

**BYLAWS  
OF  
SHADOW RUN UNIT I HOMEOWNERS ASSOCIATION**

**ARTICLE I  
NAME AND LOCATION**

The name of the corporation is Shadow Run Unit I Homeowners Association (hereinafter, the “Association”). The location of the known place of business and principal office of the Association shall be as provided in the Articles of Incorporation (the “Articles”).

**ARTICLE II  
DEFINED TERMS**

Capitalized words and terms used herein shall be deemed to have the same meanings as set forth in that certain DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, ASSESSMENTS, CHARGES, SERVITUDE’S, LIENS, RESERVATIONS, AND EASEMENTS FOR SHADOW RUN UNIT I, dated September 10, 199\_, and recorded 15 Sept 1998, at Recording Document Number 98-0821446 in the office of the Maricopa County Recorder as the same may from time to time be amended (the “Declaration”), which is incorporated herein by this reference.

**ARTICLE III  
PURPOSES AND POWERS**

In furtherance of its purposes as set forth in the Articles of Incorporation, the Association shall have the power to:

(a) Exercise all of the powers and privileges and to perform all the duties and obligations of the Association as set forth in the Declaration, as the same may be amended from time to time as therein provided;

(b) Fix, levy, collect and enforce payment of, by any lawful means, all Assessments and other charges pursuant to the terms of the Declaration;

(c) Pay all expenses in connection with and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association; and

(d) Exercise any and all powers, rights and privileges that a corporation now or hereafter may exercise under the laws of the State of Arizona.

**ARTICLE IV**  
**MEMBERSHIP**

The Owner of each Lot within Shadow Run Unit I shall be a Member of the Association with voting privileges as more specifically set forth in the Declaration.

**ARTICLE V**  
**MEETING OF MEMBERS**

Section 1. Annual Meetings. Beginning in \_\_\_\_\_, \_\_\_\_\_, a regular annual meeting of the Members shall be held during the third full week of March each year within Maricopa County, Arizona, at such time and place as determined by the Board, or at such other time and at such place as may be determined by the Board or by a majority vote of the Members voting at any meeting of the Members.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President, by a majority of the Board of Directors, or upon written request of Members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A Membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by or at the direction of the Secretary or person authorized to call the meeting, by delivering a copy of such notice, or mailing it postage prepaid, not less than ten (10) days nor more than forty-five (45) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting. In addition, the notice of the annual meeting shall include:

- (a) a ballot and voting instructions;
- (b) the slate of candidates for the Director positions and a brief biography of each candidate; and
- (c) a proxy card to be used for quorum purposes and any business that may come before the Members at the meeting.

By attending a meeting, a Member waives any right he may have had to object to the meeting on the basis that the proper notice of the meeting was not given in accordance with these Bylaws or the Arizona statutes. Notwithstanding the foregoing, meetings called for the purpose of increasing the Annual Assessment or levying a Special Assessment must be noticed as required in Section VII of the Declaration.

Section 4. Quorum. The presence at the meeting of either Members or of proxies entitled to cast one-tenth (1/10) of the votes of each class of Membership shall constitute a quorum for any action except as otherwise represented at any meeting, the Members entitled to vote thereat shall have the

power to adjourn the meeting from time to time, within thirty (30) days, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. A proxy may not be revoked except by actual written notice of revocation to the person presiding over a meeting of the Association. Every proxy shall automatically terminate upon conveyance by the Member of his or her Lot, or interest therein, or the expiration of eleven (11) months from the date of its execution.

Section 6. Voting. A majority of the votes cast at a properly held meeting or received by the Secretary on or before the date of the meeting shall decide any question, unless the Declaration, Articles or these Bylaws require a higher voting percentage with respect to the issue in question.

## **ARTICLE VI**

### **BOARD OF DIRECTORS, SELECTION, TERM OF OFFICE**

Section 1. Number. The control and management of the affairs of this Association shall be managed by a Board of Directors of not less than three (3) nor more than five (5) persons. The number of Directors shall always be an odd number. Initially, Directors need not be Members of the Association; provided, however, that when the Declarant is no longer a Class B Member, all Directors must be Members of the Association.

Section 2. Term of Office. The Directors designated in the Articles shall hold office until the first annual election of Directors, which shall take place at the first annual meeting of Members. As long as the Declarant holds a Class B Membership, the Directors shall serve for two-year terms. The terms of the Directors elected at the first annual meeting of Members, following the date on which the Class B Memberships terminate and at each annual meeting thereafter, shall be staggered so that not all Directors stand for election at each annual meeting. Except as set forth below in Section 3 and 4, all Directors shall serve until their successors are elected and qualified.

Section 3. Removal, Disqualification, and Resignation of Directors. Any director may be removed from the Board, with or without cause, by a majority of the votes entitled to be cast by the Members of the Association present in person or by proxy at the annual meeting of the Members, or a special meeting called for that purpose. Any Director may resign at any time by sending written notice of such resignation to the Secretary of the Association. Unless otherwise specified therein, such resignation shall take effect upon receipt by the Secretary. Except in the case of injury, illness or similar excusable circumstances, four (4) consecutive absences from duly called regular meetings of the Board shall automatically constitute a resignation by such absent Director to be effective as of the conclusion of the last missed meeting. In the event a Director ceases to be an Owner, his or her directorship shall immediately and automatically terminate. No Member shall continue to serve as Director if he or she is more than thirty (30) day's delinquent in the payment of any Assessments, and such delinquency shall automatically constitute a resignation by such delinquent Director on the thirty-first (31) day of the delinquency.

Section 4. Vacancies. In the event of the death, resignation or removal of a Director, his or her successor shall be selected by the remaining Directors and shall serve for the unexpired term of his or her predecessor.

Section 5. Compensation. No Director shall receive compensation for any service rendered to the Association in such capacity. A Director, however, may be reimbursed for actual expenses incurred in the performance of duties as a Director.

## **ARTICLE VII**

### **NOMINATION AND ELECTION OF DIRECTORS**

Section 1. Nomination. Nomination for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting of the Members or at a special meeting called for the purpose of electing Directors. Until there are at least thirty (30) Class A Members, the Nominating Committee shall be composed of the existing Board; however, when there are at least thirty (30) Class A Members, the Nominating Committee shall consist of a chairperson, who shall be a Director, and two or more persons who are Members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2. Election. Election to the Board may be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to cast under the provisions of these Bylaws and the Declaration. The persons receiving the largest number of votes (by proxy, or by ballots received prior to and on the election date, and all votes cast at the election) shall be elected. The current President shall designate at least two Members whose names do not appear on and who are not related by blood or marriage to persons whose names are on the ballot to tally all such votes.

## **ARTICLE VIII**

### **MEETINGS OF DIRECTORS**

Section 1. Regular Meetings. Regular meetings of the Board may be held without notice at such place within Maricopa County, Arizona, and at such hour as may be fixed from time to time by resolution of the Board. Notice shall be given to each Director personally, by mail, telephone, facsimile or telegraph, at least three (3) days prior to the date designated for such meeting. The first meeting of a newly elected Board shall be held immediately following the annual meeting of Members, if practicable, and in any event not more than within ten (10) days thereafter. Should any meeting fall upon a legal holiday, then the meeting shall be held at the same time on the next day that is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board shall be held when called by the President of the Association or by any two (2) Directors, after giving to each Director not less than three (3) days notice in the manner described above. Such meetings shall be held at such time as shall be set in such notice and at the same location as the regular meetings of the Board.

Section 3. Waiver of Notice. Before, at or after any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him or her of the time and place thereof. If all Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 4. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 5. Action taken without a Meeting. The Directors shall have the right to take any action in the absence of a meeting that they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

## **ARTICLE IX**

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

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the common areas, the personal conduct of the Members and their guests, and any other matters contemplated by the Declaration or Articles and to establish penalties for the infraction thereof;

(b) suspend a Member's voting rights and right to use the Common Areas during any period in which such Member shall be in default in the payment of any Assessment levied by the Association;

(c) suspend a Member's voting rights and right to use the Common Area (i) for a period not to exceed sixty (60) days for infraction of the Declaration, or any rules or Architectural guidelines hereafter adopted by the Association and (ii) for successive sixty (60) day periods if any such infraction is not corrected during any prior sixty (60) day suspension period;

(d) declare the office of a Director to be vacant in the event such Director shall be absent from four (4) consecutive regular meetings of the Board;

(e) employ a manager, independent contractors, or such other employees as they deem necessary, prescribe the duties of such persons, and dismiss them when it is in the interest of the Association;

(f) provide for the indemnification of the officers, committee members and directors.

(g) open bank accounts on behalf of the Association and designate the signatories thereon;

(h) provide for the operation and maintenance of the Common Areas;

(i) impose charges for the late payment of Assessments and, after notice and an opportunity to be heard, impose reasonable penalties upon Owners for violations of the Declaration, Articles and Bylaws and the rules and Architectural guidelines hereafter adopted by the Association; and

(j) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Membership by other provisions of these Bylaws, the Articles or the Declaration.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by Members entitled to cast one-fourth (1/4) of the Class A votes;

(b) elect and remove the officers of the Association as hereinafter provided and to supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(i) estimate the amount of the annual budget and to fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Assessment Period; and

(ii) take such action, as and when the Board deems such action appropriate, and after notice as provided in the Declaration, to foreclose the Assessment Lien against any Lot for which Assessments are not paid and/or to bring an action at law against the Member personally obligated to pay the same;

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any Assessments have been paid; provided, however, that a reasonable charge may be made by the Board for the issuance of such certificate, and further provided that if a certificate states that the Annual Assessment, Special Assessments or Maintenance Charges have been paid, such certificate shall be conclusive evidence of such payment, as against any bona fide purchaser of, or lender on, the Lot in question;

(e) procure and maintain adequate liability insurance (not less than One Million Dollars) and hazard insurance on property owned by the Association and to procure and maintain officers and directors liability insurance and any other insurance deemed appropriate;

## **ARTICLE X**

### **OFFICERS AND THEIR DUTIES**

Section 1. Enumeration of Officers. The principal officers of this Association shall be a President and Vice President, who shall at all times also be members of the Board, a Secretary, a Treasurer and

such other officers as the Board may from time to time by resolution create. The President must be a member of the Board. Other officers may, but need not, be members of the Board. When the Declarant is no longer a Class B Member, the President, Vice President, Secretary and Treasurer shall each be a member or an employee, officer, director, shareholder, member, manager or partner of a Member.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors, and following each annual meeting of the Members.

Section 3. Term. Officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year or until a successor shall have been elected and qualified, unless removed or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

Section 5. Resignation and Removal. The Board may remove any officer from office with or without just cause. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, unless otherwise specified therein. The acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. Except as otherwise provided by resolution of the Board and except to the extent such duties are delegated to a manager, the duties of the officers are as follows:

(a) **PRESIDENT:** The President shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out; shall sign all notes, leases, mortgages, deeds, contracts and other written instruments on behalf of the Association; and shall have general and active management of the business of the Association.

(b) **VICE PRESIDENT:** The Vice President shall act in the place and instead of the President in the event of his or her absence or inability or refusal to act and shall exercise and discharge such other duties as may be required of him or her by the Board.

(c) **SECRETARY:** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association, if any, and at the President's request affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association, together with their addresses; and perform such other duties as required by the Board.

(d) **TREASURER:** The Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association; disburse such funds as directed by resolution of the Board of Directors; sign all checks of the Association; keep proper books of account; prepare an annual budget and statement of income and expenditures to be presented to the Membership at its regular annual meeting; and, in general, perform all the duties incident to the office of Treasurer.

Section 9. Compensation. The officers may receive such reasonable compensation as the Board shall determine and be reimbursed for actual expenses reasonably incurred on behalf of the Association.

## **ARTICLE XI** **COMMITTEES**

In addition to the Nominating Committee discussed prior, the Board shall appoint other committees as deemed appropriate in carrying out the purpose of the Association. James Pate shall serve as the Architectural Committee until the Declarant is no longer a Class B Member, at which time the Architectural Committee shall be composed of three (3) regular members who shall be appointed and/or elected as provided in the Declaration.

One or more persons may act as alternate members of the Architectural Committee or any other committee.

## **ARTICLE XII** **AMENDMENTS**

These Bylaws may be amended by the Board of Directors as provided in the Articles; and, at such time as the Declarant no longer owns any lots, at a regular meeting or special meeting of the Members by a vote of the Members having more than fifty percent (50%) of the votes of the entitled votes to be cast by the Members in person or by proxy.

## **ARTICLE XIII** **ASSESSMENTS**

As more fully provided in the Declaration, (1) each member is obligated to pay to the Association Annual Assessments, Special Assessments, and Maintenance Charges that are secured by a continuing lien upon the Lot against which the Assessment is made; (2) any Assessments that are not paid when due shall be delinquent; (3) if any Assessments are not paid on the due date, the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property; and (4) interest, costs and reasonable attorney's fees shall be added to the amount of delinquent Assessments. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Area or abandonment of his or her Lot.

**ARTICLE XIV**  
**BOOKS AND RECORDS**

The books, records and papers of the association shall at all times, during reasonable business hours, be subject to inspection by any Members, prospective buyer or by holders, insurers or guarantors of first mortgages that are secured by a Lot in Shadow Run Unit I. The Declaration, the Articles and the Bylaws of the Association shall be available for inspection by any Member or prospective buyer at the principal office of the Association, where copies may be purchased at reasonable cost.

**ARTICLE XV**  
**INDEMNIFICATION**

The Association shall indemnify all of its Directors, committee members and Officers, and its former Directors, committee members and Officers, to the maximum extent authorized by law, against any and all liabilities or expenses incurred by them, including but not limited to legal fees, judgments and penalties, arising out of his or her present or prior status as an Officer, Director or committee member of the Association; provided, however, that the Association shall have the right to refuse indemnification in any instance in which the person to whom indemnification would otherwise have been applicable shall have unreasonably refused to permit the Association, at its own expense and through counsel of its own choosing, to defend him or her in any such legal action.

**CERTIFICATION**

I, the undersigned, do hereby certify:

THAT, I am duly elected and acting President of the SHADOW RUN UNIT I HOMEOWNERS ASSOCIATION, an Arizona non-profit corporation; and,

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as adopted by the board of Directors thereof, on the 12 day of September, 1998.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the Seal of said Association on this 12 day of September, 1998.

SIGNATURE ON FILE  
Thomas B. Brown, Sr.  
President

ATTEST:

SIGNATURE ON FILE  
Martha Dowd, Secretary