments are brought current, all reasonable expenses incurred in the collection of the assessments are paid, including termination and reconnection expenses. In the event the association errs in the termination of any services, then the corporation shall assume any expense in connection therewith, which expenses were caused by the association. Any notice required to be given pursuant to this paragraph shall be given in each instance to the occupant of the lot upon which a delinquency exists.

THE FOREGOING IS TRUE AND CORRECT COPY OF THE BY-LAWS OF COUNTRY CLUB HEIGHTS UNIT THREE TOWNHOUSE CORPORATION.

*Marie Battaglia*  
SECRETARY

ATTEST:

*James P. Seamans*  
PRESIDENT

On this 17th day of November, 1986, before me, the undersigned officers Secretary and President, executed the above signatures to acknowledge the foregoing BY-LAWS of the Country Club Heights Unit Three Townhouse Corporation. In witness thereof, I have hereunto set my hand and official seal.

4-15-89  
My commission expires

*Quay Lindsey*  
NOTARY PUBLIC