

**BYLAWS OF
KINNEY VILLAGE HOMEOWNERS' ASSOCIATION, INC.
an Arizona Nonprofit Corporation**

**ARTICLE I
OFFICES AND CORPORATE SEAL**

SECTION 1. *Arizona Office.* The corporation shall maintain a known place of business in Pima County, Arizona, at the place of business of its statutory agent, unless the corporation shall file a statement with the Arizona Corporation Commission under A.R.S. § 10-3502 setting forth a different known place of business. The corporation's known place of business shall be the corporation's principal office.

SECTION 2. *Other Offices.* The corporation also may maintain offices at such other place or places, either within or without the State of Arizona, or within or without the United States of America, as the Board of Directors (the "Board") may designate from time to time, and the corporation may transact its business at such other offices with the same effect as that conducted at the principal office.

SECTION 3. *Corporate Seal.* A corporate seal shall not be requisite to the validity of any instrument executed by or on behalf of the corporation, but, nevertheless, if in any instance a corporate seal be used, the same shall be either (i) a circle having on its circumference the name of the corporation and in the center the words "corporate seal," the year incorporated, and the state where incorporated or (ii) a circle containing the words "corporate seal."

**ARTICLE II
MEMBERS AND MEETINGS**

SECTION 1. *Members.* The corporation shall have no members.

SECTION 2. *Annual Meetings.* An annual meeting for the purposes of organization, the election of directors, and the transaction of other business of the Board is to be held on the first day of December of each year, commencing with 2005 (unless that day be a legal holiday, in which event the annual meeting will be held on the next succeeding business day) at a time of day and place as determined by the Board of Directors, or in the absence of action by the Board, as set forth in the notice given, or waiver signed, with respect to such meeting pursuant to Section 3.03 below. If any such annual meeting is for any reason not held on the date determined as aforesaid, a deferred annual meeting may thereafter be called and held in lieu thereof, and the same proceedings (including the election of Directors) may be conducted thereat. Any Director elected at any annual meeting or deferred annual meeting, will continue in office until the election of his successor, subject to his earlier resignation pursuant to Section 7.01 below.

SECTION 3. *Special Meetings.* Special meetings of the members may be called by the president or secretary and must be called by either of them on the written request of five percent of the members.

SECTION 4. *Notice of Meetings.* Notice of all members' meetings, except as otherwise provided in these bylaws, shall be given by mailing the same at least three days or by transmitting the same by facsimile at least one day before the meeting to the address of each of the members, as set forth in the corporation's records. The members may hold regular meetings without notice at such time and place as the Board may determine, provided prior notice of such regular meetings is given to the members. Any business may be transacted at any members meeting, except that (i) members of the Board of Directors may be removed from office, (ii) the corporation's articles of incorporation may be modified, and (iii) the corporation may be dissolved only if notice is given before the meeting by mail or facsimile that one or more of these issues will be on the agenda at the meeting.

SECTION 5. *Waiver of Notice.* A member's attendance at a meeting shall constitute waiver of notice of such meeting, except if a member attends the meeting solely for the purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened. Any member may waive notice of any annual, regular, or special meeting of the members by executing a written waiver of notice either before or after the time of the meeting.

SECTION 6. *Quorum.* At all meetings of the members, forty percent (40%) of the members shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which there is a quorum shall be the act of the members, except as may be otherwise specifically provided by Arizona statute, the articles of incorporation, or these bylaws. If at any meeting, less than a quorum attends, a majority of those present may adjourn the meeting without further notice to any absent member.

SECTION 7. *Voting Rights.* All members shall have equal voting rights on all matters to come before the members.

SECTION 8. *Action Without a Meeting.* Unless otherwise restricted by the articles of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the members may be taken without a meeting, if all the members consent to the action in writing, and the writing or writings are filed with the minutes of proceedings of the members.

SECTION 9. *Place of Meetings.* The members may hold meetings, annual, regular, and special, in the Tucson metropolitan area, as shall be decided by the Board of Directors. The members may hold such meetings by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

ARTICLE III BOARD OF DIRECTORS

SECTION 1. *Powers.* Subject to any limitations set forth in the articles of incorporation, these bylaws, or applicable laws, the Board shall manage and control the affairs of the corporation.

SECTION 2. *Chairman.* The Board may, by a unanimous resolution, appoint from among its members a Chairman of the Board (the "Chairman") to serve, so long as he remains on the Board, until the appointment of a successor. The Chairman shall preside at all meetings of the Board and of the members and shall exercise such other duties, not inconsistent with these bylaws, as the Board may from time to time prescribe.

SECTION 3. *Number and Election of Directors.* The whole Board shall comprise not less than one nor more than nine directors. The individuals named as directors in the articles of incorporation shall serve as the corporation's directors until the first annual meeting of the Board or until their successors are elected. Commencing with their first annual meeting and thereafter, the members shall elect directors at each annual meeting. The number of directors to be elected at each annual meeting shall be decided by the members at their annual meeting before they elect new directors. The directors so elected shall hold office until the next annual meeting or until their successors are elected and qualify. The number of successive terms which a director may serve is unlimited.

SECTION 4. *Voting Rights.* All directors shall have equal voting rights on all matters to come before the Board.

SECTION 5. *Vacancies.* Vacancies may be filled by the affirmative vote of a majority of the remaining directors then in office, though less than a quorum, or by a sole remaining director. The directors so chosen shall hold office until the next annual meeting of the members or until their successors are elected and qualify.

SECTION 6. *Annual Meetings.* The Board shall meet at least annually for the purpose of organization, the election of officers, and the transaction of other business, and, if a quorum of the directors be then present, prior notice of such meeting shall be unnecessary. The directors, by unanimous consent, may change place and time of such meeting.

SECTION 7. *Special Meetings.* Special meetings of the Board may be called by the president or secretary and must be called by either of them on the written request of any director.

SECTION 8. *Notice of Meetings.* Notice of all Board meetings, except as otherwise provided in these bylaws, shall be given by mailing the same at least three days or by transmitting the same by facsimile at least one day before the meeting to the usual business or residence address of each of the directors. Alternatively, notice of a meeting may be provided to a director telephonically or in person at least one day before the meeting. The Board may hold regular meetings without notice at such time and place as the Board may determine. Any business may be transacted at any Board meeting. At any meeting that every director attends, even though without any notice or waiver of notice, any business may be transacted.

SECTION 9. *Waiver of Notice.* A director's attendance at a meeting shall constitute waiver of notice of such meeting, except if a director attends the meeting solely for the purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened. Any

director may waive notice of any annual, regular, or special meeting of the Board by executing a written waiver of notice either before or after the time of the meeting.

SECTION 10. *Quorum.* At all meetings of the Board, fifty-one percent of the directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board, except as may be otherwise specifically provided by Arizona statute, the articles of incorporation, or these bylaws. If at any meeting, less than a quorum attends, a majority of those present may adjourn the meeting without further notice to any absent director.

SECTION 11. *Action Without a Meeting.* Unless otherwise restricted by the articles of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board or of any committee of the Board may be taken without a meeting, if all the directors on the Board or the committee, as the case may be, consent to the action in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

SECTION 12. *Place of Meetings.* The Board may hold meetings, annual, regular, and special, either within or without the State of Arizona. It may hold such meetings by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

SECTION 13. *Committees of the Board.* The Board, by resolution adopted by a majority of the full Board, may designate from among the directors one or more committees each of which, to the extent provided in such resolution and permitted by law, shall have and may exercise all the authority of the Board, except that no such committee may exercise the Board's authority to (1) submit to the members any matters that requires an act of the members; (2) fill vacancies on the Board or any committee of the Board; (3) adopt, amend, or repeal the bylaws; or (4) fix the compensation of directors. The Board, with or without cause, may dissolve any such committee or remove a director from such a committee at any time. The designation of any such committee and the delegation to the committee of authority shall not operate to relieve the Board, or any director, of any responsibility imposed by law.

ARTICLE IV OFFICERS

SECTION 1. *Designation of Titles.* The officers of the corporation shall be a president, a vice-president, a secretary, and a treasurer. Unless the articles of incorporation or these bylaws otherwise provide, the same person may hold any number of offices, except the same person may not hold the offices of president and secretary. The Board may require any such officer, agent, or employee to give security for the faithful performance of his duties.

SECTION 2. *Election, Term of Office, and Qualification.* The Board shall elect the officers of the corporation annually. Each officer shall hold office for one year or until his successor

shall have been duly chosen, until his death, or until he resigns or is removed in the manner provided in these bylaws.

SECTION 3. *Subordinate Officers.* The Board may appoint such subordinate officers, agents, or employees as the Board may deem necessary or advisable, including one or more additional vice presidents, one or more assistant treasurers, and one or more assistant secretaries, each of whom shall hold office for such period and have such authority and perform such duties as are provided in these bylaws or as the Board may from time to time determine. The Board may delegate to any officer or to any committee the power to appoint any such additional officers, agents, or employees. Notwithstanding the foregoing, no assistant treasurer shall have power or authority to collect, account for, or pay over any tax imposed by any federal, state, or city government.

SECTION 4. *Removal.* The Board may remove any officer or agent whenever in its judgment the best interests of the corporation will be served by the removal, but such removal shall be without prejudice to the contract rights, if any, of the person removed. Election or appointment of an officer or agent shall not of itself create any contract rights.

SECTION 5. *Vacancies.* A vacancy in any office, because of death, resignation, removal, or any other cause, shall be filled for the unexpired portion of the term in the manner prescribed in Sections 2 and 3 of this Article IV for election or appointment to such office.

SECTION 6. *President.* The president shall be the principal executive officer of the corporation and, subject to the control of the Board, shall in general supervise and control all of the business and affairs of the corporation. In particular, he shall preside at all meetings of the Board and the members in the absence of the Chairman of the Board, represent the corporation at official functions, initiate contact with other professional organizations, as appropriate, coordinate and delegate responsibility for fund raising efforts, and delegate and coordinate duties to individual directors and officers, as necessary. He may sign, with the secretary or any other proper officer of the corporation authorized by the Board, deeds, mortgages, bonds, contracts, or other instruments which the Board has authorized to be executed, except in cases where the Board or these bylaws shall expressly delegate the signing and execution of those documents to some other officer or agent of the corporation or where the law requires such deeds, mortgages, bonds, contracts, or other instruments to be otherwise signed or executed. Finally, in general, the president shall perform all duties incident to the office of president and such other duties, not inconsistent with these bylaws, as the Board may from time to time prescribe.

SECTION 7. *Vice-President.* The vice-president shall have such powers and perform such duties, not inconsistent with these bylaws, as the Board or the president may from time to time prescribe. At the request of the president, or in case of his absence or inability to act, the vice-president shall perform the duties of the president and when so acting shall have all powers of, and be subject to all the restrictions upon, the president.

SECTION 8. *Treasurer.* The treasurer shall have charge and custody of, and be responsible for, all the funds and securities of the corporation and all monies collected from its fund-raising activities and from miscellaneous activities, shall keep full and accurate accounts of receipts and

disbursements in books belonging to the corporation, and shall deposit all monies and other valuable effects in the name of and to the credit of the corporation in such banks and other depositories as may be designated by the Board. He shall disburse the funds of the corporation as the Board may order, taking proper vouchers for such disbursements, and shall render to the president and to the directors at the regular meetings of the Board, or whenever they may require it, a statement of all his transactions as treasurer and an account of the financial condition of the corporation. In general, he shall perform all the duties incident to the office of treasurer and such other duties, not inconsistent with these bylaws, as the Board may from time to time assign to him.

SECTION 9. *Secretary.* The secretary shall act as secretary for the Board and shall keep the minutes of all meetings of the Board and of the members. He shall keep an accurate list of the directors and members and their attendance, give notice of all Board and member meetings, and distribute minutes to the directors and members. He shall be custodian of the corporate seal and shall affix the seal, or cause it to be affixed, to all proper instruments when deemed advisable by him. He shall have charge of the books, records, and papers of the corporation relating to its organization as a corporation, shall maintain all historical records of the corporation's activities, and shall see that the reports, statements, and other documents required by law are properly kept or filed. In general, he shall perform all the duties incident to the office of secretary and such other duties, not inconsistent with these bylaws, as the Board may from time to time prescribe.

ARTICLE V PARLIAMENTARY RULES

The latest edition of Robert's Manual of Parliamentary Rules shall govern the proceedings of all meetings of the directors, any committees of the Board, and the members.

ARTICLE VI COMPENSATION AND RESIGNATIONS

SECTION 1. *Fees and Compensation.* No director, officer, or committee member shall receive any compensation for his services in that capacity, except for reimbursement for necessary and reasonable out-of-pocket expenses.

SECTION 2. *Loans.* The corporation shall not lend money to or use its credit to assist its directors, whether or not employees, or officers. Any director or officer who assents to or participates in the making of any such loan shall be liable to the corporation for the amount of such loan until the repayment of the loan.

SECTION 3. *Resignations.* Any director or officer may resign his office at any time by giving notice of his resignation to the president or the secretary of the corporation. Such resignation shall take effect at the time specified in the notice or, if no time is specified in the notice, at the time of the corporation's receipt of the notice, and the acceptance of the notice shall not be necessary to make it effective.

**ARTICLE VII
FISCAL YEAR**

The fiscal year of the corporation shall be as determined by the Board.

**ARTICLE VIII
CONTRACTS, LOANS, CHECKS, AND DEPOSITS**

SECTION 1. *Contracts.* The Board may authorize any officer or officers, or agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

SECTION 2. *Loans.* No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board.

SECTION 3. *Checks and Drafts.* All checks, drafts, or other orders for the payment of money, or notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, or agent or agents, of the corporation and in such manner as the Board shall, by resolution, from time to time determine.

SECTION 4. *Deposits.* All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board may select.

**ARTICLE IX
PROHIBITION AGAINST SHARING
IN CORPORATE EARNINGS**

No member, director, officer, employee, member of a committee of or person connected with the corporation, or any other private individual shall receive at any time any of the net earnings or pecuniary profit from the operations of the corporation, provided that this shall not prevent the payment to any such person of such reasonable compensation for services rendered to or for the corporation in effecting any of its purposes or reimbursement for necessary and reasonable out-of-pocket expenses as shall be fixed by the Board. No such person or persons shall be entitled to share in the distribution of any of the corporation's assets upon the dissolution of the corporation. Upon such dissolution or winding up of the affairs of the corporation, the Board shall, after paying or making provision for the payment of all of the liabilities of the corporation, either dispose of all of the assets of the corporation exclusively for one or more exempt purposes, within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States Internal Revenue law (the "Code"), or distribute the assets to one or more organizations that shall then qualify as exempt organizations under section 501(c)(3) of the Code. Any such assets not so disposed of or distributed shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the corporation is then located, exclusively for charitable, scientific, or educational purposes within the meaning of section 501(c)(3) of the Code

or to such organizations as said court shall determine are organized and operated exclusively for such purposes.

ARTICLE X EXEMPT ACTIVITIES

Notwithstanding any other provision of these bylaws, no director, officer, employee, or representative of the corporation shall take any action or carry on any activity by or on behalf of the corporation not permitted to be taken or carried on by an organization described in section 501(c)(3) of the Code or an organization contributions to which are deductible under section 170(c)(2) of the Code. In no event shall the corporation, as any substantial part of its activities, carry on propaganda or otherwise attempt to influence legislation, except as is otherwise provided in section 501(h) of the Code, nor shall the corporation participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of any candidate for public office.

ARTICLE XI CONFLICTS OF INTEREST

SECTION 1. *Conflict-of-Interest Transactions.* No contract or other transaction between the corporation and one or more of its members, directors, or officers or between the corporation and any other corporation, firm, association, or entity in which its members, directors, or officers are members, directors, or officers or financially interested shall be either void or voidable because of the relationship or interest or because any member, director, or officer is present at the meeting of the Board or of the committee of the Board that authorizes, approves, or ratifies the contract or transaction or because his or their votes are counted for such purpose, if any of the following apply:

(a) The fact of such relationship or interest is disclosed or known to the Board or to the committee of the Board that authorizes, approves, or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of the interested directors;

(b) The fact of the relationship or interest is disclosed or known to the members entitled to vote on the matter, if any, and they authorize, approve, or ratify the contract or transaction by vote or written consent; or

(c) The contract or transaction is fair and reasonable to the corporation at the time the contract or transaction is authorized, approved, or ratified in the light of circumstances known to those entitled to vote on the matter at that time.

SECTION 2. *Quorum.* Common or interested directors or officers may be counted in determining the presence of a quorum at a meeting of the Board or committee that authorizes, approves, or ratifies the contract or transaction.

**ARTICLE XII
INDEMNIFICATION**

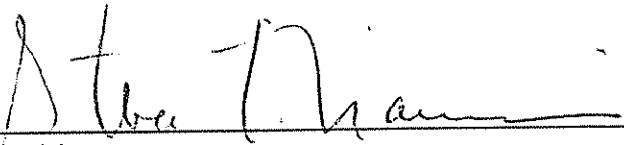
SECTION 1. *Indemnification.* The corporation shall indemnify its directors, officers, employees, and agents to the full extent permitted by section 10-3852 of the Arizona Revised Statutes.

SECTION 2. *Insurance.* The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against him and incurred by him, in any such capacity or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under this Article XII of these bylaws.

**ARTICLE XIII
REPEAL, ALTERATION OR AMENDMENT**

The power to alter, amend, or repeal the bylaws or to adopt new bylaws is reserved to the members.

The Board of Directors of KINNEY VILLAGE HOMEOWNERS' ASSOCIATION, INC. adopted these bylaws by written consent of its Board of Directors, as authorized by Section 10-3206 of the Arizona Revised Statutes, on JANUARY 14, 2005.



President