

BY-LAWS
OF
BRIDGEVIEW AT HAYDEN FERRY LAKESIDE
CONDOMINIUM ASSOCIATION, INC.

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OF
BRIDGEVIEW AT HAYDEN FERRY LAKESIDE
CONDOMINIUM ASSOCIATION, INC.

Chapter 1
General

1.1. Applicability.

These By-Laws provide for the self-governance of Bridgeview at Hayden Ferry Lakeside Condominium Association, Inc., in accordance with the Articles of Incorporation of Bridgeview at Hayden Ferry Lakeside Condominium Association, Inc., filed with the Arizona Corporation Commission, as they may be amended ("Articles"), and the Declaration of Condominium for Bridgeview at Hayden Ferry Lakeside, A Condominium, recorded in the public records of Maricopa County, Arizona, as it may be amended ("Declaration").

1.2. Name.

The name of the corporation is Bridgeview at Hayden Ferry Lakeside Condominium Association, Inc. ("Association").

1.3. Purpose.

The Association shall be responsible for administering Bridgeview, establishing the means and methods of collecting the contributions to the Common Expenses, arranging for the management of Bridgeview, and performing all of the other acts that may be required to be performed by the Association pursuant to the Arizona Condominium Act ("Act"), the Articles, and the Declaration. Except as to those matters which either the Act, the Declaration, the Articles, or the Arizona Nonprofit Corporation Act speci-

cally require to be authorized by the vote of or performed by the members, the administration of the foregoing responsibilities shall be performed by the Association's board of directors ("Board" or "Board of Directors").

1.4. Definitions.

Unless the context otherwise requires, the terms used in these By-Laws shall be given their common, generally accepted meanings or, in the case of capitalized terms, the meanings set forth in the Declaration or the Act. As used in these By-Laws, the term "majority" shall mean those votes, Owners, or other group, as the context may indicate, representing more than 50% of the total number. Unless otherwise specifically stated, the phrase "majority vote" means more than 50% of those votes cast in person or by proxy.

1.5. Membership.

An Owner of a Unit shall automatically become a member of the Association upon taking title to the Unit and shall remain a member for the entire period of ownership. If more than one Person holds title to a Unit, the membership shall be shared in the same proportion as the title, but there shall be only one membership per Unit. Mortgagees or other Persons who hold an interest in the Unit merely as security for the performance of an obligation shall not be members.

and the giving of a Mortgage or other security interest shall not terminate the Owner's membership. Membership shall be appurtenant to the Unit and shall be transferred automatically by conveyance of title to the Unit and may be transferred only in connection with the transfer of title.

Chapter 2

Meetings of Members

2.1. Annual Meetings.

Annual meetings of the members shall be held not more than 90 days before or after the end of the Association's fiscal year, with the date, hour, and place to be set by the Board. The first annual meeting of the members shall be held not more than 90 days before or after the end of the Association's first full fiscal year. Meetings shall be held within Bridgeview or at some other suitable place in Arizona designated by the Board.

2.2. Special Meetings.

Special meetings of the members for any purpose may be called at any time by the President, by a majority of the directors, or by Owners having a right to vote at least 20% of the total Association vote.

2.3. Notice of Meetings.

It shall be the duty of the Secretary to provide notice to each Owner of each annual or special meeting of the membership at least 14 days prior to each annual meeting and at least 10 days prior to each special meeting; provided, notice may not be sent more than 50 days prior to any meeting. The notice shall state the purpose of any special meeting, as well as the time and place where it is to be held. Upon written request, any Interested Mortgagee, as defined in the Declaration, shall be entitled to written notice of all meetings and shall be permitted to designate a representative to attend and observe any such meeting. An officer of the Association, or the manager or other person providing notice of a meeting of the membership, shall provide an affidavit or United States Postal Service certificate of mailing, to be included in the Association's official records, affirming that notice was mailed or hand delivered in accordance with these By-Laws

to each Owner at the address of such Owner last furnished to the Association.

2.4. Waiver of Notice.

Any Owner may, in writing, waive notice of any meeting of the Owners, either before or after such meeting. Attendance at a meeting by an Owner, whether in person or by proxy, shall be deemed a waiver by such Owner of notice of the time, date, and place thereof unless such Owner specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted at such meeting unless objection to lack of notice is raised before the business, of which proper notice was not given, is put to a vote. Waiver of notice of any meeting of the Owners shall be deemed the equivalent of proper notice.

2.5. Quorum.

Except as may be provided elsewhere, the representation of Owners, in person or by proxy, entitled to cast at least 25% of the total eligible votes in the Association shall constitute a quorum. Once a quorum is established for a meeting, it shall conclusively be presumed to exist until the meeting is adjourned and shall not need to be reestablished.

2.6. Adjournment.

Any meeting of the Owners may be adjourned from time to time for periods not exceeding 48 hours by the vote of Owners holding a majority of the votes represented at such meeting, regardless of whether a quorum is present. Any business which could be transacted properly at the original session of the meeting may be transacted at a reconvened session, and no addi-

tional notice of such reconvened session shall be required.

2.7. Voting.

Each Unit shall be allocated a vote weighted in accordance with the percentage of Allocated Interest attributable to the Unit, as described in the Declaration. Such vote may be cast by the Owner, the Owner's spouse, or by a lawful proxy, as provided below. In the case of an Owner that is a corporation, any officer of the corporation shall have the authority to vote and to execute proxies, waivers, and consents on behalf of the corporation in the absence of evidence presented before a vote is taken that such officer does not have authority to act on behalf of the corporation. Any other Owner that is not an individual shall designate by written notice to the Secretary of the Association the name and address of the individual who shall be entitled to exercise the Owner's membership rights in the absence of a proxy.

If a Unit is owned by more than one person, each Owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. When more than one Person owns a Unit, the vote for such Unit shall be exercised as they, between or among themselves, determine, but in no event shall more than one weighted vote be cast with respect to any Unit. If only one co-owner attempts to vote for a Unit, it shall be conclusively presumed that such co-owner is authorized on behalf of all co-owners to cast the vote for the Unit. In the event of disagreement among co-owners and an attempt by two or more of them to cast such vote in an inconsistent manner, such Persons shall not be recognized and such vote shall not be counted.

Unless otherwise provided in the Declaration or these By-Laws, all decisions shall be by majority vote.

2.8. Proxies and Absentee Ballots.

(a) *Proxies.* During the Declarant Control Period, any vote allocated to a Unit may cast by proxy duly executed by an Owner of the Unit. To be valid, all proxies shall be in writing, duly executed by the Owner, indicating the date of the meeting for which it is given, and shall be filed with the Secretary of the Association prior to the opening of the meeting for which it is to be used. An Owner may not revoke a proxy except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. The proxy is revoked on presentation of a later dated proxy executed by the same Unit Owner. A proxy terminates one year after its date, unless it specifies a shorter term or unless it states that it is coupled with an interest and is irrevocable.

(b) *Absentee Ballots.* After termination of the Declarant Control Period, Owners may not vote by proxy, and may only vote in person at a meeting or by absentee ballot as provided in this subsection (b). Any vote allocated to a Unit may be cast at a meeting of the Association by written absentee ballot duly executed by an Owner of the Unit. The absentee ballot shall:

- (i) set forth each proposed action to be voted upon;
- (ii) provide an opportunity to vote for or against each proposed action; and
- (iii) specify the time and date by which the ballot must be received by the Association in order to be counted, which date shall be at least seven days after delivery of the ballot to the Owner.

To be valid, the absentee ballot shall be filed with the Secretary of the Association prior to the opening of the meeting for which it is to be used. Votes cast by absentee ballot are valid for the

purpose of establishing a quorum at a meeting. An Owner may not revoke an absentee ballot except by actual notice of revocation to the person presiding over a meeting of the Association. No absentee ballot may authorize another person to cast votes on behalf of an Owner. The absentee ballot is valid only for one specified meeting of the Association and expires automatically after adjournment of the meeting.

2.9. Action Without a Meeting.

Any action required or permitted by law to be taken at a meeting of the members may be taken without a meeting, without prior notice and without a vote if written consent specifically authorizing the proposed action is signed by members holding at least the minimum number of votes necessary to authorize such action at a meeting if all members entitled to vote thereon were present. Such consents shall be signed, dated, and delivered to the Association within 60 days after receipt of the earliest dated consent. Such consents shall be filed with the minutes of the Association and shall have the same force and effect as a vote of the members at a meeting. Within 10 days after receiving authorization for any action by written consent, the Secretary shall give written notice to all members entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action.

2.10. Order of Business.

At all meetings of the Association, *Robert's Rules of Order* (latest edition) shall govern when not in conflict with the Declaration or these By-Laws. Unless otherwise provided in the notice calling the meeting, the order of business shall be: Roll Call, Proof of Notice, Reading of Minutes, Officers' Reports, Old Business, Elections (if any), New Business, and Adjournment.

Chapter 3

Board of Directors

A. Composition and Selection.

3.1. Composition.

A Board of Directors composed of three or four persons, as provided in this Chapter, shall govern the Association's affairs. The initial Board shall be comprised of the three persons identified in the Articles of Incorporation. Except for directors appointed by Declarant, all directors shall be Owners of Units or spouses or domestic partners of Owners or, in the case of an Owner that is a corporation, partnership, or other legal entity, the individual designated by written notice to the Secretary of the Association to exercise the membership rights of the Owner. No Owner and his or her spouse or domestic partner may serve on the Board at the same time.

3.2. Directors During Declarant Control Period.

(a) Subject to the provisions of Section 3.2(b), the directors shall be selected by Declarant acting in its sole discretion and shall serve at its pleasure until termination of Declarant's right to appoint directors as provided in the Declaration. Notwithstanding anything to the contrary in these By-Laws, Sections 3.3 through 3.6 shall not apply to those directors appointed by Declarant during the period that Declarant retains the right to appoint and remove a majority of the directors hereunder and under the Declaration.

(b) Subject to the provisions of the Act, control of the Board of Directors shall be transitioned from Declarant-appointed directors to directors elected by the Owners as follows:

(i) When 33% of the Units planned for Bridgeview have been conveyed to Persons other than a successor Declarant, or an affiliate of

Declarant, or whenever Declarant earlier determines, the members other than Declarant shall be entitled to elect one of the three directors. The Association shall call, and give not less than 60 days' notice, for an election meeting for such purpose. The director so elected shall be elected for a term of one year or until the happening of the event described in Section 3.2(ii) below, whichever is shorter. If such director's term expires prior to the happening of the event described in Section 3.2(ii) below, a successor shall be elected for a like term.

(ii) At the first annual meeting of the membership after termination of the Declarant Control Period, as set forth in the Declaration, the members other than Declarant shall be entitled to elect two of the three directors. The director receiving the most votes shall be elected for a term of two years and the remaining director shall be elected for a term of one year. Thereafter, upon the expiration of the term of office of each such member of the Board of Directors, a successor shall be elected to serve a term of two years.

(iii) So long as Declarant holds for sale in the ordinary course of business at least five percent of the Units in Bridgeview, Declarant shall be entitled to elect at least one member of the Board of Directors. Within 75 days after such right terminates, the director appointed by Declarant shall resign and the President shall call for an election at which the Owners shall be entitled to elect a director to fill the vacancy until the next annual meeting, at which time a successor shall be elected to serve a term of two years.

(iv) At such time as Declarant's right to elect at least one member of the Board of Directors terminates, as provided in subsection (iii) above, the Joint Committee shall have the right

to appoint a fourth non-voting member to the Board. The non-voting director shall have the right to attend all meetings of the Board and participate in any discussions by the Board, but shall not have the right to vote on any matter. The non-voting director shall be selected by the Joint Committee in its sole discretion and shall serve at the Joint Committee's pleasure.

3.3. Election Procedures.

Not less than 60 days prior to any scheduled election of directors, the Association shall provide notice of the election to each Owner. Any Owner or other eligible person desiring to be a candidate for election to the Board of Directors shall notify the Board at least 10 days before the scheduled election.

At any election of directors, all members of the Association eligible to vote shall be entitled to cast the vote allocated to their Unit for each director position to be filled. Cumulative voting shall be permitted. That number of candidates receiving the most votes shall fill the directorships for which elections are held. Directors may be elected to serve any number of consecutive terms.

Notwithstanding the above, an election and balloting are not required unless more candidates file notices of intent to run or are nominated than the number of vacancies to be filled on the Board.

3.4. Recall or Removal of Members of the Board of Directors.

Except for directors appointed by Declarant, any member of the Board of Directors may be recalled or removed with or without cause by a vote of, or agreement in writing signed by, Owners entitled to cast a majority of the total eligible Association votes. Upon the petition of Owners representing at least 20% of the eligible votes in the Association calling for the removal of

a member of the Board, the Board shall call a special meeting of the Owners for the purpose of proposing the recall of the director. The special meeting provided for in this Section 3.4 shall be called, noticed, and held within 30 days after receipt of the petition. The notice of any meeting at which the Owners intend to recall a member of the Board shall otherwise comply with the requirements for a special meeting of Unit Owners, as set forth in Sections 2.2 and 2.3.

For purposes of a special meeting called pursuant to this Section, a quorum shall be present if Owners entitled to cast at least 20% of the total eligible votes in the Association are present in person or by proxy or absentee ballot. Any director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting. The Association shall retain all documents and other records relating to the proposed removal of a director by the Owners for at least one year after the date of the special meeting and shall permit Owners to inspect those documents and records pursuant to Section 33-1258 of the Act.

Additionally, any director elected by the Owners or any director appointed by the Board to fill the unexpired term of a director elected by the Owners who has had three consecutive unexcused absences from Board meetings, or who is more than 60 days delinquent in the payment of any assessment, may be removed from office upon the affirmative vote of a majority of the remaining directors.

3.5. Vacancies.

Vacancies in the Board of Directors caused by any reason other than removal by vote of the Association shall be filled by a vote of the majority of the remaining directors, even though less than a quorum, at any meeting of the Board of Directors. Vacancies on the Board of Directors caused by removal of a director by vote of the Association shall be filled by the membership in accor-

dance with Section 3.3. Each person so selected shall serve until a successor shall be elected at the next annual meeting of the Association.

3.6. Compensation.

Directors shall not be compensated for services unless and to the extent that compensation is authorized by the Owners at any meeting duly called for that purpose. Directors may be reimbursed for the expenses incurred in carrying out their duties as directors upon approval of such expenses by the Board of Directors. Nothing herein shall prohibit a director from entering into a contract and being compensated for services or supplies furnished to the Association in a capacity other than as director, provided that the director's interest is known and the contract is approved by a majority of the Board of Directors, excluding the director with whom the contract is made.

B. Meetings.

3.7. Regular Meetings.

Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by the Board, but such meetings shall be held at least once each calendar quarter. Each Board shall hold an organizational meeting within 10 days after each annual meeting of members, if any newly-elected director(s) take(s) office.

3.8. Special Meetings.

The President or, upon written request of any two directors, the Secretary or Treasurer may call special meetings of the Board of Directors.

3.9. Notice of Board Meetings; Waiver of Notice.

(a) The organizational meeting of the Board after each annual meeting shall be called upon

not less than three days' notice to each director, stating the time and place of the meeting. No written notice of regularly scheduled meetings of the Board need be given to directors. Notice of special meetings of the Board of Directors shall be given to each director at least three days prior to the meeting, by mail, in person, by telephone, by telephone facsimile, or by other means of electronic transmission providing confirmation of receipt. Notices shall state the time and place, and in the case of a special meeting or as otherwise required by the Act or the Condominium Documents, the purpose of the meeting.

Except in an emergency, the Owners shall be given at least 48 hours in advance of the meeting by newsletter, conspicuous posting, or any other reasonable means as determined by the Board. The notice shall state the time and place of the Board meeting.

(b) A director may, at any time, waive notice in writing of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board of Directors shall also constitute a waiver of notice by him or her of the time and place of such meeting.

3.10. Quorum; Conduct of Meetings.

(a) The presence of a majority of the directors shall constitute a quorum for the transaction of business at any Board or Board committee meeting. The Board may permit any or all directors to participate in a meeting by use of any means of communication by which all directors and all Unit Owners in attendance at the meeting may simultaneously hear the conversation of all Board or committee members (including those attending by telephone or other device) during the meeting, and participation in such manner shall constitute presence in person at the meeting.

(b) The President shall preside over all meetings of the Board of Directors and the Secretary shall ensure that a minute book recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings is kept. *Robert's Rules of Order* (latest edition) shall govern the conduct of the meetings of the Board when not in conflict with the Declaration, the Articles of Incorporation, these By-Laws, or any valid Board resolution.

3.11. Open Meetings.

All Board meetings are open to all members of the Association and all members so desiring shall be permitted to attend and listen to the deliberations and proceedings except that, for regular and special meetings of the Board, members who are not Board members may not participate in any deliberation or discussion unless expressly so authorized by a vote of the majority of a quorum of the board. Notwithstanding the above, any portion of a meeting may be closed if that portion of the meeting is limited to consideration of one or more of the following:

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

The Board may adopt reasonable rules governing the frequency, duration, and manner of Owner statements to be made during any meeting.

C. Powers and Duties.

3.12. Powers and Duties.

The Board of Directors shall manage the affairs of the Association and shall have all the powers and duties necessary for the administration of Bridgeview and may do all such acts and things as are not by the Act, the Declaration, Articles of Incorporation, or these By-Laws directed to be done and exercised exclusively by the members. In addition to the powers granted and the duties imposed by the Declaration or the Act, the Board of Directors, by way of explanation, but not limitation, shall have the power to do, and shall be responsible for, the following:

- (a) preparing and adopting an annual budget, in which there shall be established the contribution of each Owner to the Common Expenses;
- (b) levying assessments to defray the Common Expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment;
- (c) providing for the operation, care, upkeep, and maintenance of all of the areas to be maintained by the Association;
- (d) designating, hiring, and dismissing personnel necessary for the maintenance, operation, repair, and replacement of the Common Elements, other Association property, and the areas to be maintained by the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (e) collecting assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;

(f) making and amending rules relating to Bridgeview;

(g) opening bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to, or alterations of, the Common Elements and the Limited Common Elements in accordance with the other provisions of the Declaration and these By-Laws, after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Declaration, these By-Laws, and the Association rules, and bringing any proceedings which may be instituted on behalf of or against the members concerning the Association; provided, the Association's obligation in this regard shall be conditioned in the manner provided in the Declaration;

(j) obtaining and carrying insurance against casualties and liabilities, and paying the premium cost thereof;

(k) paying the costs of services rendered to the Association or its members and not chargeable to Owners;

(l) keeping books with detailed accounts of the receipts and expenditures of the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;

(m) contracting for the performance of various duties and functions. The Board shall have the power to enter into common management agreements with (by way of illustration, but not limitation) trusts, condominiums, or other property owners' associations. Any and all functions of the Association shall be fully transferable by

the Board, in whole or in part, to any other entity;

(n) conveying a portion of the Common Elements to any condemning authority for the purpose of providing utility easements, right-of-way expansion, or other public purposes, whether negotiated or as a result of eminent domain proceedings; and

(o) performing such obligations and duties of the Board as are required under the Master Declaration and the East Declaration, respectively, and cooperating with the Master Association and the Joint Committee on all matters.

3.13. Management Agent.

The Association may, but shall not be required to, hire a professional management agent or agents, at a compensation established by the Board, to perform such duties and services as the Board of Directors shall authorize. Declarant or its affiliates may be retained as a managing agent.

3.14. Accounting and Reports.

(a) In addition to such provisions as may be required by law, the following standards shall be adhered to:

(i) accounting and controls shall conform to generally accepted accounting principles;

(ii) two or more persons shall be responsible for handling cash to maintain adequate financial control procedures;

(iii) all funds shall be maintained separately in the Association's name;

(iv) reserve and operating accounts of the Association shall not be commingled unless combined for investment purposes (provided, in any event, reserve and operating funds shall be separately accounted for and any commingled

account shall at all times be no less than the amount identified as reserve funds), and cash accounts of the Association shall not be commingled with accounts of other condominium or community associations;

(v) no remuneration shall be accepted by the managing agent, if any, or by any officer, director, employee, or agent of the Association, from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any item of value received shall benefit the Association; and

(vi) any financial or other interest which the managing agent, if any, may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors.

(b) After the sale of the first Unit to a purchaser other than a successor Declarant or an affiliate of Declarant, a financial report shall be prepared at least quarterly for the Association containing:

(i) an income statement reflecting all income and expense activity for the preceding period;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "projected" (budget) format;

(iv) a balance sheet reflecting the financial condition of the Association on an unaudited basis; and

(v) a delinquency report listing all Owners who are delinquent in paying assess-

ments or other charges due the Association, and describing the status of any action to collect such assessments or other charges that remain delinquent.

(c) Within 90 days after the close of the fiscal year, the Association shall prepare and complete, or cause to be prepared and completed by a third party, a financial report for the preceding fiscal year.

Within 21 days after the final financial report is completed or received by the Association, but no later than 120 days after the end of the fiscal year, the Association shall mail to each Owner at the address the Owner last furnished to the Association, a copy of the financial report, or a notice that a copy of the financial report will be mailed or hand delivered to the Unit Owner, without charge, upon receipt of a written request from the Unit Owner.

3.15. Borrowing.

The Board of Directors shall have the power to borrow money for the purpose of maintenance, repair, or restoration of Common Elements and Limited Common Elements and facilities maintained by the Association without the approval of the members of the Association; provided, the Board shall obtain membership approval in the same manner as provided in the Declaration for special assessments if the proposed borrowing is for the purpose of modifying, improving, or adding amenities to Bridgeview and the total amount of such borrowing exceeds or would exceed \$10,000.00 outstanding debt at any one time.

3.16. Agreements, Contracts, Etc.

All agreements, contracts, deeds, leases, promissory notes, and other instruments of the Association shall be executed by at least two officers or by such other person or persons as may be designated by resolution of the Board of Direc-

tors. Any grant or reservation made by a declaration, lease, or other document, and any contract entered into by the Association during the time that Declarant has the right to appoint and remove directors, that provides for operation, maintenance, or management of the Association or property serving the Owners shall be fair and reasonable. Any grant or reservation made by a declaration, lease, or other document, and any contract entered into by the Association during the time that Declarant has the right to appoint and remove directors, that provides for operation, maintenance, or management of the Association or property serving the Owners shall be terminable, after termination of the Declarant Control Period, by the Unit Owners other than Declarant, with or without cause and without penalty, by the concurrence of Owners holding at least 75% of the votes in the Association, other than votes held by Declarant.

3.17. Board Training Seminar.

The Board may, as a Common Expense, provide or provide for seminars and continuing educational opportunities designed to educate and inform directors of their responsibilities as directors. Such programs may include instruction on the Act, applicable Arizona corporate and fiduciary law principles, other issues relating to administering Bridgeview's affairs, and upholding and enforcing the Condominium Documents. The Board may retain industry professionals, which may include property managers, attorneys, and accountants, as appropriate or necessary for such purpose. The Board may require that each newly-elected and each re-elected director complete a training seminar within the first six months of assuming the director position.

3.18. Board Standards.

In performing their duties, directors and officers shall act as fiduciaries and are subject to insulation from liability as provided for directors of corporations by Arizona law and as otherwise

provided by the Condominium Documents. Directors shall exercise the ordinary and reasonable care of directors of a corporation and shall be deemed to have exercised such care so long as the director:

(a) acts within the expressed or implied scope of authority under the Condominium Documents and his or her actions are not *ultra vires*;

(b) affirmatively undertakes to make decisions which the director reasonably believes are necessary for the Association's continued and successful operation and, when decisions are made, they are made on an informed basis;

(c) acts on a disinterested basis, promptly discloses any real or potential conflict of interests (pecuniary or other), and avoids participation in such decisions and actions; and

(d) acts in a non-fraudulent manner and without reckless indifference to the Association's affairs.

A director acting in accordance with the above standard of care shall be protected from personal liability. Unless the Condominium Documents require that specific action be taken, the failure to take such specific action shall not, without further showing that the Board acted in violation of the above standard of care, be deemed a violation of a Board duty.

Board determinations of the meaning, scope, and application of any Condominium Document provisions shall be upheld and enforced so long as such determinations are reasonable. The Board shall exercise its power in a fair, nondiscriminatory manner and shall adhere to the procedures established in the Condominium Documents.

3.19. Conflicts of Interest.

Unless otherwise approved by a majority of the other directors, no director may transact business with the Association or an Association contractor during his or her term as director or within two years after the term expires. A director must declare a conflict if any contract, decision, or other action for compensation taken by or on behalf of the Board would benefit any director or any parent, grandparent, spouse, child, or sibling of a director (or a parent or spouse of any of those persons). A director shall promptly disclose in writing to the Board any actual or potential conflict of interest affecting the directors relative to his or her performance as a director. The Board may void any contract that creates a prohibited conflict of interest.

Notwithstanding the above, the directors appointed by Declarant may be employed by or otherwise transact business with Declarant or any Declarant affiliate, and Declarant and its affiliates may transact business with the Association and its contractors.

D. Committees.

3.20. General.

The Board of Directors may create such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. In an effort to encourage and incorporate a broad base of Owner and resident participation in community governance, it shall be the Association's policy that the Board create and delegate its responsibilities to committees as reasonably appropriate.

Committees shall exercise only such authority as granted by Board resolution, provided the Board may, in the exercise of its reasonable discretion, elect not to follow a committee's advice on any matter. Committees may not act without specific Board authority and may not bind the

Association contractually or financially. Committee members may serve no more than two consecutive two-year terms on the same committee.

3.21. Elections Committee.

The President may appoint an "Elections Committee" composed of three members to assist in conducting elections to the Board of Directors as provided in Section 3.3. The members of the Election Committee shall serve a term of one year or until their successors are appointed. The members of the Elections Committee shall be announced at the annual meeting.

3.22. Architectural Standards Committee.

The Board may establish an Architectural Standards Committee for the purpose of establishing and maintaining architectural standards within Bridgeview pursuant to the Declaration.

3.23. Covenants Committee.

The Board shall appoint a "Covenants Committee" consisting of at least three and no more than seven Owners. Acting in accordance with the provisions of the Declaration, these By-Laws, and resolutions the Board may adopt, the Covenants Committee shall be the hearing tribunal of the Association.

3.24. Service on Committees.

Unless otherwise provided in the resolution authorizing a particular committee, the members of each committee shall be appointed by the Board and shall serve at the pleasure of the Board. Any committee member, except a member of the Covenants Committee, may be removed with or without cause at any time and with or without a successor being named. The appointment and removal of members of the Covenants Committee shall be governed by the

provisions for the appointment and removal of directors.

Chapter 4

Officers

4.1. Designation.

The principal officers of the Association shall be the President, the Secretary, and the Treasurer. The President and Secretary shall be elected by and from the Board of Directors. The Treasurer shall be elected by the Board, but may be either a director or an Association member. The Board may appoint one or more Vice Presidents, Assistant Treasurers, Assistant Secretaries, and such other subordinate officers as in its judgment may be necessary. Any Vice President, assistant officers, or subordinate officers shall not be required to be members of the Association or of the Board. Any two or more offices may be held by the same person, except the offices of President and Secretary.

4.2. Election of Officers.

The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board following each annual meeting of the members and each officer shall hold office at the pleasure of the Board and until a successor is elected.

4.3. Removal of Officers.

Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and a successor may be elected.

4.4. President.

The President shall be the chief executive officer of the Association and shall preside at all meetings of the members and the Board of Directors. The President shall have all the general powers and duties which are incident to the office of the president of an Arizona nonprofit cor-

poration organized in accordance with the Arizona Nonprofit Corporation Act.

4.5. Vice President.

The Vice President, if elected, shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting. If no Vice President is selected, the Secretary shall act in the President's absence.

4.6. Secretary.

The Secretary shall keep the minutes of all meetings of the members and of the Board of Directors and shall have charge of such books and papers as the Board of Directors may direct, and shall, in general, perform all duties incident to the office of the secretary of a corporation organized under Arizona law. If no Vice President is elected, the Secretary shall act in the President's absence and shall have all the powers, duties, and responsibilities of the President when so acting.

4.7. Treasurer.

The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, for preparing all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association or the managing agent, if any, in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall be responsible for the preparation of the budget as provided below. The Treasurer may delegate all or a part of the preparation and notification duties associated

with the above responsibilities to a management agent.

Chapter 5 Enforcement

5.1. Authority and Sanctions.

In addition to other sanctions and remedies which may be specifically authorized in the Declaration or the Act, the Association, acting through the Board, shall have the power to impose reasonable monetary fines for violations of the Declaration, these By-Laws, or Association rules by the Owner of a Unit, its occupant, licensee, or invitee. The Association's rights and authority under this Chapter shall be subject to the rights and authority of the Master Association and the Joint Committee under the Master Declaration and the East Declaration, respectively.

5.2. Procedure.

The Board shall not impose any monetary fine (a late charge shall not constitute a fine) unless and until the Unit Owner and, if applicable, his or her licensee or invitee, has been given reasonable notice and an opportunity for a hearing as follows (fines for continuing violations may be levied following a single notice and opportunity for hearing):

(a) *Notice.* The Board shall serve the alleged violator (and the Owner of the Unit in which the alleged violator resides, if the alleged violator is not the Owner), with written notice setting forth: (i) the nature of the alleged violation and the provision of the Condominium Documents allegedly violated; (ii) the proposed sanction to be imposed; (iii) a statement that the violator may request a hearing to challenge the occurrence of a violation, the proposed sanction, or both; (iv) the name, address, and telephone number of a person to contact to challenge the proposed action; and (v) a statement that the proposed sanction shall be imposed as contained in the notice unless the alleged violator delivers to the Board a written request for a hearing

within 14 days of the date of the Board's notice. If a hearing is not requested within such 14-day period, the sanction shall be imposed 14 days from the date of the Board's notice; provided, the Board may, in its discretion, waive any sanction if the violation is cured within such 14-day period.

(b) *Hearing.* If the alleged violator requests a hearing within the 14-day period allotted, a hearing shall be held before the Covenants Committee affording the alleged violator a reasonable opportunity to be heard. The hearing shall be set and notice of the time, date (which shall be not less than 10 days from the giving of notice of the hearing), and place of the hearing and an invitation to attend the hearing and produce any statements, evidence, and witnesses shall be sent to the alleged violator. Prior to the effectiveness of any sanction hereunder, proof of notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer or director responsible for delivery of such notice. The notice requirement shall also be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Covenants Committee may uphold the fine proposed, reduce the amount of the fine proposed, or remove or disallow the fine altogether.

(c) *Appeal.* Following a hearing held before the Covenants Committee, the alleged violator shall have a right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the management agent, President, or Secretary of the Association within 30 days after the hearing date. The results of any hearing which is not appealed within such 30-day time period shall be conclu-

sively presumed to have been concurred in by all parties.

5.3. Additional Enforcement Rights.

(a) *General.* Notwithstanding the above, the Association, acting through its Board of Directors, may elect to enforce any provision of the Act, the Declaration, these By-Laws, or the Association rules by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity for compliance with the procedure set forth in Section 5.2. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation for which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

(b) *Towing of Vehicles.*

(i) *Procedure.* Except as otherwise specified herein, if any vehicle is parked on the Common Elements in violation of the Declaration or parking rules, the Association shall not have it towed unless and until a notice has been placed on the vehicle specifying the nature of the violation, stating that after two days the vehicle may be towed, and designating the name and telephone number of the person who will do the towing and the name and telephone number of a person to contact regarding the alleged violation. If a vehicle is parked in a fire lane or emergency zone or is blocking another vehicle, no notice shall be required and the vehicle may be towed immediately. If two days after such notice is placed on the vehicle the violation continues, or if it again occurs within the same 12-month period, the vehicle may be towed in accordance with the notice without providing further notice to the owner or user of the vehicle. Any fee or expense incurred for towing and storage of any vehicle shall be paid by the owner or user of the vehicle.

The Board of Directors may elect to use the procedure set forth in Section 5.2 to impose a fine or other available sanction, rather than exercise its authority to tow.

(ii) *Liability.* If a vehicle is towed in accordance with this subparagraph, neither the Association nor any officer or agent of the Association shall be liable to any person for any claim of damage as a result of the towing activity.

Chapter 6

Miscellaneous

6.1. Notices.

Unless otherwise provided in these By-Laws all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

(a) If to an Owner, at the address which the Owner has designated in writing and filed with the Secretary, or if no such address has been designated, at the address of the Unit of such Owner;

(b) If to the Association, the Board of Directors or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by the notice to the Owners and Declarant, if required, pursuant to this Section; or

(c) If to Declarant, as specified in the Declaration or at such other address as shall be designated by a notice to the Owners and the Association pursuant to this Section.

6.2. Severability.

The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these By-Laws.

6.3. Captions.

The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of these By-Laws or the intent of any provision thereof.

6.4. Gender and Grammar.

The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural whenever the context so requires.

6.5. Fiscal Year.

The fiscal year of the Association may be set by resolution of the Board of Directors. In the absence of affirmative action by the Board, the fiscal year shall be the calendar year.

6.6. Conflicts.

In the event of conflicts between the Act, the Arizona Nonprofit Corporation Act, the Declaration, the Articles of Incorporation, and these By-Laws, the order of control shall be the order listed in this paragraph.

6.7. Amendment.

These By-Laws may be amended by the affirmative vote, written consent, or any combination of affirmative vote and written consent of Owners holding at least 67% of the total Association vote. No amendment shall become effective unless in writing, identifying on the first page thereof the book and page of the public records where the Declaration is recorded, and until such amendment is recorded in the Official Records of Maricopa County, Arizona. Any amendment to these By-Laws or the Declaration shall be duly executed and certified by two officers of the Association and recorded. Any amendment duly executed, certified, and recorded shall be conclusively presumed to have been duly adopted in accordance with the Declaration and By-Laws.

No amendment may remove, revoke, or modify any right or privilege of Declarant without its written consent. No amendment may remove, revoke, or modify any right or privilege of the Master Association or the Joint Committee without the written consent of the Master Association or the Joint Committee, as applicable.

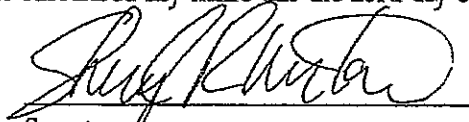
CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Bridgeview at Hayden Ferry Lakeside Condominium Association, Inc., a Arizona Nonprofit corporation;

That the foregoing By-Laws constitute the original By-Laws of the Association, as duly adopted at a meeting of the Board of Directors, or by unanimous written consent in lieu of a meeting, effective as of the 23rd day of September, 2005.

IN WITNESS WHEREOF, I have hereunto subscribed my name this the 23rd day of September, 2005.


Secretary

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