

BY-LAWS
OF
RANCHO REYES
HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I
DEFINITIONS

All capitalized words and terms used herein shall have the same meaning given in the Declaration. "Declaration" shall mean the Declaration of Protective Covenants, Conditions and Restrictions for the Property as recorded in Docket 9877, Page 581, dated August 8, 1994, in the office of the Recorder for Pima County, Arizona, as the same may be amended from time to time.

ARTICLE II
MEETINGS OF MEMBERS

Section 2.01 Annual Meetings. The annual meeting of the Members shall be held at 10:00 a.m., on the second Tuesday of January of each year, unless that date should be a legal holiday, in which event the annual meeting of Members shall be held on the next succeeding business day. At such meeting the Members shall elect directors to serve until their successors shall be elected, and shall transact such other business as may come before the meeting.

Section 2.02 Special Meetings. A special meeting of the Members shall be called at any time at the request or direction of the Association President, by the Board, upon the vote of a majority of the Members of the Board or upon receipt of written request therefor (i) by Members having ten percent (10%) or more of the voting power of the Association, or (ii) so long as Declarant has Class B voting rights, by Members representing twenty-five per cent (25%) or more of the Class A voting power of the Association.

Section 2.03 First Meeting. The first meeting of the Members shall be held no later than the date twelve (12) months after the date of incorporation of the Association. At such first meeting, all positions on the Board shall be filled by persons elected by the Members.

Section 2.04 Place of Meetings. Meetings of the Members shall be held at a location in convenient proximity to the Property. Such meeting shall not be held outside of Pima County, Arizona, unless the Board determines that unusual conditions exist that make a meeting elsewhere desirable.

Section 2.05 Notices. Each Member shall be entitled to notice of any meeting at which such Member has the right to vote. Notices of meetings shall be in writing and shall indicate each matter to be voted on at the meeting that is known to the Board at the time notice of the meeting is given; provided, however, that no business shall be conducted at a special meeting unless it is specified in such notice. Such notice shall be given not less than fifteen (15) nor more than thirty (30) days before the date of the meeting except in such cases as are determined by the Board to be emergency situations.

Section 2.06 Record Date. The Board shall have the power to fix in advance a date as a record date for the purpose of determining Members entitled to notice of or to vote at any meeting or to be furnished with any budget or other information or material, or in order to make a determination of Members for any purpose. Notwithstanding any provisions hereof to the contrary, the Members of record on any such record date shall be deemed the Members for purposes of such notice, vote, meeting, furnishing of information or material or other purpose and for any supplementary notice, or information or material with respect to the same matter and for any adjournment of the same meeting. A record date shall not be more than sixty (60) days prior to the date on which the particular action requiring determination of Members is proposed or expected to be taken or to occur.

Section 2.07 Quorum. Except as otherwise provided in the Declaration, the Association's Articles of Incorporation ("the Articles") or these By-Laws (as they may, from time to time, be amended), the presence of the Members who hold votes equal to ten per cent (10%) of the total voting power of each class of voting rights, in person or by proxy, at a meeting to consider a matter shall constitute a quorum for consideration of that matter. The Members present at a duly called meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken other than adjournment, is subsequently approved in writing by at least a majority of the Members required to constitute a quorum, unless a greater vote is required by law, by the Articles or these By-Laws or the Declaration. Notwithstanding the foregoing, any Member approval required under the provisions of Article V (Covenant for Maintenance Assessments) of the Declaration shall require the presence at a meeting of Members, in person or by proxy, holding sixty per cent (60%) of the voting power of each class of voting rights; provided, however, that if the required quorum is not present at a meeting called to consider such approval (the "first meeting"), then the required quorum at a duly noticed subsequent meeting called for purposes of seeking such approval and held within sixty (60) days of the date of the first meeting shall be the attendance of Members, in person or by proxy, holding thirty per cent (30%) of the voting power of each class of voting rights; further provided, that if the required quorum is not present at said subsequent meeting, the required quorum at a duly noticed meeting called for purposes of seeking such approval and held within one hundred twenty (120) days of the date of the first meeting shall be the attendance of Members, in person or by proxy, holding fifteen per cent (15%) of the voting power of each class of voting rights.

Section 2.08 Consent of Absentees. In addition to the provisions of Section 2.07 above, the proceedings and transactions of any meeting of Members, either annual or special, however called and noticed and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy and if, either before or after the meeting, each of the Members not present in person or by proxy signs a written waiver of notice, a consent to the holding of such meeting or an approval of the minutes thereof. Neither the business to be transacted at, nor the purpose of any regular or special meeting of Members need be specified in any written waiver of notice. All such waivers, consents or approvals shall be filed with the Association records or made a part of the minutes of the meeting.

Attendance of a Member at a meeting shall constitute a waiver of notice of such meeting, except when the Member objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be included in the notice but not so included, if such objection is expressly made at the meeting.

Section 2.09 Action Without Meeting. Any action which may be taken at any annual or special meeting of the Members may be taken without a meeting and without prior notice, if authorized by a written consent setting forth the action so taken, signed by all of the Members and filed with the Secretary of the Association. Any Members giving a written consent, or such Member's proxyholder, may revoke any such consent by a writing received by the Association prior to the time that written consents of the number of Members required to authorize the proposed action have been filed with the Secretary of the Association, but may not do so thereafter. Such revocation shall be deemed received by the Association upon its actual receipt by the Secretary of the Association.

Unless the consents of all Members have been solicited in writing and have been received, prompt notice shall be given in the same manner as for annual meetings of Members, to those Members who have not consented in writing, of the taking of any Association action approved by Members without a meeting. Such notice shall be given at least ten (10) days before the consummation of the action authorized by such approval with respect to the following:

- (a) Approval of any reorganization of the Association;
- (b) A proposal to approve a contract or other transaction between the Association and one or more directors, or any corporation, firm or association in which one or more directors has a material financial interest; or
- (c) Approval of the indemnification of any person.

Section 2.10 Adjourned Meetings. Any Member's meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by a vote of a majority of the Members present either in person or by proxy thereat, but in the absence of a quorum, no other business may be transacted at any such meeting except as specifically provided in Section 2.07 and the other provisions of these By-Laws.

When any Members meeting, either annual or special, is adjourned for seven (7) days or less, the time and place of the resumed meeting shall be announced at the meeting at which the adjournment is taken. When any Members meeting either annual or special, is adjourned for more than seven (7) days, notice of the resumed meeting shall be given to each Member as in the case of an original meeting. Except as aforesaid, it shall not be necessary to give any notice of any adjournment or of the business to be transacted at a resumed meeting, and at the resumed meeting the Members may transact any business that might have been transacted at the original meeting.

Section 2.11 Voting. The voting provisions for the Association are set forth in the Declaration.

ARTICLE III BOARD OF DIRECTORS

Section 3.01 Powers. The affairs of the corporation shall be managed by its Board of Directors.

Section 3.02 Number and Term. The number of directors shall be determined at the annual meeting of Members, but in any event shall consist of not less than three (3) nor more than seven (7) Members. The directors shall serve until the next annual meeting of the Members.

Section 3.03 Vacancies. In case of any vacancy in the Board of Directors, the remaining Members of the Board, by majority vote though less than a quorum, may elect a successor director or directors to hold office until the next election of directors.

Section 3.04 Regular Meetings. A regular annual meeting of the directors shall be held immediately after the adjournment of each annual Members meeting at the place at which such Members meeting was held. Regular meetings, other than the annual meeting, shall be held at regular intervals at such places and at such times as the Board of Directors may from time to time by resolution provide.

Section 3.05 Special Meetings. Special meetings of the Board of Directors shall be held whenever called by the President or by a majority of the Board. Notice of special meetings of the Board of Directors shall be given by the Secretary to each director, orally or in writing, at least twenty-four (24) hours before the time fixed for the

meeting, and such notice shall advise each director as to the time, place, day and general purpose of the meeting, and shall be delivered personally, or by telephone or telegram, or mailed, postage prepaid to each director at his last post office address as it appears on the books of the Association.

Section 3.06 Quorum. A quorum for the transaction of business at any meeting of the directors shall consist of a majority of the Board.

Section 3.07 Board Decisions. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless otherwise provided by the Articles, the Declaration, these By-Laws, or if a greater number is required by law.

Section 3.08 Compensation. Directors shall not receive compensation for services rendered to the Association, but may be reimbursed for actual expenses.

ARTICLE IV OFFICERS

Section 4.01 Election. The Directors shall elect a President, Vice President, Secretary, and Treasurer. Such election or appointment shall regularly take place at the annual meeting of the directors immediately following the annual meeting of the Members; provided, however, that elections of officers may be held at any other meeting of the Board of Directors.

Section 4.02 Additional Officers. The Board of Directors may appoint such other officers, in addition to the officers hereinbelow expressly named, as it shall deem necessary. All officers shall have authority to perform such duties as may be prescribed from time to time by the Board of Directors or by the President.

Section 4.03 Removal. All officers and agents shall be subject to removal at any time by the affirmative vote of the majority of the Members of the Board of Directors.

Section 4.04 Vacancies. Any vacancy in any office, for any reason, may be filled by the Board of Directors for the unexpired portion of the term.

Section 4.05 President. The President shall preside over all meetings of the Board of Directors and Members. He shall sign on behalf of the corporation all agreements and contracts of material importance to the corporation's business, and shall do and perform all acts and things which the Board of Directors may require of him.

Section 4.06 Vice President. In the event of the President's absence or inability to act, the Vice President shall have the powers of the President. He shall perform such other duties as the Board of Directors may impose upon him.

Section 4.07 Secretary. The Secretary shall keep (a) the minutes of the corporation, (b) a record giving the names and addresses of the Members, and (c) such other books and records as these By-Laws or any resolution of the directors may require or as required by law. All such records shall be in written form. He shall perform other services as the Board of Directors may fix or approve.

Section 4.08 Treasurer. The Treasurer shall have the custody and control of the funds of the corporation, subject to the action of the Board of Directors, and shall, when requested by the President to do so, report the state of the finance of the corporation at any meeting of the directors. He shall perform such other services as the Board of Directors may require of him.

ARTICLE V MEMBERSHIP CERTIFICATES

Section 5.01 Form of Certificate. The Board of Directors may provide for the issuance of certificates evidencing membership in the corporation, which shall be in such form as determined by the Board.

Section 5.02 Issuance. All certificates of membership shall be signed by the President and by the Secretary.

Section 5.03 Lost Certificates. Should the owner of any certificate of membership make application to the corporation for the issuance of a duplicate certificate, he shall accompany his application by an affidavit setting forth the time, place and circumstances of such loss or destruction, and shall agree to indemnify the corporation against such loss as it may suffer by reason of the issuance of a duplicate certificate or the refusal to recognize the certificate that was allegedly lost or destroyed. Upon satisfaction of the foregoing, a duplicate certificate may be issued. The duplicate certificate shall be marked "Duplicate", and the stub of the certificate lost or destroyed shall indicate the issuance of the duplicate.

ARTICLE VI FISCAL YEAR

The fiscal year of the corporation shall begin on the 1st of January in each year and end at midnight on the last day of December of every year.

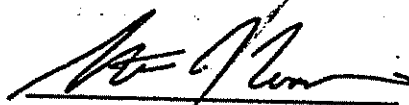
ARTICLE VII AMENDMENT AND REPEAL

These By-Laws may be amended or repealed:

(a) By Developer, as long as Developer is a Class B or Class A Member, except that the Federal Housing Administration or the Veterans Administration may have the right to veto amendments while there is a Class B membership, to the extent provided in the Declaration; and

(b) At a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy, except that the Developer shall have the right to veto amendments as long as it is a Class B or Class A Member and the Federal Housing Administration or Veterans Administration shall have the right to veto amendments while there is Class B membership, to the extent provided in the Declaration.

EXECUTED the 25th day of October, 1994.



Stephen J. Lenihan
Secretary

ATTEST:



Duff C. Hearon
President