

AMENDED AND RESTATED BYLAWS OF CONSOLIDATED COOPERATIVES OF
SCOTTSDALE EAST, INC. *Reformatted into digital document format 9_2012*

ARTICLE 1. GENERAL PROVISIONS

1.1 Principal Office. The principal office of the Corporation shall be located at the known place of business of the Corporation designated in the Articles of Incorporation (the "Articles") or such other place as the Corporation may designate from time to time in accordance with the Arizona Nonprofit Corporation Act, but meetings of Members and Directors may be held at such other place within the State of Arizona as may be designated by the Board.

1.2 Defined Terms. Capitalized terms used in these Bylaws without definition shall have the meanings specified for such terms in the Occupancy Agreement for the Corporation, as such Occupancy Agreement may be amended from time to time. As used in these Bylaws, the term "Eligible Votes" means the total number of votes entitled to be cast by Members as of the record date for determining the Members entitled to vote at a meeting or in respect of any other lawful action including, but not limited to, action by written ballot or written consent. As used in these Bylaws, the term "Community Documents" means the Articles, the Bylaws, the Occupancy Agreement and the Rules and Regulations of the Corporation, as they may be in effect from time to time.

1.3 Conflicting Provisions. In the case of any conflict between the Articles and these Bylaws, the Articles shall control.

1.4 Designation of Fiscal Year. The fiscal year of the Corporation shall begin on the 1st 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 of the Corporation.

1.5 Financial Records. An annual financial report consisting of at least the following shall be made available to all Members within ninety (90) calendar days after the close of each fiscal year:

- (a) A balance sheet;
- (b) An operating (income) statement;
- (c) A statement of changes in financial position for the fiscal year; and
- (d) A management letter.

The annual financial report shall be prepared by a Certified Public Accountant and shall be on an audited basis.

1.6 Reserve Requirements. The Corporation shall keep two reserve accounts at all times:

(a) Emergency Reserve Account. This emergency reserve account shall have a minimum of \$150,000.00 on deposit. Emergency shall be defined as Acts of God, fire, flood, plumbing or sewer breakage where the expense cannot be absorbed in the annual budget. Any funds used from this fund, must be with Board approval voted in an open meeting. Any and all funds used must be replaced as soon as practicable as part of the annual budgeting process.

(b) Capital Replacement Reserve. This reserve shall be for the funding of long term replacement items, i.e., roofing, major plumbing, sewer, water lines, major electrical wiring, paving, painting of buildings, etc. This reserve will vary in amount due to project costs. Any funds used from this fund must be with Board approval voted in an open meeting. Reserve amounts shall be based on inputs from the finance committee and property manager. Not less than once each five (5) years, the Board of Directors shall obtain a reserve study from a recognized reserve analysis company.

1.7 Fidelity Bonds. The Board of Directors shall obtain fidelity bonds for all officers and employees of the Corporation, in an amount determined by the Board, but which shall be not less than the amount of the annual operating budget. The premiums on such bonds shall be paid by the Corporation.

1.8 Amendment. These Bylaws may be amended by an affirmative vote of not less than two-thirds (2/3) of Eligible Votes (as defined in the Bylaws), provided that the number of Eligible Votes cast in connection with such proposed amendment either in person, by proxy, by written consent or by written ballot, as applicable, shall not be less than one hundred twenty (120).

1.9 Dissolution of Corporation. The Corporation may not be dissolved unless and until all property owned by the Corporation has been sold. The sale of all property owned by the Corporation requires the affirmative vote of not less than two hundred sixty three (263) Eligible Votes at a Special Meeting called for the purpose to sell all property and to dissolve the Corporation. Upon such sale and dissolution, after all financial obligations of the Corporation have been satisfied, each Member shall be entitled to receive ninety percent (90%) of the Fair Market Value of his or her Dwelling Unit and Membership (the "Unit Value") plus 1/350th of all available proceeds of such sale after the payment of the Unit Value to all Members. For the purpose of this Section, Fair Market Value shall mean the average of the last three sales of a comparable Dwelling Unit. Section 1.8 above notwithstanding, this provision may not be amended except by the affirmative vote of not less than two hundred sixty three (263) Eligible Votes at a Special Meeting called for the purpose of amending this Section.

1.10 Indemnification. The Corporation shall indemnify its officers and Directors to 2 the maximum extent permitted by law.

ARTICLE 2. MEMBERSHIP

2.1 Qualification for Membership. The membership of the Corporation shall be of one class and shall consist of each person of legal age who is a party to an "Occupancy Agreement" with the Corporation. An applicant must pass the general qualifications for membership, written application, criminal background and credit check, membership committee interview, and receive Board approval to become a Member of the Corporation.

2.2 Membership Voting. Each Dwelling Unit shall be allocated one vote. The vote for each Dwelling Unit must be cast as a unit, and fractional votes shall not be allowed. In the event that more than two or more persons are parties to an Occupancy Agreement for a Dwelling Unit and such persons are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Member casts a vote representing a certain Dwelling Unit, it will thereafter be conclusively presumed for all purposes that he or she was acting with the authority and consent of all other persons on the Occupancy Agreement for such Dwelling Unit unless objection thereto is made at the time the vote is cast. In the event more than one vote is cast for a particular Dwelling Unit, none of the votes for that Dwelling Unit shall be counted and all of the votes shall be deemed void. Only a Member in Good Standing may vote. A Member in Good Standing is defined as:

- (a) A person named on an Occupancy Agreement for a Dwelling Unit;
- (b) who is of legal age;
- (c) who has no outstanding financial obligations, carrying charges, late fees, penalty fees, work order costs, or any other financial obligation to the Corporation.

2.3 Eligibility and Application for Membership. Any natural person approved by the Board of Directors after application has been presented to the Board of Directors pursuant to its prescribed forms and procedures shall be eligible for membership, and membership shall become effective upon the execution by such person and the Corporation of an Occupancy Agreement.

2.4 Sale of Dwelling Unit. Prior to listing a Membership and Occupancy Agreement for sale, the Member must notify the Corporation and schedule an inspection of the Dwelling Unit to ascertain that the Dwelling Unit is in satisfactory condition. No Application for membership will be processed until the inspection has been completed and the Dwelling Unit is in satisfactory condition in accordance with the Occupancy Agreement. Membership in the Corporation is not transferable, except in connection with the transfer of the Occupancy Agreement to which it is associated.

2.5 Transfer On Death of Member. If, upon death of a Member, the deceased member's membership and rights to the Dwelling Unit passes by will, designation of

beneficiary or intestate distribution to another person, such legatee, beneficiary, or distributee may, after being approved for membership pursuant to the policies and procedures then in effect, become a Member of the Corporation by paying all amounts due in connection with the deceased Member's Occupancy Agreement and executing a new Occupancy Agreement within sixty (60) days after the Member's death. If a successor is not approved for Membership, the Dwelling unit must be listed for sale.

2.6 Suspension of Member Rights or Privileges. The Board may suspend the voting rights of a Member, a Member's right to use the Corporation's common use facilities, other than the right of the Member to have access to the Dwelling Unit and parking areas, or any other right or privilege of a Member in accordance with the procedures set forth in this Section, not including termination as provided in the Occupancy Agreement. Written notice of any such suspension (the "Suspension Notice") shall be given to the Member at least fifteen (15) days prior to the effective date of the suspension, and such notice shall state the reasons for such suspension. The notice shall also advise the Member of the Member's opportunity to submit to the Board at least five (5) days before the effective date of the suspension a written statement contesting the suspension and setting forth the Member's position with respect to the suspension. The Member may request a meeting with the Board to discuss the suspension. Notwithstanding the receipt of a written statement by the Member, the suspension shall become effective on the date set forth in the Suspension Notice, unless the Board decides that the suspension should not become effective.

2.7 Financing Prohibited. Members are prohibited from financing or pledging their Membership in the Corporation or their Occupancy Agreement, including but not limited to using them as security or collateral in connection with any seller financing for the sale of a Dwelling Unit and Membership. The transfer of Membership in the Corporation in connection with a sale shall be deemed absolute and the Corporation shall not recognize any secured party as a Member of the Corporation as a result of any foreclosure or other similar action in connection with such financing.

ARTICLE 3. MEETINGS OF MEMBERS

3.1 Annual Meeting. An Annual Meeting of the Members of the Corporation shall be held at least once each year on the second Saturday in March, at a time and place determined by the Board, which shall be not farther than ten (10) miles from the Property.

3.2 Special Meetings. Special meetings of the Members may be called at any time by the President, by the Board, or upon the delivery to the office of the Corporation, during normal business hours, of a written petition for such Special Meeting signed by Members having at least twenty percent (20%) of the Eligible Votes. A Member may not

withdraw signatures on such petitions once the petition has been submitted to the Corporation.

The close of business on the thirtieth (30th) day before delivery of the petition for a special meeting shall be the record date for the purpose of determining whether the petition for the Special Meeting has been signed by Members having at least twenty percent (20%) of the Eligible Votes. A Special Meeting for the removal of a Director may be called for the Members in a Residential Building, and in such case, the above percentages shall refer to Eligible Votes in that Residential Building.

A Special Meeting called by petition shall be called by the President to be held not later than fifteen (15) calendar days after the delivery of such petition to the office of the Corporation. No Director or other Member shall verbally or physically abuse, harass or take any other action against any Member as a result of such Member signing a petition for removal.

3.3 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 each notice, postage prepaid, at least ten (10) but not more than sixty (60) days before such meeting to each Member entitled to vote at such meeting addressed to the Member's address last appearing on the books of the Corporation or supplied by such Member to the Corporation 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.

When a meeting is adjourned to another date, time or place, a notice of the new date, time or place is not required if the new date, time or place is announced at the meeting before adjournment. At the adjourned meeting, the Corporation may transact any business, which might have been transacted at the original meeting. If a new record date for the adjourned meeting is or must be fixed pursuant to these Bylaws, the Corporation shall give notice of the adjourned meeting pursuant to this Section to persons who are Members as of the new record date.

A Member's attendance at a meeting waives objection to the lack of notice or defective notice of the meeting, unless the Member at the beginning of the meeting objects to holding the meeting and transacting business at the meeting. In addition, a Member's attendance at a meeting waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter at the time it is presented.

3.4 Quorum. Except as otherwise provided in the Community Documents, the presence of Members in good standing in person or for whom proxies have been

received for such meeting entitled to cast twenty percent (20%) of the Eligible Votes shall constitute a Quorum at all meetings of the Members. If a Quorum shall not be present at any meeting, the Members entitled to vote who are present in person or for whom proxies have been received for such meeting shall have the power to adjourn the meeting from time to time until a Quorum shall be present.

3.5 Proxies. At all meetings of the Members, a vote may be cast in person or by proxy. A Member may appoint a proxy to vote or otherwise act for the Member. The designated proxy must be a Member in good standing. A proxy is valid for eleven months unless a shorter period is expressly provided in proxy. The designation of a proxy is effective on receipt by the Secretary or other officer or agent authorized to tabulate votes. All proxies for a Member's meeting must be received in the offices of the Corporation by the close of business (5:00 PM MST) on the last business day prior to such Members meetings.

The designation of a proxy is revocable unless the proxy conspicuously states that it is irrevocable and the designation is coupled with an interest. Designation of a proxy is revoked by the Member who appoints a proxy by either (a) attending any meeting and voting in person or (b) signing and delivering to the Secretary or other officer or agent authorized to tabulate proxy votes either a writing stating that the appointment of the proxy is revoked or a subsequent proxy. The death or incapacity of the Member who appoints a proxy shall not affect the right of the Corporation to accept the proxy's authority unless the Secretary or other officer or agent authorized to tabulate votes receives written notice of the death or incapacity before the proxy exercises authority under the appointment.

3.6 Record Date. For any meeting of the Members, the Board may fix a date as the record date for determining the Members entitled to notice of the meeting. If the Board fails to fix a record date for any meeting of the Members, the record date for determining the Members entitled to notice of the meeting shall be the business day before the day on which the notice of the meeting is given. The Board may also fix a date as the record date for determining the Members entitled to vote at a meeting of the Members. If the Board fails to fix such a record date, the Members on the date of the meeting who are otherwise eligible to vote are entitled to vote at the meeting.

A determination of Members entitled to notice of or to vote at a meeting of the Members is effective for any adjournment of the meeting, unless the Board fixed a new date for determining the right to notice or the right to vote. The Board shall fix a new date for determining the right to notice or the right to vote if the meeting is adjourned to a date that is more than thirty (30) days after the record date for determining Members entitled to notice of the original meeting.

The Board may fix a date as the record date for the purpose of determining the

Members entitled to exercise any rights in respect of any other lawful action of the Members. If a record date is not fixed by the Board, Members at the close of business on the day on which the Board adopts the resolution relating to that record date, or the thirtieth (30th) day before the date of other action, whichever is later, are entitled to exercise those rights.

The record date fixed by the Board under this Section shall not be more than thirty (30) days before the meeting or action requiring a determination of Members. If a court orders a meeting adjourned to another date, the original record date for notice of voting continues in effect.

3.7 Organization and Conduct of Meeting. All Members attending a meeting of the Members shall register with the Secretary (or such person or persons as may be designated by the Secretary) prior to commencement of the meeting, and all proxies must be filed with the Secretary (or such person or persons as may be designated by the Secretary) prior to commencement of the meeting.

After the meeting is called to order by the Chair of the Meeting, no further proxies or changes, substitutions or revocation of proxies shall be accepted. All meetings of the Members will be called to order and chaired by the President of the Corporation, or if there is no President or if the President is absent or so requests, then by the Vice President. If both the President and Vice President are not present at the meeting, any other officer of the Corporation or such member of the Corporation as is appointed by the Board may call the meeting to order and chair the meeting.

The order of business at the Members' meetings shall be as follows:

1. Verification of Quorum
2. Approval of previous meeting minutes
3. President's report
4. Committee reports
5. Manager's report
6. Election of Directors, if applicable
7. New business

New business proposed at a Member's meeting may not include the consideration of the expenditure of Corporation funds, the amendment of Community Documents or the approval of contractual agreements, unless the proposed consideration of such items is contain in the notice of the Member's meeting at which they are to be considered.

3.8 Notice to Members. Except for notices required by law to be delivered by mail, the Board shall provide notice to Members by means of community boards, laundry room

boards and resident door clips. Posted notice shall include: minutes of monthly Board meeting, notice of upcoming meetings, newsletters, sales of units, special announcements, and manager notices. Special notices shall be posted and from time to time delivered to resident units via door clips.

Members with out-of-state addresses are responsible to provide current address information to the Corporation. Notices mailed out-of-state will be considered effective at the earliest of the following:

- (a) when received; or
- (b) five days after deposit in the United States Mail as evidenced by the postmark.

3.9 Action by Written Ballot. Any action that the Corporation may take at any annual, regular or special meeting of the Members may be taken without a meeting if the Corporation delivers a written ballot to every Member entitled to vote on the matter. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action.

All solicitations for votes by written ballot shall: (i) indicate the number of responses needed to meet the quorum requirements; (ii) state the percentage of approvals necessary to approve each matter other than election of Directors; and (iii) specify the time by which a ballot must be delivered to the Corporation in order to be counted, which time shall not be less than five (5) days after the date that the Corporation delivers the ballot.

Once the Corporation has received a written ballot, the ballot may not be revoked. Approval by written ballot pursuant to this Section is valid only if both the number of votes cast by ballot equals or exceeds the Quorum required to be present at a meeting authorizing the action and the number of approvals equals or exceeds the number of votes which 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.

3.10 Action by Written Consent. The Members may approve any action required or permitted by law that requires the Members' approval without a meeting of the Members if Members holding at least a majority of the Eligible Votes approve the action, unless the Community Documents or applicable law require a different number of Eligible Votes. The action shall be evidenced by one or more written consents describing the action taken, signed by those Members representing at least the requisite amount of the Eligible Votes, and delivered to the Corporation for inclusion in the minutes or filing with the Corporate Records of the Corporation.

If not otherwise fixed by the Board pursuant to Section 3.6, the record date for determining Members entitled to take action without a meeting is the date the first

Member signs the consent to the action. A consent signed under this Section has the effect of a meeting vote and may be described as such in any document. Written notice of Member approval pursuant to this Section shall be given to all Members who have not signed the written consent.

Unless otherwise specified in the consent or consents, the action is effective on the date that the consent or consents are signed by the last Member whose signature results in the requisite amount of the Eligible Votes. Any Member may revoke the Member's consent by delivering a signed revocation of the consent to the President or Secretary before the date that the consent or consents are signed by the last Member whose signature results in the requisite amount of the Eligible Votes.

3.11 Voting Requirements. Unless otherwise provided in the Community Documents, if a Quorum is present at a meeting of the Members, the affirmative vote of a majority of the votes represented and voting is the act of the Members in good standing.

ARTICLE 4. BOARD OF DIRECTORS

4.1 Number and Terms of Office. The affairs of the Corporation shall be governed by a Board of Directors composed of seven persons, all of whom shall be Members in Good Standing of the Corporation. Each Director shall be a member elected from one of the seven separate Residential Buildings comprising Consolidated Cooperatives, that is: one each from Buena Ventura, Camelback, Desert Star, Edgewood, Fontaine Bleu, Granite Reef, and Hollyhock (the "Residential Buildings"). Directors elected by the Members shall serve for a term of one (1) year. Despite the expiration of a Director's term, a Director shall continue to hold office until the Directors' successor is elected, designated or appointed and qualified, or until the Director's resignation or removal.

4.2 Nomination. To be eligible for nomination for election as a Director, a person (i) must be in good standing, (ii) must commit to be in residence at the project for not less than ten (10) months during the term of the Board for which such nomination is being made, (iii) must not have a conviction for any felony, and (iv) must have received the signatures of at least ten percent (10%) of the Members in good standing then residing in his or her own Residential Building on a nominating petition.

He or she shall be considered a nominee upon receipt of the petition at the Corporation's office not later than forty (40) calendar days before the annual meeting. If no one is running to represent a given Residential Building at the time of the annual meeting, nominations from the floor will be accepted. Nominations must be seconded to allow the Member nominated to be a candidate. No nominations will be allowed from the floor if a Residential Building has a candidate. Members may sign more than one nominating petition for directors from their respective Residential Building.

No write in candidates will be permitted for elections conducted by written ballot.

4.3 Election. The Directors shall be elected by secret written ballot at the time of the annual meeting of the Members. In each election of Directors, the candidate in each Residential Building receiving the greatest number of votes from that Residential Building shall be deemed elected. Cumulative voting will not be permitted in the election of Directors.

4.4 Resignation of Directors. A Director may resign at any time by delivering written notice to the Board, its presiding officer or the Corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date or event.

4.5 Removal of Directors. Any one or more of the members of the Board may be removed from the Board with or without cause by a vote to remove by Members in that Director's Residential Building holding not less than fifty-one percent (51%) of the Eligible Votes present in person or by proxy, but in no event less than twenty votes to remove, at a Special Meeting of Members residing in that Director's Residential Building called for such purpose.

Any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting. If a Director is removed at such meeting, a replacement may be immediately elected by a majority of Eligible Votes present in person or by proxy at such Special Meeting. If no replacement is elected at such Meeting, a Special Meeting for such purpose must be called by the President to be held not later than twenty (20) calendar days after the Special Meeting at which a Director is removed.

A Director absent for three (3) consecutive Board meetings or absent for four (4) Board meetings in one calendar year may be removed by the majority vote of the remaining Directors.

4.6 Compensation. No director may be an employee of the Corporation. No Director shall receive compensation for any service he or she may render to the Corporation. However, any Director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

4.7 Action Taken Without a Meeting Prohibited. The Directors shall not have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent of all the Directors.

4.8 Vacancies. Any vacancy occurring in the Board may be filled by the election of a Member at a special meeting of Members residing in that Residential Building held not

less than fifteen (15) calendar days or more than thirty (30) calendar days following the occurrence of a vacancy.

If the vacancy is not filled by election, the position may be filled by an affirmative vote of the remaining Directors. Any Director so chosen shall serve the remainder of the term of the Director he replaces. Any newly created Directorship shall be deemed a vacancy. If by reason of death, resignation or otherwise, the Corporation has no Directors in office, any Member may call a Special Meeting of the Members for the purpose of electing the Board.

4.9 Meetings. If the time and place of a meeting or meetings of the Board are fixed by resolution of the Board, the meeting is a regular meeting. All other meetings of the Board are special meetings. Regular meetings of the Board shall be held not less than ten (10) months in any calendar year and may be held with or without notice to the Directors of the date, time, place or purpose of the meeting.

All meetings of the Board of Directors are open to all Members, and Members so desiring shall be permitted to attend and listen to the deliberations and proceedings, provided, however, that for regular and special meetings of the Board, Members who are not Board members may not participate in any deliberations or discussions unless expressly so authorized by a vote of the majority of a quorum of the Board.

A meeting may be closed only if the meeting is limited to consideration of one or more of the following:

- (a) Employment or personnel matters for the employees of the Corporation;
- (b) Legal advice from an attorney for the Corporation;
- (c) Past, pending or contemplated litigation;
- (d) Past, pending or contemplated matters relating to enforcement of the Corporation's documents or rules.

Special meetings of the Board maybe called by the President on two (2) business days notice to each Director, given in writing, by hand delivery, mail, e-mail, or facsimile, which notice shall state the time, place and purpose of the meeting. The President or Secretary shall call special meetings of the Board in like manner and on like notice upon the receipt of the written request of at least two (2) Directors.

A Director's attendance at or participation in a meeting waives any required notice to the Director of the meeting, unless the Director at the beginning of the meeting or promptly on the Director's arrival at the meeting objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

A Director may participate in a regular or special meeting of the Board through the use of any means of communication by which all Directors participating may simultaneously hear each other during the meeting, and a Director participating in a meeting by such means is deemed to be present in person at the meeting.

Notice of meetings of the Board shall be given to the Members of the Corporation within such time and in such manner as is required by law or as may be established by the Board.

4.10 Quorum and Voting. A majority of the prescribed number of Directors shall constitute a Quorum for the transaction of business. If a quorum is present when a meeting is convened, the meeting shall be deemed to continue until the meeting is adjourned. Notwithstanding the departure of one or more Directors, as long as a quorum of the Board exists when a vote is taken, the affirmative vote of a majority of Directors present is the act of the Board, unless the Community Documents require the vote of a greater number of Directors.

A Director who is present at a meeting of the Board when corporate action is taken is deemed to have assented to the action taken unless either: (a) the Director objects at the beginning of the meeting or promptly on the Director's arrival to holding it or transacting business at the meeting; (b) the Director's dissent or abstention from the action taken is entered in the minutes of the meeting; or (c) the Director delivers written notice of the Director's dissent or abstention to the presiding officer of the meeting before its adjournment or to the Corporation before 5:00 P.M. on the next business day after the meeting. The right of dissent or abstention is not available to a Director who votes in favor of the action taken. A Director may not vote by proxy.

4.11 Powers and Duties. The Board shall have all of the powers and duties necessary for the administration of the Corporation's affairs and for performing all responsibilities and exercising all rights of the Corporation as set forth in the Community Documents or as provided bylaw. The Board may do or cause to be done any act which the Community Documents do not direct to be done by the Members.

The duties of the Board shall include:

(a) accepting or rejecting all applications for membership and admission to the occupancy of a dwelling unit, either directly or through the recommendations of the Membership Committee;

(b) terminating membership and occupancy rights for cause, as provided in the Community Documents;

(c) recommending amendments to the Community Documents for the approval of the Members;

(d) designating officers as signatories on all bank accounts with a minimum of two signatures required on all checks and withdrawals;

(e) making, or contracting for the making, of repairs, additions to, improvements to or alterations of the Corporation's property, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

(f) enforcing the provisions of the Community Documents by any and all means authorized by the Community Documents or by law; provided, however, that the Corporation shall not be obligated to take action to enforce any provision of the Community Documents if the Board determines, in its sole discretion, that because of the strength of the Corporation's position, possible defenses, the time and expenses of litigation or other enforcement action, the likelihood of a result favorable to the Corporation or other factors deemed relevant by the Board, enforcement action would not be appropriate or in the best interests of the Corporation;

(g) upon recommendation of the General Manager, designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair, replacement of the Corporation's property and providing services for the Members, and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties;

(h) providing for the operation, care, upkeep and maintenance of all of the Corporation's property and borrowing money on behalf of the Corporation when required in connection with the operation, upkeep and maintenance for the Corporation's property;

(i) preparing and adopting a budget for the Corporation prior to the commencement of each fiscal year and setting the Carrying Charges for each unit;

(j) adopting Corporation Rules and Regulations for the use and occupancy of the Corporation's property including the Dwelling Units;

(k) causing to be kept a complete record of all its acts and corporate affairs;

(l) supervising all officers, agents and employees of the Corporation and seeing that their duties are properly performed;

(m) levying, collecting and enforcing the payment of Carrying Charges in accordance with the provisions of the Community Documents;

(n) procuring and maintaining adequate property, liability and other insurance with such coverages and in such amounts as may be determined from time to time by the Board or as may be required by any mortgage or deed of trust on the Corporation's property, but in no event with casualty insurance less than the full replacement value of the Corporation's Property; and

(o) causing all officers or employees having fiscal responsibilities to be bonded, as the Board may deem appropriate.

4.12 Standard of Conduct for Directors. Each Director shall perform his or her duties, including duties as a Member of a Committee (i) in good faith, (ii) with the care an ordinarily prudent person in a like position would exercise under similar circumstances and, (iii) in a manner the director reasonably believes to be in the best interest of the

Corporation.

In performing his or her duties, a director is entitled to rely on information, opinion, reports or statements, including financial statement and other financial data, if prepared or presented by (i) any Member whom the Director reasonably believes is reliable and competent in the matters presents; (ii) legal counsel, public accountants or other person as to matters the Director reasonably believes are within the person's professional or expert competence; (iii) a committee of or appointed by the Board of Directors of which the Director is not a Member if he reasonably believes the committee merits confidence.

A Director is not acting in good faith if the Director has knowledge concerning a matter in question that makes reliance of any of the above- mentioned unwise.

4.13 Limitations on Board Authority. The powers of the Board of Directors shall be prohibited from taking any of the following actions, except upon affirmative vote of not less than two-thirds (2/3) of Eligible Votes, provided that the number of Eligible Votes cast in connection with such proposed action either in person, by proxy, by written consent or by written ballot, as applicable, shall not be less than one hundred twenty (120), at the Annual or at a Special Meeting of the Members called for such purpose or with such item specifically included in the notice for such meeting:

(a) adopt the annual budget or any amendment thereto which would result in an increase of Carrying Charges in excess of twenty percent (20%) greater than the Carrying Charges for the preceding year;

(b) adopt, repeal or amend the Articles of Incorporation, Bylaws or the Occupancy Agreement;

(c) sell during any fiscal year property of the Corporation having an aggregate fair market value greater than ten (10) percent of the budgeted gross expenses of the Corporation for that fiscal year;

(d) borrow money on behalf of the Corporation when required in connection with any instance relating to the operation, care, upkeep, and maintenance of the property in excess of fifteen (15) percent of the budgeted gross expenses of the Corporation for that fiscal year;

(e) enter into a contract in excess of one (1) year with a third person wherein the third person will furnish goods or services for the common area of the Corporation, provided that (i) there shall be no limit on the term of a contract for the provision of public or quasi-public utilities, (ii) a contract with a managing agent may be for up to three (3) years without Members' approval, and (iii) agreements for insurance may be for up to three (3) years without Members' approval.

4.14 General Manager. The Board may employ for the Corporation and the Property a professional manager ("Managing Agent") at a compensation established by the Board. The Board may delegate to the Managing Agent such powers as are necessary for the

Managing Agent to perform the duties assigned to the Managing Agent by the Board, but the Board shall not delegate to the Managing Agent policymaking authority or the power to:

- (a) adopt the annual budget, any amendment thereto or to levy Carrying Charges;
- (b) adopt, repeal or amend Corporation Rules and Regulations: 13
- (c) designate signatories on Corporation bank accounts;
- (d) borrow money on behalf of the Corporation;
- (e) acquire or dispose of real property on behalf of the Corporation.

ARTICLE 5. OFFICERS AND THEIR DUTIES

Enumeration of Officers. The Principal Officers of the Corporation shall be a President, Vice-President, Secretary and Treasurer. The Board shall elect all Officers. All Officers must be Members of the Board. The Board may elect such other Officers as the Board deems desirable, 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. The same individual may simultaneously hold more than one Office in the Corporation, other than President and Secretary.

5.2 Election of Officers. The Election of Officers shall take place at the first meeting of the Board following each Annual Meeting of the Members, which shall be held not less than ten (10) calendar days after the Annual Meeting. This Board meeting shall consist of three parts: (i) election of new officers; (ii) outgoing Directors shall provide a briefing to the new board on all ongoing projects, approved motions within the last 60 days, financial status, litigation, correspondence, bids, etc., and (iii) new Directors will receive Directors' Manuals from outgoing Directors. Newly elected Secretary will make record of minutes.

5.3 Term. The Board shall elect the Officers of the Corporation annually and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

5.4 Resignation and Removal. The Board may remove any officer from Office with or without cause. Any Officer may resign at any time by giving written notice to the Corporation. A resignation is effective when the notice is delivered unless the notice specifies a later date or event. The acceptance of a resignation shall not be necessary to make it effective. If a resignation is made effective at a later date or event and the Board accepts the later effective date, the Board may fill the pending vacancy before the effective date if the Board provides that the successor shall not take Office until the effective date.

5.5 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.

5.6 Powers and Duties. To the extent such powers and duties are not assigned or delegated to a Managing Agent pursuant to Section 4.14, the powers and duties of the Officers shall be as follows:

5.7 President. The President shall be the Chief Executive Officer of the Corporation; shall preside at all meetings of the Board or the Members; and have general supervision of the business of the Corporation;

5.8 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;

5.9 Secretary. The Secretary shall record the votes and keep the Minutes of all meetings and proceedings of the Board and of the Members and shall post the Minutes of meetings within 14 days of the meeting, serve notice of meetings of the Board and of the Members, keep appropriate current records showing the Members of the Corporation together with their addresses, and shall perform such other duties as required by the Board. The Secretary shall record the number of votes of elected members at the Annual Meeting.

5.10 Treasurer. The Treasurer shall be responsible for overseeing the receipt and deposit of funds in appropriate bank accounts, keep proper books of account, work with finance committee and general manager in preparing an annual report; and, in general, perform all the duties incident to the Office of Treasurer.

ARTICLE 6. COMMITTEES

6.1 Standing Committees of the Board. There shall be three permanent standing committees of the Corporation:

(a) a Finance Committee (to provide the Board of Directors with recommendations on financial obligations and policies, assist in preparation of the annual budget for Board of Directors' approval, and assist the General Manager in longer term fiscal policies and relevant economic expense cost trends);

(b) a Membership Committee (to assist the Board by interviewing prospective members and to recommend approval or denial, by having a designated Board Member present for all interviews, and by asking any questions or concerns in regards to background and financial ability to pay. The Membership Committee has no power to approve or deny Membership);

(c) a Rules and Regulations Committee (to assist the Board in the development of general policies, updating Redbook with passed motions, and propose amendments to the Community Documents).

The Board shall appoint at least three Members in Good Standing to each committee, one of whom shall be a member of the Board and who may be the Chairman of the Standing Committee. The Board shall assign such committees to perform such tasks as the Board deems necessary or desirable. Any such committees shall be advisory only and shall not have the power to exercise any authority of the Board.

6.2 Other Committees of the Board. The Board may appoint ad hoc committees consisting of Members in good standing to perform such tasks as the Board deems necessary or desirable. Any such committees shall be advisory only and shall not have the power to exercise any authority of the Board.

CERTIFICATION

I hereby certify that the foregoing Amended and Restated Bylaws were duly adopted by the Corporation on the _____ day of _____.
_____ Secretary