

BY-LAWS

of

HERITAGE HILLS HOME OWNERS ASSOCIATION

ARTICLE I.

OFFICERS: ELECTION, POWERS AND DUTIES

Section 1 - Officers

The officers of the corporation shall be a President, a Vice President, a Secretary, and a Treasurer, any of which offices need not be filled during the operation of this corporation; a Board of Directors of not less than two (2) nor more than nine (9) members; a Chairman of the said Board, an Executive Committee of the said Board, and such other officers, including, but not limited to, one or more vice presidents, one or more assistant treasurers, as the Board of Directors may elect or appoint. So far as permitted by law, the same person may simultaneously occupy more than one office.

Section 2 - Terms; Vacancies

All officers and directors shall hold office for the term of one (1) year and until their successors are chosen and qualified. In case a vacancy shall occur from any cause in any office or in the Board of Directors, the Board of Directors (or the remaining directors, although less than a quorum) may by a majority vote fill such vacancy. An officer or director so elected to fill such vacancy shall hold office only until the next meeting of the members or directors at which the office would regularly be filled and until a successor is chosen and qualified.

Section 3 - Removal

Any officer or director may for cause, and any officer elected or appointed by the Board of Directors may,

for or without cause, be removed at any time by a majority vote of the Board. Any officer or any director whom the members have power to elect may be removed for or without cause at any regular meeting of the members, or at any special meeting of the members called for the purpose, by a vote of the holders of a majority of the stock outstanding and entitled to vote.

#### Section 4 - Resignation

Any officer or director or member of the Executive Committee may at any time by resignation in writing delivered to the corporation resign his office and an acceptance thereof shall not be necessary to make such resignation effective unless so stated in the resignation.

#### Section 5 - Board of Directors

The Board of Directors shall be annually elected by the members. The exact number of directors (within the limits above specified) constituting the Board shall be fixed from time to time by the members; and no vacancy shall be deemed to exist in the Board unless and until the number of directors falls below the number so fixed. Directors need not be members of the corporation.

The Board of Directors shall have the general management and control of all the property and affairs of the corporation, and shall exercise all of the powers of the corporation except such as are conferred by law or by these By-Laws upon the members.

#### Section 6 - Chairman of the Board

The Chairman of the Board of Directors, if there be one, shall be elected annually by and from the Board and shall preside at all meetings of the members and directors at which he shall be present; and he shall have such other powers and duties as the Board may prescribe.

#### Section 7 - Executive Committee

The Board of Directors may, by affirmative vote of a majority of the whole Board, elect at any time an Executive Committee of three (3) or more of its members, which Committee shall have and may exercise all of the powers vested in the Board of Directors during the intervals between the meetings of the Board. The Executive Committee may provide its own rules as to notice, if any, and procedure. The Committee shall report its proceedings to the next following meeting of the Board of Directors. The members of said Executive Committee shall hold office subject to the pleasure of the Board of Directors, and the Board may at any time remove one or more members of said Executive Committee and appoint another director in lieu of any member so removed.

#### Section 8 - President

The President, who shall be annually elected by and from the Board of Directors, shall, subject to the supervision of the Board, have general charge and control of all the affairs of the corporation and shall be its chief executive officer. In the absence of the Chairman of the Board, he shall preside at all meetings of the members and directors.

#### Section 9 - Vice President

The Vice President or vice presidents, if any, shall be elected by, but not necessarily from, the Board of Directors. The Board of Directors may rank the vice presidents and designate one or more of them with such title in addition to that of vice president as the Board may deem appropriate to designate the status or function of a particular person. Each vice president shall have such powers and duties as the Board of Directors may prescribe, and in the absence of the president, a vice president designated by the Board shall have all the powers and duties of the president.

#### Section 10 - Treasurer

The Treasurer, who shall be annually elected by the

members, shall keep or cause to be kept regular books of account which shall be open at all times to the inspection of any director, and shall report to the Board of Directors on the financial condition of the corporation. He shall have the custody of the corporate seal, of all documents of title and valuable papers, and unless and until the same be delegated by the Board of Directors to a Transfer Agent, of the stock and transfer books of the corporation. Subject to the supervision and control of the Board of Directors, he shall receive and discharge the funds of the corporation and may borrow money on its behalf.

One or more assistant treasurers may from time to time be appointed by the Board of Directors, with such powers and duties, including any or all of the powers and duties of the treasurer, as the Board may prescribe.

#### Section 11 - Secretary

The Secretary shall be annually elected by the members, and shall be sworn to the faithful discharge of his duties. He shall attend all meetings of the members and Board of Directors; shall keep minutes of the business transactions thereat; and shall see to the giving and serving of notice of all meetings of the members.

In the event of the absence of the Secretary from any such meeting, an assistant secretary, who shall be sworn to the faithful discharge of his duties, shall be chosen who shall keep a true record of the business transacted thereat.

#### Section 12 - Miscellaneous Duties and Powers

In addition to the foregoing especially enumerated duties and powers, the several officers of the corporation shall be charged with such other duties and shall have such other powers as may be delegated to them by the Board of Directors or may be imposed upon them by law.

### Section 13 - Indemnification of Directors and Officers

Each person elected or appointed a director or officer of the corporation shall be entitled, without prejudice to any other rights he may have, to be reimbursed by the corporation for, and indemnified by the corporation against, all costs and expenses reasonably incurred by him in connection with or arising out of any claim made, or any action, suit or proceeding of whatever nature threatened or brought against him or in which he may be involved as a party or otherwise by reason of his having served as a director or officer of the corporation or by reason of any action alleged to have been taken or omitted by him as such director or officer, whether or not he continues to be such director or officer at the time of incurring such costs and expenses, including amounts paid or incurred by him in connection with reasonable settlements (other than amounts paid to the corporation itself) of any such claim, action, suit or proceeding. No such reimbursement or indemnity shall be paid or made for any cost or expense incurred or settlement made by such director or officer in connection with any matter as to which he shall be finally adjudged in any such action, suit or proceeding to have been derelict in the performance of his duty as such director or officer, nor shall anything herein contained be construed so as to protect or to authorize the corporation to indemnify any such director or officer against any costs or expenses incurred or settlement made in connection with any matter arising out of or resulting from his own negligence or willful misconduct. No director or officer of the corporation shall be liable to anyone for making any determination as to the existence or absence of liability of the corporation hereunder or for making or refusing to make any payment hereunder, in reliance upon the advice of counsel. Each person elected or appointed a director or officer of the corporation shall, upon and by reason of such election or appointment, have the right to be reimbursed and indemnified by the corporation, as above set forth, with the same force and effect as if the corporation, to induce him to accept such election or appointment, specifically agreed in writing to reimburse and indemnify him in accordance with the foregoing provisions of this Section 13.

### Section 3 - Notices

A written or printed notice of any annual or special meeting of the members, stating the place, day, hour and purpose thereof, shall be given by the Secretary, or, in the case of his death, absence, incapacity or refusal, by a person designated by the Board of Directors or Executive Committee, at least twenty-four (24) hours before the date of the meeting to each member entitled to vote thereat, or entitled to receive notice thereof, by leaving such notice with the member at his residence or usual place of business, or by mailing the same, postage prepaid, directed to him at his address as last recorded on the books of the corporation. No notice of any meeting of the members shall be required if every member entitled to notice thereof or his attorney thereunto duly authorized waives such notice by a writing filed with the records of the meeting either before or after the holding thereof. No notice shall be necessary of an adjourned meeting of members.

### Section 4 - Quorum

Fifty-one per cent (51%) of the unit owners entitled to vote represented at a meeting in person or by proxy shall constitute a quorum for the transaction of business; but less than a quorum may adjourn from time to time or dissolve a meeting which has been called. The vote of a majority of any quorum shall be sufficient to elect officers and directors and transact any business, except as may be otherwise required or permitted by the provisions of the Articles of Incorporation and amendments thereto, or by law. No proxy which is dated more than two (2) years before the meeting named therein shall be accepted, and no such proxy shall be valid after the final adjournment of such meeting, unless said proxy provides language to the contrary. Proxies must be filed with the Secretary prior to or at the time of voting.

### Section 5 - Voting

At all elections for directors or trustees of the corporation, each unit owner may cast as many votes in the

aggregate as he is entitled to vote under its charter, multiplied by the number of directors or trustees to be elected. Each member may cast the whole number of votes, either in person or by proxy, for one candidate, or distribute such votes among two or more candidates.

### ARTICLE III.

#### DIRECTORS' MEETINGS:

#### MEETINGS OF THE EXECUTIVE COMMITTEE

##### Section 1 - Meetings of Directors

A regular meeting of the Board of Directors shall be held in every year as soon as may be after the annual meeting of members, or a special meeting of the members held in lieu of such annual meeting, for the election of officers and such other business as may properly come before such meeting.

Any other regular meetings may be held at such time as may be fixed by the Board of Directors. Special meetings of the Board of Directors may be called on order of the Chairman of the Board, or of the President, or any two directors.

Any regular or special meeting of the Board of Directors may be held either within or without the State of Arizona.

A regular meeting or special Board of Directors' meeting may furthermore be conducted by means of a telephone or television so long as those persons conducting said meeting can hear each other.

##### Section 2 - Notice

Notice of any regular or special meeting of the Board of Directors shall be given by the Secretary or other officer calling the meeting orally, or by mail, telephone, cable, radiograph, or telegraph. Twenty-four (24) hours' notice shall be given prior to such meeting, and, if mailed it shall be sent to a director's usual and last known place of business or residence and shall be sufficient notice in all cases; and any notice received by a director in time to enable

him to attend the meeting concerning which such notice is given shall be likewise sufficient. Any meeting shall be legal without notice if each director waives such notice by a writing filed with the records of the meeting either before or after the holding thereof. Any business whatever may be transacted at a meeting of the Board, although it may not have been specified in the notice of the meeting. No notice shall be necessary of an adjourned meeting of the Board of Directors.

### Section 3 - Quorum

A majority of the number, or in case the number of directors as fixed by the members shall be an even number, half of the number, of directors constituting the full Board of Directors as fixed by the members for the time being shall (except as otherwise provided in Section 2 of Article I hereof) constitute a quorum for the transaction of business. The affirmative vote of a majority of any quorum shall be sufficient to transact any business specified in the notice of call of the meeting or, where each director waives notice as above provided, to transact any business specified in such waiver. With respect to all other business the vote of a majority of the Board shall be required and shall be sufficient to transact such business.

### Section 4 - Meetings of Executive Committee

Meetings of the Executive Committee, if there be one, may be called in such manner and at such places as said Executive Committee may from time to time determine. A majority of the number of members of the Executive Committee constituting the full Executive Committee, as fixed by the Board for the time being, shall constitute a quorum for the transaction of business and the affirmative vote of a majority of such quorum shall be necessary and sufficient for the transaction of any business, but less than a quorum may adjourn from time to time or dissolve a meeting which has been called.



#### Section 5 - Compensation

The Board of Directors shall determine the compensation, if any, to be paid to each director for services as a member of the Board of Directors or of the Executive Committee, or for any other services as director rendered at the request of the Board of Directors or Executive Committee. Such compensation may be paid on the basis of meetings of the Board or Executive Committee attended, or on a monthly or an annual basis, irrespective of meetings attended, or on such other basis as shall be deemed reasonable by the Board. Such compensation shall in all cases be reasonable and need not be paid in the same amounts to all directors. Each director shall be entitled to reimbursement for reasonable expenses incurred by him in attending meetings, or in rendering services as a director.

Nothing herein contained shall be construed to limit the compensation to be paid to any director for services in any other capacity.

#### ARTICLE IV.

##### OFFICE AND SEAL

#### Section 1 - Location

The corporation shall have such offices in addition to the principal office set forth in the Articles of Incorporation as the Board of Directors or members may from time to time designate.

#### Section 2 - Seal

The corporation seal shall be in such form as the Board of Directors may from time to time determine.

## ARTICLE V.

### MEMBERSHIP CERTIFICATES

#### Section 1 - Certificates

There shall be no membership certificates issued to any unit owner as the unit registry as maintained in the offices of the company shall be the records relied upon by the directors, officers and members' in the determining the ownership of any particular lot.

#### Section 2 - Mailing Address

It shall be the responsibility of the unit owner to advise the offices of the corporation as to the mailing address to be used in any communications directed to the unit owner.

#### Section 3 - Transfer of Membership

The officers may designate, from time to time, a form to be used in the administration of the corporate affairs in designating any transfer of ownership of a unit. These forms may be used through any of the title companies wherein a purchase and sale escrow may be established or otherwise.

#### Section 4 -Registrar

The officers shall designate, from time to time, such person or persons having control and authority over the corporate records in designating the person or persons who will be keeping the records of the unit ownership.

#### Section 5 - Closing Transfer Books

The Board of Directors may, from time to time, provide that the transfer of the ownership of a unit may be closed for a period not exceeding twenty (20) days immediately preceding any meeting of the members.

ARTICLE VI.  
MISCELLANEOUS

Section 1 - Bonds

The Board of Directors may from time to time require from any one or more of the officers or agents of the corporation that he or they shall give bond for the faithful performance of duties in such form, in such sum, and with such sureties as said Board may determine; and the premiums for all such bonds shall be paid by the corporation.

Section 2 - Fiscal Year

The fiscal year of the corporation shall be determined by the Board of Directors; however, in no event shall the fiscal year of this corporation commence on a date more than 365 days following the issuance of the certificate of incorporation.

Section 3 - Voting Stock in Other Corporations

Whenever the corporation shall own stock of another corporation, the president or treasurer, acting either in person or by proxy, may exercise in the name and on behalf of the corporation all rights of ownership thereof, but the Board may from time to time, either generally or in any specific instance, delegate like authority to any one or more other persons.

Section 4 - Execution of Writings

Unless the Board of Directors, Executive Committee, or stockholders shall otherwise generally or in any specific instance provide: (a) any bill, note, check, or other negotiable instrument shall be made, signed, accepted, or endorsed in the name and on behalf of the corporation by the president, or a vice president, or treasurer, or an assistant treasurer, and shall bear such countersignature of an officer of the corporation other than the officer so signing or endorsing as