

BYLAWS OF
SENIOR VILLAGE AT SADDLEBROOKE, INC

A Nonprofit Corporation Formed Under the Laws of the State of Arizona

ARTICLE ONE
ORGANIZATION

Section 1.1. Registered Office. The registered office of the corporation shall initially be situated at the location stated within the Articles of Incorporation and may, at a later date, be moved to such other location as the board of directors may from time to time designate.

Section 1.2. Other Offices. The corporation may maintain such other offices both within and without the State of Arizona as the board of directors may authorize.

Section 1.3. Purpose. The purpose for which the non-profit, tax exempt corporation is organized is to conduct any lawful transaction under the laws of the State of Arizona and to provide education, information, and services to residents of SaddleBrooke and SaddleBrooke Ranch to assist them in maintaining their independence and quality of life at home.

Section 1.4. Corporate Seal. The seal of the corporation shall be of such design as shall be approved and adopted from time to time by the board of directors, and the seal or a facsimile thereof may be affixed by any person authorized by the Board of Directors or these Bylaws by impression, by printing, by rubber stamp, or otherwise. The foregoing notwithstanding, however, unless otherwise required by the laws of the State of Arizona, the board of directors may opt not to utilize a corporate seal.

ARTICLE TWO
MEMBERS

Section 2.1. Membership. The corporation shall not have members. All authority shall be vested in a perpetual board of directors as set forth in Article III below.

ARTICLE THREE
BOARD OF DIRECTORS

Section 3.1. Initial Directors. The initial board of directors shall consist of 3 persons. The initial board of directors shall serve a term of four years and be eligible for re-election to two-year terms thereafter; however, in all cases, directors shall serve until their successors shall have been elected and qualified.

Section 3.2. Number, Election and Term. The number of directors to serve on the board of directors may be amended by a duly adopted resolution of the board of directors, however, this number shall not be greater than a maximum of 7 directors nor less than the minimum number required by Arizona law. All directors elected after the initial board shall serve two-year terms and shall be eligible for re-election to further terms by the board of directors; however, in all cases, current directors shall serve until their successors shall have been elected and qualified. When a seat becomes vacant on the board, the current board of directors shall fill it by majority vote; however, a director shall abstain from voting upon his or her own nomination for re-election to the board.

Section 3.3. Powers. The activities and assets of the corporation shall be managed and controlled by the board of directors which shall exercise all the powers of the corporation.

Section 3.4. Meetings; Quorum. Regular meetings of the board of directors shall be held at such places, within or without the State of Arizona, and on such days and at such times as shall be fixed from time to time by the board of directors. Rules of procedure for the conduct of such meetings shall

be adopted by resolution of the board of directors. Notice of such regular meetings need not be given. A majority of the board of directors shall constitute a quorum for the transaction of business, but a lesser number may adjourn to another day if a quorum is not present. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by the Articles of Incorporation or these Bylaws. Special meetings of the board may be held at any time and place, within or without the State of Arizona, upon the call of the chairman of the board, the president or secretary of the corporation by written notice delivered to each director not less than three (3) days before such meeting; provided, however, that any director may, at any time, in writing, waive notice of any meeting. Attendance of a director at any meeting shall constitute a waiver of notice of the meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. For purposes of this section, "delivery" of notice of a board of director's meeting may be accomplished either by hand-delivery, through the U.S. Postal Service, through a private parcel carrier service, or electronically by facsimile transmission. "Delivery" is completed upon receipt by the director through any of the aforementioned means except when delivery of notice is by U.S. Postal Service or private parcel carrier service, in which case, delivery shall be completed upon delivery of the notice to the director's last known home address.

Section 3.5. Director meeting via telephone conference. Directors may appear at a meeting of the board by means of telephone conference or similar communication system whereby all persons participating in the meeting can hear each other, and participation in a meeting in this manner shall constitute presence in person at the meeting. Furthermore, a director appearing at a board meeting via telephone conference shall also be allowed to vote by this medium. Furthermore, it is permissible for all directors to appear at a meeting of the board of directors via telephone conference or similar communication system.

Section 3.6. Action by Consent. Any action which is required to be or may be taken at a meeting of the directors may be taken without a meeting if consents in writing, setting forth the action so taken, are signed by all the directors. The written consent may be executed in several identical counterparts by the directors with the effect as if the directors had executed a single document.

Section 3.7. Resignation and Filling of Vacancies of Directors. Any director of the corporation may resign at any time by giving written notice of such resignation to the board of directors, the chairman of the board, or the corporation. Any such resignation shall take effect at the time specified therein or, if no time be specified, upon receipt thereof by the board of directors or one of the above-named officers. Vacancies on the board and newly created directorships resulting from any increase in the number of directors to constitute the board of directors may be filled by a duly approved resolution of a majority of the directors then in office. If the directors remaining in office constitute fewer than a quorum of the board, they may fill the vacancy by the affirmative vote of a majority of all the directors remaining in office. The death of any director shall be treated as a voluntary resignation by the corporation.

Section 3.8. Compensation of Directors. Directors, as such, shall not receive compensation and shall not be reimbursed for expenses of attendance at any meeting of the board. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 3.9. Committees. The board of directors, by resolution adopted by a majority of the whole board, may designate two or more directors to constitute a committee. Each such committee, to the extent provided in such resolution, shall have and may exercise the authority of the board of directors, as so delegated in the resolution, in the management of the corporation; but the designation of such committee and the delegation thereto of authority shall not operate to relieve the board of directors, or any member thereof, of any responsibility imposed upon it or such member by law.

Section 3.10. Power and duties of the board of directors. The property and business of a corporation shall be controlled and managed by a board of directors; however, the board may delegate duties to the officers of the corporation to the full extent allowed by law.

Section 3.11. Removal of directors. The board of directors may, by resolution adopted by the affirmative vote of 66% or more of the directors, remove a fellow board member. Sixty-six percent of all directors, not 66% of those directors in attendance at the meeting, must vote in favor of removal for the resolution to pass.

ARTICLE FOUR OFFICERS

Section 4.1. Number, Election and Term. The officers of the corporation shall be a president, treasurer, and secretary who shall be chosen by the board of directors at its first meeting. The same individual may hold all three offices. The board of directors may elect such other officers with such titles and duties as it may determine are appropriate. Any two or more offices may be held by the same person. All officers, unless sooner removed, shall hold their respective offices until the first meeting of the board of directors after the next succeeding election of the board of directors and until their successors shall have been duly elected and qualified. The salaries of the officers of the corporation shall be fixed from time to time by the board of directors. No officer shall be prevented from receiving such salary by reason of the fact that such officer is also a director of the corporation.

Section 4.2. Removal. Any officer or agent elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interests of the corporation will be served thereby, but such removal shall not effect the contract rights, if any, of the officer or agent so removed.

Section 4.3. Chairman of the Board. The chairman of the board, if any, shall preside at all meetings of the directors at which he or she is present and shall perform such other duties as the board of directors or these Bylaws may prescribe.

Section 4.4. President. In the absence of the chairman of the board, the president shall preside at all meetings of the directors at which he or she is present. The president shall perform such duties as the board of directors may prescribe and shall see that all orders and resolutions of the board are carried into effect. The president shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

Section 4.5. Vice Presidents. The vice presidents, if any, in the order of their seniority shall, in the absence or disability of the president and any executive vice president, perform the duties and exercise the powers of the president, and shall perform such other duties as the board of directors or the president may prescribe.

Section 4.6. Secretary and Assistant Secretaries. The secretary shall keep or cause to be kept a record of all meetings of the board of directors and record all votes and the minutes of all proceedings in a book to be kept for that purpose. The secretary shall give, or cause to be given, notice of all meetings or special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision the secretary shall be. The secretary shall keep in safe custody the seal of the corporation and shall affix the same to any instrument requiring it. The assistant secretaries, if any, in order of their seniority shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties as the board of directors may prescribe.

Section 4.7. Treasurer and Assistant Treasurers. The treasurer shall have the custody of the corporate funds and securities, shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors and shall perform such other duties as the board of directors may prescribe. The treasurer shall disburse the funds of the corporation as may be ordered by the board, taking proper vouchers for such disbursements, and shall render to the president and directors, at the regular meetings of the board, or whenever they may require it, an account of all his transactions as treasurer and of the financial condition of the corporation. If required by the board of directors, the treasurer shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation. The assistant treasurers, if any, in the order of their seniority shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties as the board of directors may prescribe.

**ARTICLE FIVE
INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS**

Section 5.1. Indemnification of Directors and Officers. To the fullest extent permitted by the laws of State of Arizona, including future amendments of those laws, the corporation shall indemnify and hold harmless each director and officer of the corporation against any and all claims, liabilities, and expenses (including attorneys' fees, judgments, fines, and amounts paid in settlement) actually and reasonably incurred and arising from any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, to which any such person shall have become subject by reason of having held such a position or having allegedly taken or omitted to take any action in connection with any such position. However, the foregoing shall not apply to:

- a. any breach of such person's duty of loyalty to the corporation;
- b. any act or omission by such person not in good faith or which involves intentional misconduct or where such person had reasonable cause to believe his conduct was unlawful; or
- c. any transaction from which such person derived any improper personal benefit.

Section 5.2. Determination of Entitlement of Directors and Officers to Indemnification. The decision concerning whether a director or officer seeking indemnification has satisfied the provisions of Section 5.1 shall be made by (i) the board of directors by a majority vote of a quorum consisting of directors who are not parties to the action, suit, or proceeding giving rise to the claim for indemnity ("Disinterested Directors"), whether or not such majority constitutes a quorum; (ii) if there are no Disinterested Directors, or if the Disinterested Directors so direct, by independent legal counsel in a written opinion.

Section 5.3. Indemnification of employees and agents. The board of directors may, in such cases as, in its complete discretion, it deems appropriate, indemnify and hold harmless employees and agents of the corporation, and persons who formerly held such positions against any or all claims and liabilities (including reasonable legal fees and other expenses incurred in connection with such claims or liabilities) to which any such person shall have become subject by reason of having held such a position or having allegedly taken or omitted to take any action in connection with such position.

**ARTICLE SIX
MISCELLANEOUS**

Section 6.1. Amendment of Bylaws. The Bylaws may be amended by a majority vote of the board of directors present in person or by proxy at the annual meeting, at a special meeting called for that purpose, or by written consent.

Section 6.2. Fiscal year of the corporation. Unless the board of directors shall select another date through a duly adopted resolution, the fiscal year of the corporation shall begin on the first day of January of each year and end on the 31st day of December.