

BYLAWS
OF
CANADA HILLS VILLAGES 17 & 18 HOMEOWNERS ASSOCIATION

Pursuant to the provisions of Article 1, Chapter 5, Title 10, Arizona Revised Statutes, Canada Hills Villages 17 & 18 Homeowners Association hereby adopts the following Bylaws:

ARTICLE I

NAME AND LOCATION

The name of the corporation is CANADA HILLS VILLAGES 17 & 18 HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association". The principal office of the Association shall be located at 10600 La Canada Drive, Oro Valley, Arizona 85737, but meetings of Members and Directors may be held at such places within the State of Arizona, County of Pima, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to CANADA HILLS VILLAGES 17 & 18 HOMEOWNERS ASSOCIATION, an Arizona nonprofit corporation, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Tract Declaration of Covenants, Conditions, Restrictions and Easements for Canada Hills Villages 17 & 18.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to Lots shown upon any recorded subdivision map of the Properties with the exception of the Common Area. "Lot" shall include lots later annexed in accordance with the Declaration.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to First American Title Insurance Company, a California corporation, as Trustee under Trust No. 4,419, and its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Declaration" shall mean and refer to the Tract Declaration of Covenants, Conditions, Restrictions and Easements for Canada Hills Villages 17 & 18 applicable to the Properties and recorded in the Office of the Pima County Recorder, State of Arizona, as they may be amended from time to time.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and an annual meeting of the Members shall be held during each calendar year thereafter. The date, time, and place of each annual meeting shall be determined by the Board.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, by Declarant, or upon written request of the Members who are entitled to vote one-quarter (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 mailing a copy of such notice, postage prepaid, at least fifteen (15) days, and no more than fifty (50) days, before such meeting to each Member entitled to vote thereafter, 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.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, 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 provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be

present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented; provided, however, that if the adjournment is for more than thirty (30) days, notice shall be given to each member entitled to vote at the meeting.

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. 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 revoked on presentation of a later dated proxy executed by the same owner. A proxy terminates one (1) year after the date of its execution, unless it specifies a shorter term or unless it states that it is coupled with an interest and is irrevocable, whereupon it shall terminate twenty-five (25) months after the date of its execution.

ARTICLE IV

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of the Association shall be managed by the Board. The initial Board and each Board thereafter for so long as there is a Class B Member shall consist of three (3) directors appointed by the Class B Membership, who need not be Members of the Association nor Owners of Lots. Commencing with the first annual meeting of the Members when there is no longer a Class B Member, the Board shall consist of, and the voting Members shall elect, five (5) directors, each of whom must be a Member or an individual designated by a corporate, partnership, or other non-individual Member.

Section 2. Term of Office. The directors shall be elected at the annual meeting of the Members, and the term of the directors, so long as there is a Class B Member, shall be one (1) year or until the director shall resign or die or be removed. The terms for the five directors elected at the first annual meeting of the Members when there is no longer a Class B member shall be one (1) director for a one (1) year term, two (2) directors for a two (2) year term, and two (2) directors for a three (3) year term, thus establishing a staggered Board. In succeeding years, all directors shall be elected for a three (3) year term.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by Members having two-thirds (2/3) of the votes entitled to be cast by the Members present in person or by proxy at a meeting of the Members, except that the Declarant shall appoint the directors during the pendency of the Class B Membership as provided in the Declaration, and no director may be removed without Declarant's consent during such time. Any director so removed by the Members shall be replaced by a director elected by the Members at the same meeting. In the event of death, or resignation of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association that is within his duties as a director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which 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 V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors 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 of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among individual Members or individuals designated by corporate, partnership, and other non-individual Members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. In any such election, every Owner entitled to vote shall be entitled to cast the number of votes attributable to such Owner multiplied by the number of directors to be elected. Each Owner shall have the right to cumulate the Owner's votes for one (1) candidate or to divide such votes among any number of the candidates.

Section 3. Right of Appointment. Notwithstanding the above, the Directors shall, so long as the Class B Membership exists, be nominated, appointed or removed solely by the Declarant.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least once per calendar year, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days written notice to each director.

Section 3. 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.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. In addition to all other powers, the Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and the right to use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

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

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties; and

(f) grant easements over, across or under the Common Areas for public utilities, ingress, egress and such other purposes as may be deemed advisable by the Board.

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

(a) as more fully provided in the Declaration:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date or to bring an action at law against the Owner personally obligated to pay the same, provided same is cost effective in the sole discretion of the Board of Directors.

(b) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(c) procure and maintain liability and hazard insurance on property owned by the Association in the amounts required by the Declaration or otherwise determined by the Board of Directors in their sole discretion;

(d) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(e) cause the Common Area to be maintained.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. So long as there is a Class B Member, all officers of the Association shall be appointed and removed by the Class B Member. Thereafter, the officers shall be elected by the Board at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be 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. Any officer may be removed from office with or without cause by the Board, except that so long as there is a Class B Member, officers may be removed only by the Class B Member. 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, and

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 except that any vacancy created by the removal of an officer by the Class B Member shall be filled only by the Class B Member. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

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. The duties of the officers are as follows:

PRESIDENT

(a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

VICE-PRESIDENT

(b) The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by him by the Board.

SECRETARY

(c) 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 and 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 shall perform such other duties as required by the Board.

TREASURER

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE IX

COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws, subject to Declarant's rights to appoint the Architectural Committee pursuant to the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

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 Member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum (but not to exceed the maximum rate permitted by Arizona law), and 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 interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. 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 Lot.

Assessments on undeveloped lots owned by Declarant are to be assessed at a lesser rate as provided in the Declaration.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in a form approved by the Board.

ARTICLE XIII

AMENDMENTS - CONFLICTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of the votes entitled to be cast at a meeting of a quorum of Members present in person or by proxy, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is Class B Membership.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws or the Articles, the Declaration shall control.

ARTICLE XIV

FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XV

NOTICE

All notices, demands, statements or other communications required to be given or served under these Bylaws shall be in writing and shall be deemed to have been

duly given and served if delivered personally or sent by U.S. Mail, postage prepaid or, in the case of a notice pursuant to Article VII, Section 1(b) of these Bylaws, registered or certified U.S. Mail, return receipt requested, postage prepaid: (1) if to an Owner, at the address that the Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the Owner's property address within Canada Hills Villages 17 and 18; or (ii) if to the Association, the Board or any manager employed by the Association with respect to management of the Common Areas, at the principal office of the manager or such other address as shall be designated by notice in writing to the Owners. A notice given by mail, whether regular, certified, or registered, shall be deemed to have been received by the person to whom the notice is addressed on the earlier of the date the notice is actually received or three (3) days after the notice is mailed. If a lot is owned by more than one person, notice to one of the Owners of the lot shall constitute notice to all the Owners of the lot.

DATED: March 2, 1994.

CANADA HILLS VILLAGES 17 & 18 HOMEOWNERS
ASSOCIATION

By  _____
Mark Weinberg, Secretary