

FIRST AMENDMENT
BY-LAWS
OF
CAPISTRANO AT LAS CAMPANAS HOMEOWNERS ASSOCIATION, INC.

EFFECTIVE March 4, 2004

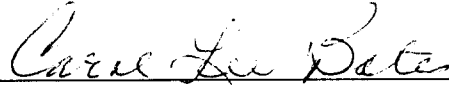
At the annual meeting of the membership held on March 4, 2004, the By-Laws of Capistrano at Las Campanas Homeowners Association, an Arizona nonprofit corporation, are hereby amended as follows:

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Article IV, Section 1: Number. The affairs of the Association shall be managed by a Board of five (5) Directors, who need not be Members of the Association.

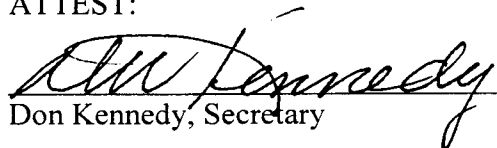
Article IV, Section 2: Term of Office. At the annual meeting held on March 4, 2004, the Members shall elect five (5) Directors, whose terms shall be as follows: two Directors for a term of three years; two Directors for a term of two years; and one Director for a term of one year. Initially, the Directors shall determine the length of term for each Director. At each annual meeting thereafter, the Members shall elect either one Director or two Directors for a term of three years.

Dated this 20th day of Sept, 2004



Carol Bates, President

ATTEST:



Don Kennedy, Secretary

**BY-LAWS
OF
CAPISTRANO AT LAS CAMPANAS HOMEOWNERS ASSOCIATION, INC.**

ARTICLE I.

NAME AND LOCATION

The name of the corporation is CAPISTRANO AT LAS CAMPANAS HOMEOWNERS ASSOCIATION, INC. hereinafter referred to as the "Association". The principal office of the corporation shall be located at 4185 Manolito Drive, Green Valley, Arizona 85614, but meetings of members and directors may be held at such places within the State of Arizona, County of Pima, as may be designated by the Board of Directors.

ARTICLE II.

DEFINITIONS

Section 1: "Association" shall mean and refer to the CAPISTRANO AT LAS CAMPANAS HOMEOWNERS ASSOCIATION, INC.. its successors and assigns.

Section 2: "Properties" shall mean and refer to that certain real property described in the Declaration and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3: "Common Area" shall mean all real property owned by the Association as provided in the Declaration.

Section 4: "Lot" shall mean and refer to each numbered plot of land shown upon the recorded subdivision map of the Properties, with the exception of the Common Area.

Section 5: "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6: "Declarant" shall mean and refer to Lawyers Title of Arizona, an Arizona corporation, as Trustee under Trust Number 7775-T, and its beneficiary, successors and assigns, if such beneficiaries, successors or assigns should be so designated in writing by Declarant.

Section 7: "Declaration" shall mean and refer to the Tract Declaration of Covenants, Conditions and Restrictions for Block G, Lots 1-95, Capistrano Subdivision, recorded in the office of the Recorder of Pima County, Arizona at Book 10372, Page 14, and any amendments thereto.

Section 8: "Member" shall mean and refer to those Persons entitled to membership and voting rights as provided in the Declaration.

ARTICLE III.

MEETING OF MEMBERS

Section 1: Annual Meetings. The annual meeting of the Members shall be held on the third Tuesday of each February. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2: Notice of Meetings. Written notice of each meeting of the Members shall be given 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 10 days and not more than 50 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.

Section 3: Special Meetings. Special meetings of the Members may be called at any time by the Declarant or by the President or by the Board of Directors, or upon written request of one-fourth (1/4) of the Members who are entitled to vote.

Section 4: Quorum. The presence at the meeting in person or by proxy of one-tenth (1/10th) of the Members who are entitled to vote shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5: Proxies. At all meetings of Members, each Member may vote in person or by proxy. A vote shall be deemed made in person by a Member who has submitted a timely ballot, in writing, bearing the number of the Lot owned by such Member, even though the member is not physically present at the meeting. Proxies shall be in writing and filed with the

Secretary. Each proxy shall be revocable, and shall automatically cease upon conveyance by the Member of this Lot.

Section 6: Voting. Voting rights shall be determined as provided in Article VII of the Declaration, with the Declarant retaining certain exclusive voting rights.

ARTICLE IV.

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1: Number. The affairs of this Association shall be managed by a Board of three (3) Directors, who need not be Members of the Association.

Section 2: Term of Office. At the first annual meeting the Members shall elect one Director for a term of one year; one Director for a term of two (2) years; and one Director for a term of three years; and at each annual meeting thereafter the Members shall elect one Director for a term of three years.

Section 3: Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board, and shall serve for the unexpired term of his predecessor.

Section 4: Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5: Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V.

NOMINATION AND ELECTION OF DIRECTORS

Section 1: Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the

members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations shall be made from among the members of the Association.

Section 2: Election. Election to the Board of Directors shall be by written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. Ballots and proxy statements may be separate documents.

Section 3: Declarant's Right of Appointment. So long as Declarant has retained its exclusive voting rights set forth in the Declaration, Declarant shall have the right to appoint the Directors of the Association, notwithstanding any contrary provision of Section 1 and 2 above.

ARTICLE VI.

MEETINGS OF DIRECTORS

Section 1: Regular Meetings. So long as there is Declarant control of the Association, regular meetings of the Board of Directors shall be held on a quarterly basis without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should a meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2: Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days notice to each Director. Notice may be waived at any time by the person entitled to such notice.

Section 3: Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII.

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1: Powers. The Board of Directors shall have the power to:

(a) Adopt and publish rules and regulations governing the use of the Common Areas and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) Suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;

(c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association, and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(e) Employ a manager, independent contractors, or such other employees as they deem necessary, and to prescribe their duties, except that an attorney or other representative may not be hired to bring an action on behalf of the Association against any person or organization in any court or administrative hearing or before any governmental body, unless at a meeting of the Members said action is approved by more than fifty percent (50%) of all of the total votes entitled to be cast by members of the Association entitled to vote.

Section 2: Duties: It shall be the duty of the Board of Directors to:

(a) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(b) As more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot;

(2) send written notice of each assessment and the Master Declaration Assessments to every Owner;

(3) foreclose the lien against any property for which assessments are not paid within ten (10) days after due date or to bring an action at law against the Owner personally obligated to pay the same;

(c) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates;

- (d) Procure and maintain adequate liability and insurance on property owned by the Association;
- (e) Cause the officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (f) Cause the Common Area and all other areas for which the Association is responsible to be maintained;
- (g) Maintain all commonly-used equipment;
- (h) As more fully provided in the Declaration, to:
 - (1) assume the responsibilities and obligations delegated by the Las Campanas Community Association's Board of Directors to this Association as a Project Association;
 - (2) enforce the Master Declaration and the Declaration's covenants and restrictions.

ARTICLE VIII.

OFFICERS AND THEIR DUTIES

Section 1: Enumeration of Offices. The officers of this Association shall be a President and Vice President, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2: Election of Officers. The election of Officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3: Term. The Officers of this Association shall be elected annually by the Board, and each shall hold office for one (1) year, unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4: Special Appointments. The Board may elect such other officers as the affairs of the Association may require; each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

Section 5: Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time, giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice, or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7: Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices pursuant to Section 4 of this Article.

Section 8: Duties. The duties of the office follows:

President

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice President

(b) The Vice President shall act in the place and stead the President in the event of his absence, inability or refusal act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association, and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association, together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association, and shall disburse such funds as directed by resolution of the Board of Directors; provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made at the completion of each fiscal year; and shall prepare an annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting, and, deliver a copy of each to the members.

ARTICLE IX.

COMMITTEES

Section 1: Standing Committees. Committees of the Association shall be;

- (a) The Nominating Committee
- (b) The Maintenance Committee
- (c) The Audit Committee
- (d) The Architectural Committee

Unless otherwise provided herein, each committee shall consist of a Chairman and two or more members and shall include a member of the Board of Directors. The committees shall be appointed by the Board of Directors within thirty (30) days following each annual meeting to serve until their successors are appointed. The Board of Directors may appoint such other committees as it deems desirable.

Section 2: Nominating Committee. The Nominating Committee shall have the duties and functions as described in Article V of these By-Laws.

Section 3: Maintenance Committee. The Maintenance Committee shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the common property of the Association and shall perform other functions as the Board, in its discretion, determines.

Section 4: Audit Committee. The Audit Committee shall make an annual audit of the Association's books and approve the financial statements to be presented to the membership at its annual meeting.

Section 5: Architectural Committee. Subject to Declarant's right of appointment, the Board of Directors, at its annual meeting, shall appoint an Architectural Committee, composed of a minimum of three (3) members, either Members or non-members of the Association. The Architectural Committee shall have such powers and duties as are set forth in the Declaration.

Original home construction by Fairfield Green Valley, Inc., its successors, assigns or agents, shall be exempt from Architectural approval.

ARTICLE X.

INDEMNIFICATION

Every officer or Director of the Association may be indemnified by the Association against all expenses, liabilities and penalties, including counsel fees, reasonably incurred by or

imposed upon him in connection with any proceeding to which he may be made a party or in which he may become involved by reason of any acts or omissions alleged to have been committed by him while acting within the scope of his employment as a Director or officer of the Association, including any settlement thereof, provided that the Board of Directors determines that such person acted in good faith and did not act, fail to act or refuse to act willfully with gross negligence, or with fraudulent or criminal intent in regard to the matter involved in the action or proceeding.

The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a Director or officer of the Association or was serving at the request of the Association as a Director or officer against any such liability arising out of his status as such, whether or not the Association would have had the power to indemnify him against such liability under this Article.

The right of indemnification hereinabove provided shall not be exclusive of any rights to which any Director or officer of the Association may otherwise be entitled by law.

ARTICLE XI.

BOOKS AND RECORDS

The books, records and papers of the Association shall at all time, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation, and the By-Laws of the Association, shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XII.

ASSESSMENTS

As more fully provided in the Declaration each member is obligated to pay to the Association assessments. Any assessments which are not paid within thirty (30) days of the due date shall be delinquent, shall constitute a lien on the Lot of the Owner who fails to pay them and shall bear interest from the date of delinquency at the rate of 12% per annum or as provided in the Declaration. The Association may bring an action at law against the Owner personally obligated to pay the assessment or foreclose the lien against the property, and interest, costs, and reasonable attorneys' fees of any such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Areas.

ARTICLE XIII.

AMENDMENTS

Section 1: These By-Laws may be amended at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members who are entitled to vote and who are present in person or by proxy.

Section 2: In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XIV.

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end of the last day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XV.

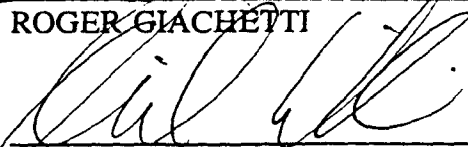
ACTION AGAINST DECLARANT

Notwithstanding any other provision of these By-Laws, the Board of Directors or their officers or agents shall not take any action against or hire any agent to take any action against the Declarant or its agents, whether such action involved a governmental proceeding, court proceeding or any other direct or indirect action against the Declarant or its agents, without obtaining approval of such action from more than fifty percent (50%) of the Members entitled to vote, excluding the Declarant.

IN WITNESS WHEREOF, We, being all of the Directors of Capistrano Homeowners Association, Inc., have hereunto set our hands this 25 day of June, 1996.


CAROL M. JOHNSON


ROGER GIACHETTI


DAVID WILLIAMSON

AMENDMENT TO THE BYLAWS
OF
CAPISTRANO AT LAS CAMPANAS
HOMEOWNERS ASSOCIATION, INC.

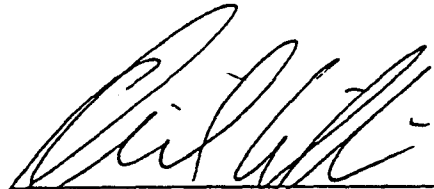
Pursuant to action taken by the Members and Board of Directors at special meetings held on the 15th day of June, 1998, the Bylaws of Capistrano at Las Campanas Homeowners Association, Inc.; an Arizona nonprofit corporation, are hereby amended as follows:

1. Section 7 of Article II is deleted in its entirety and the following is substituted therefor:

"Section 7: "Declaration" shall mean and refer to the Tract Declaration of Covenants, Conditions and Restrictions for Block G, Lots 1-216, Capistrano Subdivision, recorded in the office of the Recorder of Pima County, Arizona at Book 10372, Page 14, and any amendments thereto."


The above reflects the amendment passed at the above-mentioned meetings. In all other respects the Bylaws of Capistrano at Las Campanas Homeowners Association, Inc. are hereby ratified and approved.

DATED this 15th day of June, 1998.



David J. Williamson, President

ATTEST:


Carol M. Johnson, Secretary