

ARTICLE III

PORTAL III HOMEOWNERS' ASSOCIATION

Section 1. Organization.

(a) The Association. The Association to be called Portal III Homeowner's Association shall be or is a nonprofit Arizona corporation charged with the duties and vested with the powers prescribed by law and set forth in the Articles and Bylaws of the Association, and the Declaration. Neither the Articles nor Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. Said Association shall be formed by Declarant at such time as thirty percent (30%) of lot sales are reached, or within three (3) years of the date of the conveyance of the first Lot within the Properties sold to a Public Purchaser, whichever comes first.

(b) Board of Directors and Officers. The affairs of the Association shall be conducted by a Board of Directors and such Officers as the Directors may elect or appoint, in accordance with the Articles and the Bylaws, as same may be amended from time to time.

Section 2. Powers and Duties of the Association. The Association shall have rights, duties and powers as set forth in the Articles

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and Bylaws, as same may be amended from time to time.

Section 3. The Properties Rules. By a majority vote of the Board, the Association may, from time to time and subject to the provisions of this Declaration, adopt, amend, and repeal rules and regulations to be known as the "Properties Rules." The Properties Rules may restrict and govern the use of any area by any Owner, by the Family of such Owner, or by any invitee, licensee or lessee of such Owner; provided, however, that the Properties Rules may not discriminate among Owners and shall not be inconsistent with this Declaration, the Articles or Bylaws of the Association. A copy of the Properties Rules as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner and may be recorded. Upon recordation, said Rules shall have the same force and effect as if they were set forth in and were a part of the Declaration.

Section 4. Personal Liability. No member of the Board or any committee of the Association, or any officer of the Association, shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, the Board, or any other representative or employees of the Association, or the Architectural Committee, or any other Committee, or any officer of the Association, provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith, without willful or intentional misconduct.