

**BYLAWS
FOR
SANTA RITA RANCH II DEL TORO COMMUNITY ASSOCIATION**

Pursuant to the provisions of Arizona Revised Statutes, A.R.S. §10-3101, et seq. and A.R.S. §33-1801, et seq., the above Arizona nonprofit corporation hereby adopts the following Bylaws:

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is Santa Rita Ranch II Del Toro Community Association, hereinafter referred to as the "Association". The principal office of the Association shall be located at 6340 N. Campbell, Suite 100, Tucson, Arizona 85718, but meetings of Members and directors may be held at such places within the State of Arizona as may be designated by the Board of Directors.

**ARTICLE II
DEFINITIONS**

Section 2.1 "Association"

"Association" shall mean and refer to Santa Rita Ranch II Del Toro Community Association, an Arizona nonprofit corporation, its successors and assigns.

Section 2.2 "Covered Property"

"Covered Property" shall mean and refer to that certain real property described in the Declaration, and other property annexed under the purview thereof from within the Annexable Property as defined in the Declaration.

Section 2.3 "Declaration"

"Declaration" shall mean and refer to the Declaration of Covenants, Conditions, Restrictions, and Easements for Santa Rita Ranch II applicable to the Covered Property and recorded in the Office of the Pima County Recorder, State of Arizona, as it may be amended from time to time.

Section 2.4 "Member"

"Member" shall mean and refer to those persons entitled to Membership in the Association as provided in the Declaration.

Section 2.5 "Voting Member".

"Voting Member" shall mean Members with voting rights as provided in the Declaration.

Words used in these Bylaws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in the "Declaration, unless the context indicates otherwise.

ARTICLE III
MEMBERSHIP: MEETINGS, QUORUM, VOTING, PROXIES

Section 3.1 Membership.

The Association shall have two classes of Membership, Class A and Class B, as more fully set forth in the Declaration. The provisions of the Declaration pertaining to Membership are incorporated by this reference.

Section 3.2 Annual Meetings.

The Association shall hold its first meeting, whether a regular or special meeting, within one year after the date of the Association's incorporation. The Board shall set the date and time of subsequent regular annual meetings. Annual meetings may be conducted electronically (i.e., via the Internet, intranet, or teleconference) if, and to the extent, permitted by law, including by future enactments.

Section 3.3 Special Meetings.

The President may call special meetings. It shall also be the President's duty to call a special meeting if so directed by Board resolution, by request of the Class B Membership or upon a petition signed by Voting Members representing at least 10% of the total Class A votes of the Association.

Section 3.4 Notice of Meetings.

Written notice of each meeting of the Members shall be given to Voting Members 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 thirty (30) days, before such meeting to each Member entitled to vote thereat, 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, including such purposes as are required to be set forth and disclosed pursuant to A.R.S. §33-1804. Notice may also be given by any other lawful means.

Section 3.5 Waiver of Notice.

Waiver of notice of a meeting of the Voting Members shall be deemed the equivalent of proper notice. Any Voting Member may waive, in writing, notice of any meeting of the Voting Members, either before or after such meeting. Attendance at a meeting by a Voting Member shall be deemed waiver by such Voting Member of notice of the time, date, and place thereof, unless such Voting Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

Section 3.6 Voting.

Members' voting rights shall be as set forth in the Declaration and in these Bylaws, and such voting rights provisions are specifically incorporated by this reference.

Section 3.7 Proxies.

Voting by proxy shall be prohibited to the fullest extent such prohibition is permitted by law; provided, however, that during the Declarant Control Period, Declarant may in writing permit voting by proxy should Declarant, in its discretion, wish to permit such voting.

Should voting by proxy be permitted by Declarant, as stated, every proxy shall be in writing specifying the Lot or Parcel for which it is given, signed by the Member or his duly authorized attorney-in-fact, dated, and filed with the Association's Secretary prior to the meeting for which it is to be effective. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast; and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid.

Every proxy shall be revocable and shall automatically cease upon: (a) conveyance of any Lot or Parcel for which it was given, (b) receipt by the Secretary of written notice of revocation of the proxy or of the death or judicially declared incompetence of a Member who is a natural person, from the date of the proxy, unless a shorter period is specified in the proxy or is mandated by law.

Section 3.8 Majority.

As used in these Bylaws, the term "majority" shall mean more than 50% of votes, Voting Members or Owners, as the context may indicate.

Section 3.9 Quorum.

Except as otherwise provided in these Bylaws or in the Declaration, the presence of Voting Members representing twenty-five percent (25%) of the total Class A votes in the Association shall constitute a quorum at all Association member meetings. However, if the Class B Membership exists and the Class B Member or its proxy is not present, a quorum shall not exist.

Section 3.10 Conduct of Meetings.

The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings.

Section 3.11 Member Action Without a Meeting.

Except as provided by law, any vote of the Voting Members may also be taken without a meeting, by written ballot, if (1) the Association delivers a written ballot to every Voting Member entitled to vote on the matter, giving the Voting Member an opportunity to vote for or against the proposed action, and setting forth (a) the proposed action, (b) the number of responses needed to meet quorum requirements, (c) the percentage of approvals needed to approve the matter, and (d) the time by which a ballot must be delivered in order to be counted, which shall be not fewer than three days after the corporation delivered the ballot to the Voting Members; (2) the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action; and (3) the number of approvals equals or exceeds the number of votes that would be required to approve the action at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

This Article shall be construed consistent with state law, as same may from time to time change, and Voting Members may also take action by written consent to the extent permitted by Arizona law. The Class B Member shall have the right to disapprove any action of the Association or Voting Members, as provided herein. In addition, no such action by Voting Members may conflict with any reserved right, privilege, power or immunity of the Declarant or Class B Member.

ARTICLE IV
BOARD OF DIRECTORS: SELECTION, MEETINGS, POWERS

A. COMPOSITION AND SELECTION.

Section 4.1 Governing Body: Composition.

The Board of Directors shall govern the Association's affairs. Each director shall have one vote. Except for directors appointed by the Class B Member, directors shall be Members or residents. However, no Owner and resident representing the same Lot may serve on the Board at the same time. A "resident" shall be any natural person eighteen (18) years of age or older whose principal residence is a Lot within the Covered Property. If a Member is not a natural person, any officer, director, partner or trust officer of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Member. However, no Member may have more than one such representative on the Board at a time, except in the case of directors appointed by the Class B Member.

Section 4.2 Number of Directors.

The Board shall consist of three (3) to seven (7) directors, as provided below. The initial Board shall consist of at least three directors.

Section 4.3 Directors During Declarant Control Period.

The Class B Member shall have complete discretion in appointing its directors as provided in the Declaration and herein. Directors appointed by the Class B shall serve at the pleasure of the Class B Member and, as provided in the Declaration, the Class B Member may appoint a majority or greater percentage of the directors during the Declarant Control Period, with election of at least one director to be made by the Class A Members as provided below. The initial Directors appointed by the Class B Member shall, unless otherwise determined by the Class B Member, serve a term of four (4) years, and the Class B Member reserves the right to appoint successors in the event of resignation, removal or inability to serve.

Section 4.4 Nomination and Election Procedures.

A. **Nominations and Declarations of Candidacy.** Prior to each election of directors, the Board shall prescribe the opening date and the closing date of a reasonable filing period in which each and every eligible person who has a bona-fide interest in serving as a director may file as a candidate for any position to be filled by Class A votes. The Board shall also establish such other rules and regulations as it deems appropriate to conduct the nomination of directors in a fair, efficient, and cost-effective manner. Nominations also may be permitted from the floor.

Except with respect to directors selected by the Class B Member, a Nominating Committee may also make nominations for election to the Board. The Nominating Committee, if any, shall consist of a Chairman, who shall be a member of the Board, and three or more Members or representatives of Members. Members of the Nominating Committee shall be appointed by the Board not less than thirty (30) days prior to each annual meeting to serve a term of one year and until their successors are appointed, and such appointment shall be announced in the notice of each election.

The Nominating Committee may make as many nominations for election to the Board as it shall in its discretion determine. The Nominating Committee shall nominate separate slates for the directors, if any, to be elected at large by all Class A votes.

The Board shall give each candidate a reasonable, equal opportunity to communicate his or her qualifications to the Members and to solicit votes.

B. Disqualification of Candidates and Directors. A Member who has been found by the Board to be in violation of the terms of the Declaration, whether by non-payment of Assessments or otherwise, including by reason of violating applicable covenants, rules or regulations concerning improvements on such Member's property, may not be nominated for election to the position of Director until such violation has been cured. Should such person be a Director at the time such violation has been found to exist, then unless the violation is cured, such person shall be deemed removed as a Director ten (10) days after the date the Board determines that such uncured violation exists, unless in the case of a non-monetary default the Board determines that said Member is reasonably and diligently attempting to cure such default. The provisions of this paragraph shall not apply to the Class B Member nor to persons appointed to the Board by the Class B Member unless the Class B Member consents to such removal, nor may any Director be removed pursuant to this paragraph during the period of the Class B Membership unless the Class B Member consents to such removal.

Section 4.5 Election and Term of Office.

Except as these Bylaws may otherwise specifically provide, election of directors shall take place at the Association's annual meeting. Notwithstanding any other provision of these Bylaws, election of a minority of directors by the Class A Membership shall be phased based upon the number of Lots within the Covered Property with Dwelling Units thereon having certificates of occupancy issued ("Improved Lots"), as follows:

A. Twenty Five Percent Development. Within thirty (30) days after the date which is the later to occur of : (i) that time which the Class A Members other than Developer Owners own Improved Lots amounting to 25%, in number, of the total number of Lots within the Covered Property capable of being developed or improved with Dwelling Units, or (ii) the expiration of the initial four (4) year term of the initial directors appointed by the Declarant, except in the event the Class B Member should

earlier determine, the President shall call for an election by which the Voting Members shall be entitled to elect one (1) of the directors of the Board, who shall be an at-large director. The remaining directors shall be appointees of the Class B Member. The director elected by the Voting Members shall not be subject to removal by the Class B Member (except for violations as set forth herein) and shall be elected for a term of two (2) years or until the happening of the event described in subsection (b), whichever is shorter. If such director's term expires prior to the happening of the event described in subsection (b), a successor shall be elected for a like term.

B. Fifty Percent Development. Within thirty (30) days after the time that Class A Members other than Developer Owners own Improved Lots amounting to 50%, in number, of the total number of Lots within the Covered Property capable of being developed or improved with Dwelling Units, but not sooner than the date of expiration of the initial four (4) year term of the initial directors appointed by the Declarant, unless the Class B Member decides otherwise, the Board shall consist of five (5) directors, and the President shall call for an election by which the Voting Members shall be entitled to elect two (2) of the directors, who shall serve as at-large directors. The remaining directors, a majority, shall be appointees of the Class B Member. Directors elected by the Voting Members shall not be subject to removal by the Class B Member (except for violations as set forth herein) and shall be elected for a term of two (2) years or until the happening of the event described in subsection (C) below, whichever is shorter. If such directors' terms expire prior to the happening of the event described in subsection (C) below, successors shall be elected for a like term.

C. Termination of Declarant Control Period. Within ninety (90) days after termination of the Declarant Control Period, the President shall call for an election by which the Voting Members shall be entitled to elect three (3) of the directors of the Board, who shall serve as at-large directors. The remaining directors shall be appointees of the Class B Member. Directors elected by the Voting Members shall not be subject to removal by the Class B Member and shall serve until the first annual meeting following the termination of the Declarant Control Period. If such annual meeting is scheduled to occur within ninety (90) days after termination of the Declarant Control Period, this subsection shall not apply and directors shall be elected in accordance with the following paragraph.

Not later than the first annual meeting after the termination of the Declarant Control Period, the Board shall be increased to at least seven (7) directors and an election shall be held. Six (6) of the directorships shall be filled at large by the vote of all Voting Members. Three (3) directors shall serve a term of two (2) years and three (3) directors shall serve a term of one (1) year, as such directors determine among themselves.

D. Termination of Class B Membership. Until termination of the Class B Membership, the Class B Member shall be entitled to appoint at least one (1) director. Upon termination of the Class B Membership, the director elected by the Class B Member shall resign and the remaining directors shall be entitled to appoint a director to

serve until the next annual meeting, at which time the Voting Members shall be entitled to elect a director to fill such position. Such director shall be elected for a term of two (2) years.

Upon expiration of the term of office of each director elected by the Voting Members, Voting Members entitled to elect such director shall be entitled to elect a successor to serve a term of two (2) years. Directors elected by the Voting Members shall hold office until their respective successors have been elected.

Section 4.6 Removal of Directors and Vacancies.

Any director elected by the Voting Members may be removed, with or without cause, by the vote of Voting Members holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall be elected by the Voting Members entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Any director elected by the Voting Members who has three (3) consecutive unexcused absences from Board meetings, or who is more than thirty (30) days delinquent (or is the representative of a Member who is so delinquent) in the payment of any assessment or other charge due the Association, may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and the Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a director, and except with respect to the right of appointment by the Class B Member, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Voting Members entitled to fill such directorship may elect a successor for the remainder of the term.

This Section shall not apply to directors appointed by the Class B Member or to any director serving as Declarant's representative. The Class B Member or Declarant shall be entitled to appoint a successor to fill any vacancy on the Board resulting from the death, disability or resignation of a director appointed by the Class B Member or Declarant.

B. MEETINGS.

Section 4.7 Organizational Meetings.

The first Board meeting following each annual meeting of the Membership shall be held within ten (10) days thereafter or at such time and place as the Board shall fix.

Section 4.8 Regular Meetings.

Regular Board meetings may be held at such time and place as a majority of the directors shall determine.

Section 4.9 Special Meetings.

Special meetings of the Board shall be held when called by written notice signed by the President or Vice President or by any two directors.

Section 4.10 Notice.

Notices of Board meetings shall be given in any manner permitted by law.

Section 4.11 Participation in Meetings.

Members of the Board or any committee designated by the Board may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other, all as permitted by law. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 4.12 Quorum of Board.

At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the Board's decision, unless otherwise specifically provided in these Bylaws or the Declaration. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any Board meeting cannot be held because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five nor more than thirty (30) days from the date of the original meeting. If a quorum is present at the reconvened meeting, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 4.13 Conduct of Meetings.

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

Section 4.14 Open Meetings: Executive Session.

A. Except in an emergency, notice of Board meetings shall be posted or noticed as required by law, and if not otherwise required or permitted, posting or notice shall occur at least 48 hours in advance of the meeting at a conspicuous place

within the Covered Property which the Board establishes for the posting or noticing of notices relating to the Association. Subject to the provisions hereof, or provisions of law which may otherwise permit, all Board meetings shall be open to all Voting Members and, if required by law, all Members; and Members other than directors may participate in any discussion or deliberation subject to reasonable regulations of the Board. In such case, the Board may limit the time any such individual may speak.

B. Notwithstanding the above, the President may adjourn any meeting of the Board and reconvene in executive session, and may exclude persons other than directors, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc., all as may be permitted by A.R.S. §33-1804 or any successor statute.

Section 4.15 Action Without a Formal Meeting.

Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

C. POWERS AND DUTIES.

Section 4.16 Powers.

The Board shall have all of the powers and duties necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Governing Documents, and as provided by law. The Board may do or cause to be done on behalf of the Association all acts and things except those the Governing Documents or Arizona law require to be done and exercised exclusively by the Voting Members or the Membership generally.

Section 4.17 Duties.

The Board's duties shall include, without limitation:

- A. preparing and adopting, in accordance with the Declaration, an annual budget establishing each Owner's share of the Common Expenses;
- B. levying and collecting such assessments from the Owners;
- C. providing for the operation, care, upkeep, and maintenance of the Common Area;
- D. designating, hiring, and dismissing personnel necessary to carry out the Association's rights and responsibilities and where appropriate, providing for compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

E. depositing all funds received on behalf of the Association in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve funds may be deposited, in the Board's best judgment, in depositories other than banks;

F. subject to the Declaration, making and amending Rules and ARC Guidelines;

G. making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Declaration and these Bylaws;

H. enforcing by legal means the provisions of the Governing Documents and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the Association's obligation in this regard shall be conditioned in the manner provided in the Declaration;

I. obtaining and carrying property and liability insurance (and fidelity bonds, if reasonably necessary), and paying the cost thereof, and filing and adjusting claims, as appropriate;

J. paying the cost of all services rendered to the Association;

K. keeping books with detailed accounts of the Association's receipts and expenditures; and

L. assisting in the resolution of disputes between owners and others without litigation, as set forth in the Declaration.

Section 4.18 Compensation.

The Association shall not compensate any Director for acting as such unless approved by the Class B Member or Voting Members representing a majority of the total Class A votes in the Association. Any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board, excluding the interested director.

Section 4.19 Right of Class B Member to Disapprove Actions.

So long as the Class B Membership exists, the Class B Member shall have a right to disapprove any action, policy or program of the Association, the Board and any committee which, in the sole judgment of the Class B Member, would tend to impair

rights of Declarant under the Declaration or these Bylaws, interfere with development or construction of any portion of the Covered Property, diminish the level of services being provided by the Association or otherwise conflict with the plans, goals and objectives of the Class B Member as it determines same in its sole discretion.

A. Notice. The Association, the Board, and each committee shall give the Class B Member written notice of all meetings and proposed actions approved at meetings (or by written consent in lieu of a meeting). Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Association's Secretary, which notice complies as to Board meetings with all provisions hereof, and which notice shall, except in the case of the regular meetings held pursuant to the Bylaws, set forth with reasonable particularity the agenda to be followed at such meeting.

B. Opportunity to be Heard. The Association, the Board, and each committee shall give the Class B Member the opportunity at any meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein.

No action, policy or program subject to the right of disapproval set forth herein shall become effective or be implemented until and unless the requirements of subsections (A) and (B) above have been met.

The Class B Member, acting through any officer or director, agent or authorized representative, may exercise its right to disapprove at any time within ten (10) days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within ten (10) days following receipt of written notice of the proposed action. The Class B Member shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations, nor may any right of disapproval be exercised to the extent such exercise would violate a specific prohibition or limitation established by law.

Section 4.20 Management.

The Board may employ a professional management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policy-making authority or authority with respect to adoption of budgets. Declarant or its affiliate may be employed as managing agent or manager.

The Association shall not be bound, either directly or indirectly, by any management contract executed during the Declarant Control Period unless such

contract contains a right of termination that the Association may exercise, with or without cause and without penalty, at any time after termination of the Declarant Control Period upon not more than ninety (90) days' written notice, or such shorter period as may be required by law.

Section 4.21 Borrowing.

The Association may borrow money for any legal purpose; provided, the Board shall obtain Voting Member approval in the same manner provided in the Declaration for Special Assessments if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed 10% of the Association's budgeted gross expenses for that fiscal year. During the Declarant Control Period, no mortgage lien shall be placed on any portion of the Common Area without the affirmative vote or written consent, or any combination thereof, of Voting Members representing at least 51 % of the total Class A votes.

Section 4.22 Right to Contract.

The Association 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 with trusts, condominiums, cooperatives and other owners or residents associations, within and outside the Covered Property. Any common management agreement shall require the consent of a majority of the Board.

Section 4.23 Enforcement.

The Association may impose sanctions for any violation of the Governing Documents. To the extent specifically required by the Declaration, the Board shall comply with the following procedures prior to imposition of sanctions:

A. **Notice.** The Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than 10 days (or such other time required by law) within which the alleged violator may present a written request for a hearing to the Board; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within 10 days of the notice, or such longer period as may be required by law. If a timely request for a hearing is not made, the sanction stated in the notice shall be imposed; provided the Board may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 10-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

B. **Hearing.** If a hearing is requested within the allotted 10-day period, the hearing shall be held before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any

sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

C. Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, the Board may elect to enforce any provision of the Governing Documents by self-help (specifically including, but not limited to, towing vehicles that violate parking rules) or, following compliance with the dispute resolution procedures set forth in the Declaration, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred. Any entry onto a Lot or Parcel for purposes of exercising this power of self-help shall not be deemed as trespass.

Section 4.24 Board Standards.

In the performance of their duties, the directors and officers shall be insulated from personal liability to the fullest extent permitted by Arizona law, and as otherwise provided in the Governing Documents. Directors are required to exercise the ordinary and reasonable care of directors of a corporation, subject to the business judgment rule.

A director shall be deemed to be acting in accordance with the business judgment rule so long as the director (a) acts within the express or implied terms of the Governing Documents and his or her actions are not outside the scope of the director's authority; (b) affirmatively undertakes to make decisions which are necessary for the Association's continued and successful operation and, when decisions are made, they are made on an informed basis; and (d) acts in a non-fraudulent manner. A director acting in accordance with the business judgment rule shall be protected from personal liability.

Section 4.25 Conflicts of Interest: Code of Ethics.

The initial Board shall adopt a written a conflict of interest policy applicable to all directors and officers.

ARTICLE V **OFFICERS**

Section 5.1 Officers.

The Association's officers shall be a President, Vice President, Secretary, and Treasurer. The President and Secretary shall be elected from among Board members; other officers may, but need not be Board members. The Board 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 such authority and perform such duties as the Board prescribes. The same person may hold any two or more offices, except the offices of President and Secretary.

Section 5.2 Election and Term of Office.

The Board shall elect the Association's officers at the first Board meeting following each annual meeting of the Voting Members, to serve until their successors are elected.

Section 5.3 Removal and Vacancies.

The Board may remove any officer whenever in its judgment the best interests of the Association will be served, and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

Section 5.4 Powers and Duties.

The Association's officers shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may specifically be conferred or imposed by the Board. The President shall be the Association's chief executive officer. The Treasurer shall have primary responsibility for preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

Section 5.5 Resignation.

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 the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

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

At least two (2) officers or such other person(s) as the Board may designate shall execute the Association's agreements, contracts, deeds, leases, and other instruments.

Section 5.7 Compensation.

Compensation of officers shall be subject to the same limitations as compensation of directors.

**ARTICLE VI
COMMITTEES**

Section 6.1 General.

The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution. Committees of the Board shall include any required by the Declaration, including the Architectural and Landscape Review Committee (the "ARC"). Pursuant to the Declaration, the Declarant has the right to appoint the Members of the ARC so long as Declarant is a Member of the Association.

Section 6.2 Covenants Committee.

In addition to any other committees the Board may establish, the Board may appoint a Covenants Committee consisting of at least three (3) and no more than seven (7) Members. Acting in accordance with the provisions of the Declaration, these Bylaws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct hearings within the Committee's purview.

Section 6.3 Committee Participation.

A Member who has been found by the Board to be in violation of the terms of the Declaration, whether by non-payment of Assessments or otherwise, including by reason of violating applicable covenants, rules or regulations concerning improvements on such Member's property, may not remain a member of a committee of the Association if such violation remains uncured. Should such person be a committee member at the time such violation has been found to exist, then such person shall be deemed removed as a committee member ten (10) days after the date the Board determines that such uncured violation exists, unless the Board also determines that, in the case of a non-monetary default, said Member is reasonably and diligently attempting to cure such default. The provisions of this paragraph shall not apply to Declarant or to persons appointed to any committee by Declarant.

ARTICLE VII
MISCELLANEOUS

Section 7.1 Fiscal Year.

The Association's fiscal year shall be the calendar year unless the Board establishes a different fiscal year by resolution.

Section 7.2 Parliamentary Rules.

Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with Arizona law or the Governing Documents.

Section 7.3 Conflicts.

If there are conflicts among the provisions of Arizona law, the Articles of Incorporation, the Declaration, and these Bylaws, the provisions of Arizona law, the Declaration, the Articles of Incorporation, and the Bylaws (in that order) shall prevail.

Section 7.4 Books and Records.

A. Inspection by Members and Mortgagees. The Board shall make available for inspection and copying by any holder, insurer or guarantor of a first Mortgage on a Lot, any Member, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Lot: the Governing Documents, the Membership register, books of account, and the minutes of meetings of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the Association's office or at such other place within the Covered Property as the Board shall designate.

B. Rules for Inspection. The Board shall establish 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 documents requested, all to the extent permitted by law.

C. Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. A director's right of inspection includes the right to make a copy of relevant documents at the Association's expense, except as otherwise provided by law.

Section 7.5 Notices.

Except as otherwise provided in the Declaration or these Bylaws, all notices, demands, bills, statements, or other communications under the Declaration or these

Bylaws 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 a Member or Voting Member, at the address which the Member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Member or Voting Member;

B. if to the Association, the Board, or the managing agent, at the principal office of the Association or the managing agent or at such other address as shall be designated by notice in writing to the Members pursuant to this Section; or

C. if to any committee, at the principal address of the Association or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

Section 7.6 Amendment.

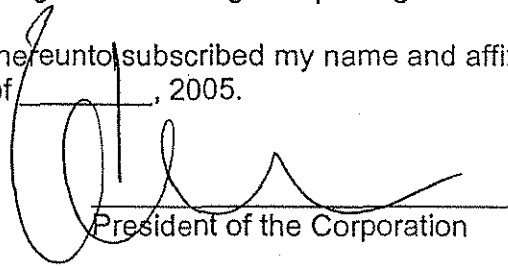
A. By Class B Member. Prior to termination of the Declarant Control Period, the Class B Member may unilaterally amend these Bylaws. Thereafter, the Class B Member may unilaterally amend these Bylaws at any time and from time to time if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Lots; or (iii) 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 on the Lots. So long as the Class B Membership exists, the Class B Member may unilaterally amend these Bylaws for any other purpose, provided the amendment has no material adverse effect upon any right of any Member.

B. By Members Generally. Except as provided above, these Bylaws may be amended only by the affirmative vote or written consent, or any combination hereof, of Voting Members representing 51% of the total Class A votes in the Association, provided that during the period of the Class B Membership any such amendment shall have the unanimous vote or written consent of all Class B Members. In addition, the approval requirements set forth in the Declaration shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

C. Validity and Effective Date of Amendments. Amendments to these Bylaws shall become effective upon recordation unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six (6) months of its Recordation, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to

amend any provisions of these Bylaws. No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class B Member without the written consent of Declarant, the Class B Member, or the assignee of such right or privilege.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this _____ day of _____, 2005.



President of the Corporation

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