

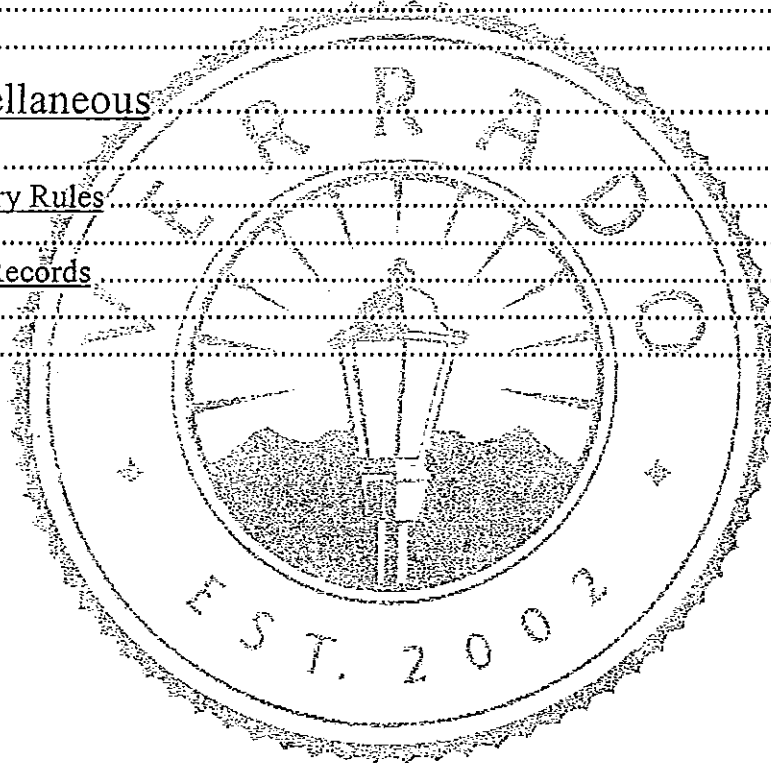
BY-LAWS
OF
VERRADO ASSEMBLY



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BY-LAWS

OF

VERRADO ASSEMBLY

Chapter 1

Name, Principal Office, and Definitions

*Any powerful idea is absolutely fascinating-and absolutely useless unless we choose to use it.
Richard Bach*

1.1. Name

The name of the corporation shall be Verrado Assembly ("Assembly")

1.2. Principal Office

The Assembly's principal office shall be located in Maricopa County, Arizona. It may have such other offices, either within or outside Maricopa County, as the Assembly's Board of Trustees may determine, or as the Assembly's affairs may require.

1.3. Definitions

The words used in these By-Laws shall have their normal, commonly understood definitions unless otherwise specified. Unless the context indicates otherwise, capitalized terms shall have the same meaning as set forth in the Covenant for Community for Verrado ("Covenant") recorded in the official records of Maricopa County.

Space has been set aside throughout these By-Laws to allow the reader to make notes. Those spaces and the heading that denotes the spaces are not part of these By-Laws.

NOTES AND THOUGHTS

Chapter 2

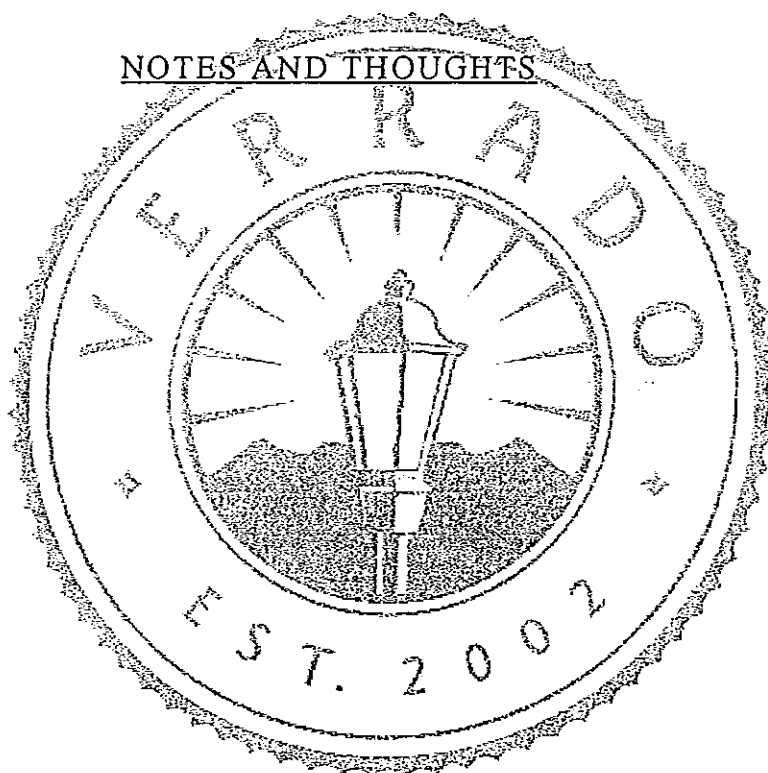
Assembly Mission

*Our problem is not to find better values but to be faithful to those we profess.
John W. Gardner*

The Assembly is organized for such purposes as are set forth in its Articles of Incorporation and in the Covenant.

community committed to service, inclusiveness, lifelong learning, and well being.

The mission of the Verrado Assembly is to foster the development of a vibrant and caring



Chapter 3

Administration of the Assembly

It is not only what we do, but also what we do not do, for which we are accountable.

Moliere

3.1. Management

The Assembly shall have no members. The Trustees shall manage the Assembly's affairs in accordance with these By-Laws and the Covenant.

Such notice shall be given, published, or posted not less than 10 nor more than 50 days prior to the meeting date. Participation in discussions during community-wide meetings shall be subject to reasonable regulation by the Trustees.

3.2. Community-Wide Meetings

From time to time, the Trustees may call meetings of the owners, occupants, and other parties interested and involved in Verrado. The Trustees shall set the time, place, and agenda for such meetings. They also shall communicate notice of the meetings by (a) posting in a conspicuous location or locations within Verrado, (b) publishing in a newspaper or community newsletter, (c) posting on a community cable channel or intranet or Internet website generally known to the Verrado owners and occupants, or (d) similar means to which the owners, occupants, and other parties interested and involved in Verrado could reasonably be expected to have access.

3.3. Special Meetings

The Trustees shall call a special community-wide meeting:

(a) if a majority of a quorum of the Trustees so directs by resolution; or

(b) if the board of directors of the Verrado Community Association, Inc. ("Association") requests such a meeting; or

(c) upon petition of the owners of at least 25% of the Units.

The notice of any special meeting shall be given as provided in Section 3.2. No business shall be transacted at a special meeting except as stated in the notice.

NOTES AND THOUGHTS

Chapter 4

Trustees: Number, Meetings, Powers

Democracy's the worst form of government except for all the others.
Sir Winston Churchill

A. Composition and Selection

4.1. Governing Body

The Assembly's affairs shall be governed by the Assembly's Board of Trustees. Each Trustee shall have one equal vote.

4.2. Number of Trustees

The initial Trustees shall consist of the three individuals (each a "Trustee") identified in the Articles of Incorporation. During the time that the Founder is authorized to appoint Trustees as provided in Section 4.3, there shall be at least three and no more than seven Trustees, as the Founder may determine. After termination of the Founder's right to appoint Trustees, the Trustees shall be appointed as described in Section 4.3.

4.3. Selection of Trustees; Term of Office

The Founder is authorized to appoint the Trustees until termination of the Founder Control Period, as that term is defined in the Community Charter for Verrado (the "Charter"). The terms of the initial Trustees shall be staggered, with two of the initial Trustees serving three-year terms and one of the initial Trustees serving a two-year term, as they among themselves determine. During the Founder Control Period, upon the termination of the term of office of any Trustee, the Founder shall appoint a successor to serve a two-year term.

Upon termination of the Founder Control Period, the terms of the then existing Trustees shall terminate, and the Board of Trustees shall be expanded to include seven Trustees.

The initial Board of Trustees following termination of the Founder Control Period shall be appointed by the Founder. Four of the seven Trustees appointed by the Founder shall serve three-year terms and three of the seven Trustees appointed by the Founder shall serve two-year terms, as they among themselves determine. The Founder shall appoint one Trustee from each of the following groups within Verrado: (1) homeowners, (2) merchants, (3) rental residents, (4) educators, (5) hospitality providers, (6) Youth Board, and (7) at large representative. The Youth Board representative shall serve in an *ex officio* capacity.

Following termination of the Founder Control Period, upon the termination of office of any Trustee, the remaining Trustees shall appoint a successor representing the same interest group as the Trustee whose term of office has expired. The successor Trustee shall serve a two-year term. A Trustee may serve any number of consecutive terms.

4.4. Resignation and Removal of Trustees; Vacancies

Any Trustee may resign at any time by giving written notice to the Trustees, the President, or the Secretary. Such resignation shall take effect on the date such notice is

received or at a later time specified in the notice. Acceptance of such resignation shall not be necessary to make it effective.

Any Trustee may be removed, with or without cause, and any vacancy may be filled for the unexpired portion of the term of a Trustee who has been removed or vacated such position, upon a majority vote of the other Trustees or by the Founder, so long as the Founder continues to own any property described in Exhibit "A" or "B" to the Covenant, or holds a beneficial interest under a trust agreement in any property described in Exhibit "A" or "B" to the Covenant.

B. Meetings

4.5. Organizational Meetings

The first meeting of the Trustees shall be held within 90 days following the date the Assembly's Articles of Incorporation are filed with the Arizona Corporation Commission at such time and place as the Trustees shall fix.

4.6. Regular Meetings

Regular Trustees meetings may be held at such time and place as a majority of the Trustees determine from time to time; however, at least four meetings shall be held during each fiscal year with at least one meeting each fiscal quarter.

4.7. Special Meetings

When called by written notice signed by the President, Vice President, or any two Trustees, the Trustees shall hold a special meeting. The Secretary shall prepare and distribute written notice of any special meetings specifying the time and place of the meeting and the nature of any special business to be considered.

4.8. Quorum of Trustees

At all Trustees meetings, a majority of the Trustees shall constitute a quorum for transacting business, and votes of a majority of the Trustees present shall constitute the Trustees' decision. If a quorum is present, the Trustees may continue to transact business, notwithstanding the withdrawal of Trustees, if any action taken is approved by at least a majority of the required quorum for that meeting.

If any Trustees meeting cannot be held because a quorum is not present, a majority of the Trustees who are present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the scheduled date of the original meeting. At the reconvened meeting, if a quorum is present, any business that could have been transacted at the originally called meeting may be transacted without further notice.

4.9. Compensation

Trustees shall not receive any compensation for acting as such unless a majority of the Trustees consents in writing, excluding the Trustee whose compensation is in question. A Trustee may receive reimbursement for expenses incurred on the Assembly's behalf upon approval of a majority of the other Trustees.

Nothing herein shall prohibit the Assembly from compensating a Trustee, or any entity with which a Trustee is affiliated, for services or supplies furnished to the Assembly in a capacity other than as a Trustee pursuant to a contract or agreement with the Assembly. However, such Trustee must make his or her interest known to the Trustees prior to entering into such contract, and a majority of Trustees other than the

interested Trustee must approve such contract.

4.10. Conduct of Meetings

The President, or a designee approved by the Trustees, shall preside over all Trustees meetings, and the Secretary shall keep a minute book of Trustees meetings, recording all Trustees resolutions and all transactions and proceedings occurring at such meetings.

Trustees meetings shall be open to the Founder, all Verrado residents, and all directors, officers, and authorized representatives of the Association. Non-Trustees may not participate in any discussion or deliberation unless a Trustee requests and is granted permission for the attendee to speak. In such case, the President may limit the time any individual may speak.

Notwithstanding the above, the President may adjourn any Trustees meeting and reconvene in executive session, and may exclude persons other than Trustees, for consideration of one or more of the following topics:

- (a) employment or personnel matters for employees of the Trustees or Assembly;
- (b) legal advice from an attorney for the Trustees or Assembly;
- (c) pending or contemplated litigation; and/or
- (d) pending or contemplated matters relating to enforcement of the Assembly's documents or rules.

4.11. Action Without a Formal Meeting

Any action taken or which may be taken at a Trustees meeting may be taken without

a meeting if all Trustees sign a consent setting forth the action so taken. Such consent shall have the same force and effect as a unanimous vote.

4.12. Electronic Participation

One or more Trustees may participate in and vote during any regular or special Trustees meeting by telephone conference call, fiber optics, or similar audio or video communication equipment by means of which all persons participating in the meeting can hear each other at the same time. Those Trustees so participating shall be deemed present at such meeting for all purposes including determining a quorum.

C. Powers and Duties

4.13. Powers

The Trustees shall have all the powers which Arizona law provides for nonprofit corporations and those necessary to administer the Assembly's affairs and to perform the Assembly's responsibilities and to exercise its rights as set forth in these By-Laws, the Covenant, and the Assembly's Articles of Incorporation.

For purposes of illustration but not limitation, the Trustees shall have the power to:

- (a) provide for activities, services, and programs designed to further the Assembly's mission as set forth in these By-Laws;
- (b) impose reasonable conditions, limitations, and requirements and/or charge reasonable admission, use, or consumption fees for the use and enjoyment by Verrado residents of the various services and programs provided by or through the Assembly and for the use and enjoyment of

any of the Areas of Assembly Responsibility; and

(c) enforce the provisions of these By-Laws, the Covenant, and the Assembly's Articles of Incorporation and the rules and regulations of the Assembly, and bring any proceedings concerning the Assembly.

4.14. Duties

The Trustees' duties shall include those imposed by law, and, without limitation:

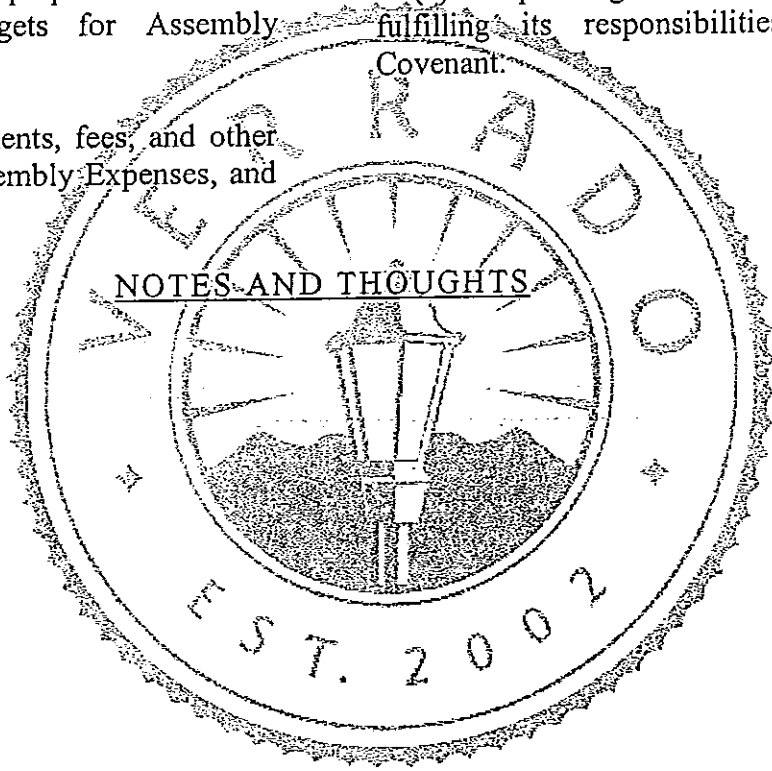
(a) overseeing the preparation of and adopting annual budgets for Assembly Expenses;

(b) levying assessments, fees, and other charges to pay for Assembly Expenses, and

establishing the means and method of collecting such payments as set forth in these By-Laws, the Covenant, and the Assembly's Articles of Incorporation;

(c) making available to any owner, mortgagee, or prospective purchaser of property in Verrado, copies of these By-Laws, the Covenant, and the Assembly's Articles of Incorporation, and rules the Trustees promulgate. The Trustees may establish and charge fees to cover the Assembly's printing and mailing costs; and

(d) cooperating with the Association and fulfilling its responsibilities under the Covenant.



CHAPTER 5

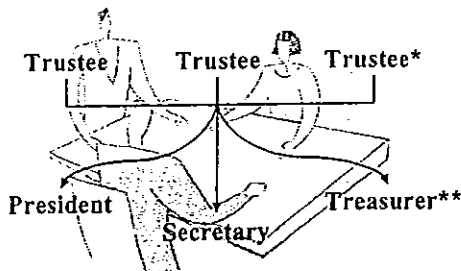
Officers

Only those who dare to fail greatly will achieve greatly.
Robert F. Kennedy

5.1. Officers

The Assembly officers shall be a President, Secretary, and Treasurer. The President and Secretary shall be elected from among the Trustees. The Trustees may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties the Trustees prescribe.

Organization of Assembly



*Initially, there will only be three trustees, but this number may change pursuant to Chapter 4.

**The Trustees may appoint additional officers as provided in Section 5.1

5.2. Election and Term of Office

The Trustees shall elect the Assembly officers at such times as it deems appropriate or when a position becomes vacant. Officers may serve terms of such length as the Trustees may designate, but not to exceed two years.

5.3. Removal and Vacancies

Whenever in its judgment the Assembly's best interests will be served, the Trustees

may remove any officer and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise for the unexpired portion of the term.

5.4. Powers and Duties

Assembly officers shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Trustees. The President shall be the Assembly's chief executive officer. The Secretary shall be responsible for ensuring that the minutes of all Trustees and committee meetings are kept and shall have charge of such books and papers as the Trustees may direct. The Treasurer shall be primarily responsible for preparing the budget of Assembly Expenses but may rely upon accounting or other professionals in the process of doing so.

5.5. Resignation

Any officer may resign at any time by giving written notice to the Trustees, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein. Acceptance of such resignation shall not be necessary to make it effective.

5.6. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All agreements, contracts, deeds, leases, checks, and other instruments of the

Assembly shall be executed by the President, Secretary, or Treasurer, or by such other person or persons as the Trustees may designate by resolution.

5.7. Compensation

Compensation of officers shall be subject to the same limitations as compensation of Trustees under Section 4.9.

NOTES AND THOUGHTS



CHAPTER 6

Management and Administration

Good thoughts are no better than good dreams if you don't follow through.
Ralph Waldo Emerson

6.1. Liability and Indemnification

To the fullest extent that Arizona law, as amended from time to time, permits, the Assembly shall indemnify, hold harmless, and defend the Founder (and its members, agents, and employees), every Assembly officer, Trustee (in their capacity as such), and every committee member for, from, and against all damages and expenses, including attorneys fees, reasonably incurred in connection with any action, suit, or other proceeding brought against them (including any settlement thereof, if approved by the Trustees). This right to indemnification shall not be exclusive of any other rights to which any present or former officer or Trustee may be entitled. As an Assembly Expense, the Assembly shall maintain adequate general liability and directors and officers liability insurance to fund this obligation as provided in Section 7.3.

6.2. Standards of Conduct; Business Judgment

In performing their duties, Trustees and officers are subject to insulation from liability as provided for trustees, directors, and officers of corporations by Arizona law and as otherwise provided by these By-Laws, the Covenant, and the Assembly's Articles of Incorporation. Trustees shall exercise the ordinary and reasonable care of Trustees or directors of a corporation, subject to the business judgment rule.

As defined herein, a Trustee shall act in accordance with the business judgment rule so long as the Trustee:

(a) acts within the expressed or implied scope of these By-Laws, the Covenant, and the Assembly's Articles of Incorporation and his or her actions are not *ultra vires*;

(b) affirmatively undertakes to make decisions which are necessary for the continued and successful operation of the Assembly 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 Assembly's affairs.

A Trustee acting in accordance with the business judgment rule shall be protected from personal liability. Unless these By-Laws, the Covenant, and the Assembly's Articles of Incorporation require that specific action be taken, the failure to take specific action shall not, without further showing of a violation under the business judgment rule, be deemed a violation of a Trustee's duty.

The Trustees' determinations of the meaning, scope, and application of By-

Laws, the Covenant, and the Assembly's Articles of Incorporation provisions shall be upheld and enforced so long as such determinations are reasonable. The Trustees shall exercise their power in a fair, nondiscriminatory manner and shall adhere to the procedures established in these By-Laws, the Covenant, and Assembly's Articles of Incorporation.

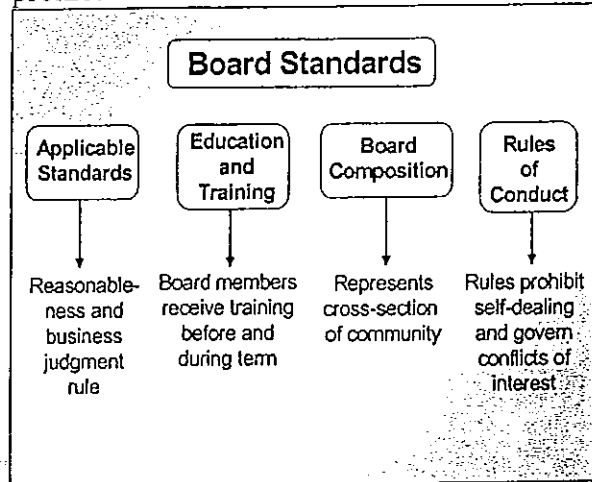
6.3. Training Seminar

In cooperation with or independent of the Association's board, the Trustees shall provide or provide for seminars and continuing educational opportunities designed to educate and inform Trustees and officers of their responsibilities as such. Such programs shall include instruction on applicable Arizona corporate and fiduciary law principles, other issues relating to administering community affairs, and upholding and enforcing these By-Laws, the Covenant, and Assembly's Articles of Incorporation. The Trustees may retain industry professionals, which may include attorneys and accountants, as appropriate or necessary for such purpose. Each newly elected Trustee and officer shall complete a training seminar within the first six months of assuming such position.

6.4. Conflicts of Interest

Unless otherwise approved by a majority of the other Trustees, no Trustee or officer may transact business with the Assembly or the Association, or any Assembly or Association contractor, during his or her term as Trustee or officer or within two years after the term expires. A Trustee or officer shall promptly disclose in writing to the Trustees any actual or potential conflict of interest relative to his or her performance as a Trustee or officer. A Trustee's or officer's failure to make such disclosure shall be grounds for removal by a majority

vote of the other Trustees. The Trustees may void any contract that creates a prohibited conflict of interest.



Notwithstanding the above, the Trustees the Founder appoints may be employed by or otherwise transact business with the Founder or any affiliate of the Founder, and the Founder may transact business with the Assembly, the Association, or their contractors.

6.5. Management

The Assembly may employ an agent or agents, at such compensation as the Trustees may establish, to perform such duties and services as the Trustees shall authorize. Subject to the Trustees' supervision, the Trustees may delegate to the agent or agents such powers as are necessary to perform its assigned duties but shall not delegate policy-making authority. The Founder may be the agent.

The Trustees may delegate to any single Trustee the authority to act on their behalf on all matters relating to any agent's duties that arise between Trustees meetings.

The Trustees may not terminate any agency contract, or retain a new agent, without the Founder's approval for so long as the Founder owns, or has a beneficial

interest in, or the contractual right to acquire, property within Verrado. Any such contract may, among other things, authorize action as the Assembly's agent with respect to the expenditure of Assembly funds within the scope of the approved Assembly budget; however, the agent shall not be permitted to spend money in excess of the budget or reallocate greater than 10% of any budget line item without the Trustees' prior approval.

6.6. Right to Contract

The Assembly shall have the right to contract with any person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements, or covenants to share costs with a property owners association or any other entity within or outside Verrado.

6.7. Right to Appoint Committees

The Trustees may appoint such committees as they deem appropriate to perform such tasks as the Trustees may designate by resolution. Each committee shall operate in accordance with the terms of such resolution. Unless otherwise specified in the resolution creating the committee, service on a committee shall be for a term of two years. The Trustees shall have the right to disapprove or veto any committee decision or action. Committees shall not

have the authority contractually to bind the Assembly or to commit the Assembly financially or otherwise.

6.8. Limitation on Assembly Authority

The Association exists independently from the Assembly and is managed and administered in accordance with the Charter and the Association's other governing documents. Unless the Association otherwise specifically consents in writing, or unless specifically provided in the Charter, the Assembly has no authority to, and shall not (a) enforce the Charter or any Association rights; (b) maintain, improve, operate, or encumber Association-owned or administered property; (c) act as the Association's agent or representative; (d) commit the Association to any contracts, obligations, or costs; (e) hire, terminate, direct, manage, or supervise any of the Association's employees or its managing agent; (f) solicit the Association's employees or agents to become the Assembly's employee or exclusive agent (provided, this shall not prevent the Assembly and the Association from being jointly managed); or (g) directly assess the owners or any neighborhood association directly or indirectly, except as otherwise specifically permitted under the Covenant or the Charter.

This Section is for the benefit of and shall be enforceable by the Association.

NOTES AND THOUGHTS

CHAPTER 7

Accounting and Insurance

Not everything that can be counted counts, and not everything that counts can be counted.
Albert Einstein

7.1. Accounts and Reports

The following management standards of performance shall be followed unless the Trustees, by resolution, specifically determine otherwise:

(a) generally accepted accounting principles shall be employed;

(b) the Assembly's cash accounts shall not be commingled with any other accounts;

(c) no persons, on behalf of the Assembly, shall accept remuneration from vendors, independent contractors, or others providing goods or services to the Assembly, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Assembly;

(e) the Town Manager or any other agent of the Assembly shall disclose promptly to the Trustees any financial or other interest which he or she may have in any firm providing goods or services to the Assembly;

(f) an annual report consisting of at least the following shall be made available for inspection by any interested party within 60 days after the close of the fiscal year: (i) a balance sheet showing actual receipts and expenditures; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the

Trustees determines, by an independent public accountant.

The Assembly's Annual Report

Contains the following:

- a balance sheet showing actual receipts and expenditures
- an income statement
- a statement of changes in financial position for the fiscal year

The Assembly shall provide any interested party a copy of the annual financial report within 10 business days following receipt of a written request for access.

7.2. Borrowing

The Assembly shall have the power to borrow money for any legal purpose.

7.3. Insurance

Acting through its Trustees or its duly authorized agent, the Assembly shall obtain and maintain in effect the following types of insurance, if reasonably available and affordable and to the extent the Trustees deems reasonably necessary:

(a) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by

whatever name denominated) for all insurable improvements (excluding land) on Assembly Property, if any. If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. All property insurance policies that the Assembly obtains shall have policy limits sufficient to cover the full replacement cost of the insured improvements (excluding land);

(b) Commercial general liability insurance for any property that the Assembly owns, controls, or maintains. If generally available at reasonable cost, the commercial general liability coverage (including primary and any umbrella coverage) shall have a limit of at least \$2,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage; however, should additional coverage and higher limits be available at reasonable cost which a reasonably prudent person would obtain, the Assembly may obtain such additional coverage or limits;

(c) Workers compensation insurance with statutory limits and employers liability

insurance, if and to the extent required by law;

(d) Directors and officers liability coverage;

(e) Fidelity insurance covering all persons responsible for handling Assembly funds in an amount determined in the Trustees' business judgment but not less than an amount equal to one-quarter of the Annual Assessments on all individually owned property plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation, and

(f) Such additional insurance as the Trustees, in the exercise of their business judgment, determines advisable, which may include, without limitation, flood insurance, boiler and machinery insurance, and building ordinance coverage. The Assembly's insurance policies may contain a reasonable deductible and shall provide a waiver of subrogation against any Owner or household member of any Owner.

NOTES AND THOUGHTS

37. 2002

CHAPTER 8
Miscellaneous

We find no real satisfaction or happiness in life without obstacles to conquer and goals to achieve.
Dr. Maxwell Maltz

8.1. Fiscal Year

The Trustees shall set the Assembly's fiscal year by resolution. In the absence of a resolution, the fiscal year shall be the calendar year.

rules, books of account, and the minutes of Trustee meetings. The Assembly shall provide for such inspection to take place at the Assembly's office or at such other place as the Trustees designate.

8.2. Parliamentary Rules

Except as may be modified by the Trustees, *Robert's Rules of Order* (current edition) shall govern the conduct of Assembly proceedings when not in conflict with Arizona law, the Assembly's Articles of Incorporation, or these By-Laws.

(b) *Rules for Inspection.* The Trustees shall establish reasonable rules with respect to (i) notice to be given to the custodian of the records; (ii) hours and days of the week when such an inspection may be made; and (iii) payment of the cost of reproducing copies of documents requested.

8.3. Conflicts

If there are conflicts among the provisions of Arizona law, the Covenant, the Assembly's Articles of Incorporation, and these By-Laws, the provisions of Arizona law, the Covenant, the Assembly's Articles of Incorporation, and these By-Laws (in that order) shall prevail.

(c) *Inspection by Trustees.* Every Trustee and the Founder shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Assembly and the physical properties the Assembly owns or controls. The right of inspection by a Trustee or the Founder includes the right to make a copy of relevant documents at the Assembly's expense.

8.4. Books and Records

(a) *Inspection by Owners and Mortgagees.* The Trustees shall make the following available for inspection and copying by the Founder, any owner, mortgagee of a Unit, or the duly authorized representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in his or her property: the Assembly's Articles of Incorporation, the Covenant, and these By-Laws, including any amendments, Assembly

Unless otherwise authorized or provided in the Covenant, these By-Laws, or by law, all notices, demands, bills, statements, or other communications under the Covenant or 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 his or her address as designated in writing and filed with the Assembly's Secretary or, if no such address

has been designated, at the address of the owner's property within Verrado;

(b) if to the Association, to the address designated by the Association in writing to its Secretary, or if no such address has been designated, at the Association's principal office; and

(c) if to the Assembly, the Founder, Trustees, or managing agent, at the Assembly's, the Founder's, Trustees', or managing agent's principal office, or at such other address as shall be designated by notice in writing.

Alternatively, all such notices may be sent by means of facsimile or other electronic communication with confirmation of receipt. Such notice shall be deemed delivered upon transmission and confirmation of receipt.

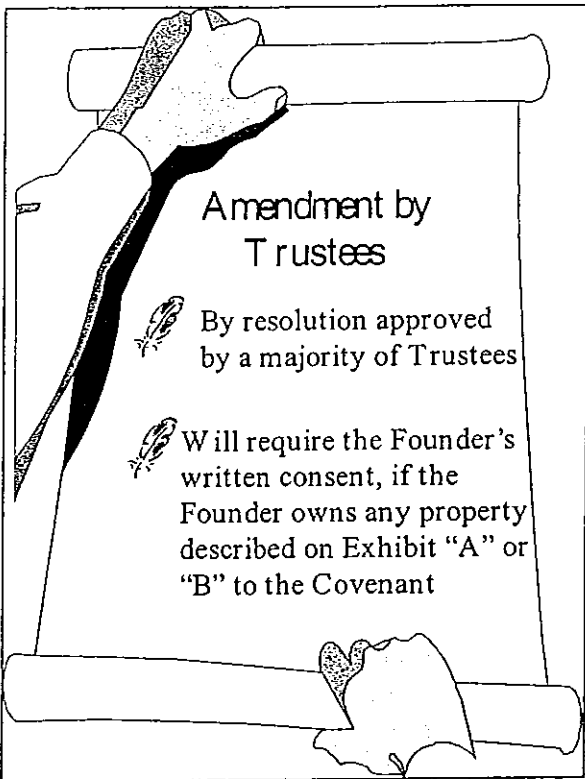
Except for emergency meetings, notice of each Trustees meeting shall be communicated to Verrado residents by posting in a conspicuous location or locations within Verrado, publishing in a newspaper or community newsletter, or posting on a community cable channel or intranet or internet website generally known to Verrado owners and occupants, or by similar means to which the owners and occupants could reasonably be expected to have access. As an alternative to providing separate notice for each meeting, the Trustees may post or publish a schedule of upcoming, regular Trustees meetings.

Transactions of any Trustees meeting, however called and noticed or wherever held, shall be as valid as if taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each absent Trustee signs a written waiver of

notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the meeting's purpose. Notice of a meeting also shall be deemed given to any Trustee who attends the meeting without protesting before or at its commencement about lack of adequate notice.

8.6. Amendment

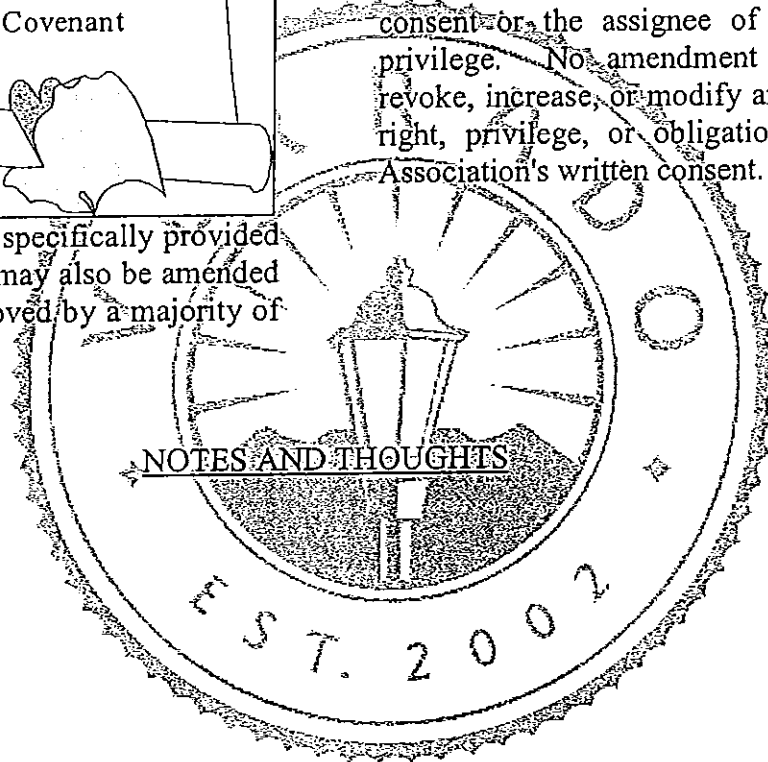
So long as the Founder continues to own any property described in Exhibit "A" or "B" to the Covenant, or holds a beneficial interest under a trust agreement in, or a contractual right to acquire, any property described in Exhibit "A" or "B" to the Covenant, the Founder may unilaterally amend these By-Laws at any time if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (b) to enable any title insurance company to issue title insurance coverage; (c) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans; (d) to enable any governmental agency or private insurance company to insure mortgage loans; or (e) to satisfy the requirements of any governmental agency.



the Trustees; however, any such amendment shall require the Founder's written consent for so long as the Founder owns any property described in Exhibit "A" or "B" to the Covenant or holds a beneficiary interest under a trust agreement in any property described in Exhibit "A" or "B" to the Covenant.

Amendments are effective upon their approval in the manner set forth above, unless a later effective date is specified therein. No amendment may remove, revoke, or modify any right or privilege of the Founder without the Founder's written consent or the assignee of such right or privilege. No amendment may remove, revoke, increase, or modify any Association right, privilege, or obligation without the Association's written consent.

Except as otherwise specifically provided herein, these By-Laws may also be amended upon a resolution approved by a majority of



CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of the Verrado Assembly, an Arizona nonprofit corporation;

That the foregoing By-Laws constitute the original By-Laws of Verrado Assembly as duly adopted by unanimous consent adopted by the Trustees on October 9th, 2002.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 9 day of October, 2002.

