

**BYLAWS
OF
MERCADO DEL RIO PROPERTY OWNERS ASSOCIATION**

ARTICLE 1

GENERAL

1.1 Application of Declaration. These Bylaws shall constitute the Bylaws of Mercado del Rio Property Owners Association (the "Association"), an Arizona nonprofit corporation formed pursuant to that certain Declaration of Covenants, Conditions and Restrictions for Mercado del Rio dated October ____, 2004, and recorded _____, 2004 in the Records of the County Recorder of Pima County, Arizona, in Book _____, at Page _____ thereof, as it may be amended from time to time hereafter (the "Declaration").

1.2 Defined Terms. Capitalized words and terms not otherwise defined herein shall have the meanings ascribed to them in the Declaration or the Articles of Incorporation of the Association (the "Articles").

1.3 Nonprofit Corporation. The Association is an Arizona nonprofit corporation, and is organized and existing under and by virtue of the Applicable Laws of the State of Arizona.

1.4 Office. The office of the Association shall be located at 1980 East Palisades Road, Oro Valley, Arizona, 85737, but meetings of the Members and Board may be held at such places within Pima County, Arizona, as may be designated by the Board.

ARTICLE 2

MEMBERSHIP; MEETINGS

2.1 Membership. The Members of the Association and their voting rights shall be as provided in the Declaration. It is hereby acknowledged that the voting rights of Members stated in the Declaration are subject to modification at the time of termination of Declarant's Class B Membership and the conversion thereof to a Class A Membership as provided in the Declaration. For purposes of the Declaration, the term "Majority of the Members" shall mean Members holding a majority of the votes held by all Members, including both Class A Members and Class B Members, all as more particularly provided in the Declaration.

2.2 Location of Meetings. Meetings of the Members shall be held at such place in Pima County, Arizona, as may be designated by the Board and stated in the notice of meeting.

2.3 Annual Meeting. An annual meeting of Members shall be held during the month of March of each year commencing in 2006, for the purpose of transacting any business which

the Members are authorized to transact and, after the date Declarant's right to appoint the Board ceases as provided in the Declaration, for the purpose of electing the Board.

2.4 Special Meetings. Special meetings of the Members may be called by the President, the Board, or any three (3) Members for any purpose or purposes. Members may participate in any annual or special meeting by means of a conference telephone call or other means of communication whereby all of the Members participating in the meeting can simultaneously hear each other, and such participation by means of a conference telephone call or other means of communication shall constitute attendance in person.

2.5 Notices and Quorums. Unless otherwise provided in the Declaration, written notice of any annual or special meeting shall be sent to all Members not less than ten (10) days nor more than fifty (50) days in advance of the meeting and shall specify the time and place of the meeting. The notice of a special meeting shall also specify the purpose for which the meeting is called. Unless otherwise provided in the Declaration, at any meeting, the presence of a Majority of the Members in person or by proxy shall constitute a quorum. If the required quorum is not present, a majority of those present may adjourn the meeting from time to time. At any adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice. Unless the vote of a greater number is required by the Declaration, the Articles, these Bylaws or Applicable Law, the affirmative vote of a Majority of the Members shall be binding as the act of the Members. Written notice of each meeting shall be given by, or at the direction of, the Secretary or the person or persons authorized to call the meeting. Notices shall be given by mailing a copy of the notice, postage prepaid, to each Member entitled to vote at the meeting, addressed to the Member at the address last appearing in the records of the Association or supplied by the Member for the purpose of notice.

2.6 Proxies. At all meetings of Members, each Member entitled to vote may vote in person or by proxy. All proxies must be in writing and must be filed with the Secretary before or at the time of the meeting. The Board may designate a specific form of proxy to be used in connection with a particular meeting. Every proxy shall be revocable and shall automatically terminate on the earlier of (i) the date the Member who gave the proxy ceases to be a Member, or (ii) eleven (11) months from the date of its execution or at the end of such longer period of time as is specified in the proxy. Memberships held by a legally appointed and serving trustee, personal representative or court-appointed receiver may be voted by the trustee, representative or receiver, either in person or by proxy, without the transfer (except as required under a valid voting trust agreement) of membership into the name of the trustee, representative or receiver.

2.7 Informal Action. Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if a written consent, setting forth the action taken, is signed by Members entitled to a number of votes equal to or exceeding the greater of (i) the percentage required under Arizona Applicable Law, or (ii) the percentage required under the Declaration, the Articles or these Bylaws.

2.8 Irregularities. All information and/or irregularities in notices of meetings, the manner of voting, forms of proxies, credentials and method of ascertaining those present, shall

be deemed waived if no objection is made at the meeting to which they pertain or if they are waived in writing.

2.9 Record Date. For the purpose of determining Members entitled to notice of, or to vote at, any meeting of Members, or in order to make a determination of Members for any other purpose, the Board may direct the membership books to be closed for a stated period, not to exceed fifteen (15) days prior to the pertinent event.

ARTICLE 3

BOARD OF DIRECTORS

3.1 Number and Term of Office. Until such time as a Majority of the Members vote to enlarge the Board, the Board shall consist of three (3) individuals. The appointment and qualifications of the members of the Board shall be as provided in the Declaration and the Articles.

3.2 Powers and Duties. The Board shall have the powers and duties necessary for the administration of the business, responsibilities and affairs of the Association, and may do all such acts and things that are not prohibited by Applicable Law except those acts and things which are required to be done or performed exclusively by the Members. The powers of the Board shall include, but not be limited to, all of the rights, powers, privileges, duties and obligations assigned to the Board in the Declaration, the Articles and these Bylaws.

3.3 Organizational Meeting. The organizational meeting of the Board and annual meetings thereafter shall be held at such place and at such time as shall be determined by the Board.

3.4 Vacancies; Removal of Directors. If any Director dies, resigns, retires, becomes disqualified, is removed from office, becomes disabled or otherwise ceases to perform his or her duties and responsibilities as a Director, he or she will cease to be a Director, and his or her place on the Board shall be deemed vacant. Vacancies on the Board shall be filled as provided in the Declaration and the Articles. A Director may be removed from the Board with or without cause in the same manner as such Director was appointed or elected to the Board under the terms of the Declaration. Promptly after any person ceases to be a Director or is removed as a Director, a successor Director shall be appointed or elected to fill the vacancy in accordance with the terms of the Declaration.

3.5 Disqualification and Resignation of Directors. Any Director may resign at any time by sending written notice of resignation to the President and Secretary of the Association. Unless otherwise specified therein, any resignation shall take effect upon receipt by the Secretary.

3.6 Regular Meetings. The Board shall establish a schedule of regular meetings to be held at such time and place as the Board may designate. Notice of regular meetings shall

nevertheless be given to each Director personally, or by mail, telephone or facsimile, at least five (5) days prior to the day named for the meeting.

3.7 Special Meetings. Special meetings of the Board may be called by the President or by any two (2) Directors, upon not less than five (5) days notice to each Director, given personally or by mail, telephone or facsimile. Notices of special meetings shall state the time, place and purpose of the meeting. Any member of the Board may participate in any regular or special meeting of the Board by means of a conference telephone call or other means of communication whereby all of the Directors participating in the meeting can simultaneously hear each other, and such participation by means of a conference telephone call or other means of communication shall constitute attendance in person.

3.8 Waiver of Notice. Before, at or after any meeting of the Board, any Director may, in writing, waive the requirement of prior notice of the meeting. A waiver of notice shall be deemed equivalent to receipt of written notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him or her, except when a Director attends for the express purpose of objecting to lack of notice. If all the Directors are present at any meeting of the Board, no notice shall be required, and any business may be transacted at the meeting.

3.9 Quorum. At all meetings of the Board, a majority of the 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. If there is less than a quorum present at any meeting of the Board, the majority of those present may adjourn the meeting from time to time. At any adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

3.10 Informal Action. Any action required to be taken at a meeting of the Directors, or any other action which may be taken at such a meeting, may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all the Directors.

ARTICLE 4

OFFICERS

4.1 Enumeration and Election of Officers. The principal Officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer. The election of Officers shall take place at the first meeting of the Board following each annual meeting of the Members.

4.2 Term. The Officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he or she shall sooner resign, be removed or otherwise be disqualified from serving. If any office becomes vacant for any reason, the vacancy shall be filled by the Board. The person appointed to fill a vacancy shall serve for the remainder of the term of the Officer who was replaced.

4.3 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 not exceeding one (1) year as the Board determines, and shall have such authority and shall perform such duties as the Board determines from time to time.

4.4 Resignation and Removal. Any Officer may be removed from office with or without cause by the Board. Any Officer may resign at any time by giving written notice to the Board, the President or the Secretary. An Officer's resignation shall take effect on the date of receipt of the resignation 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.

4.5 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 created pursuant to Section 4.3 of this Article.

4.6 The President. The President shall be the chief executive officer of the Association and shall (i) preside at all meetings of the Members and of the Board, (ii) have executive powers and general supervision over the affairs of the Association (iii) see that orders and resolutions of the Board are carried out, and (iv) sign all leases, mortgages, deeds and other written instruments and shall co-sign all promissory notes.

4.7 The Vice President. The Vice President shall perform all of the duties of the President in the absence, inability or refusal to act of the President, and shall exercise and discharge such other duties as may from time to time be required of the President by the Board.

4.8 The Secretary. The Secretary shall (i) record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, (ii) serve notice of meetings of the Board and of the Members, (iii) keep appropriate current records showing the Members of the Association together with their addresses, and (iv) perform such other duties as required by the Board.

4.9 The Treasurer. The Treasurer shall (i) receive and deposit in appropriate bank and other depository accounts all funds of the Association, (ii) disburse the funds of the Association as directed by resolution of the Board, (iii) co-sign all promissory notes of the Association, (iv) keep proper books of account of the Association, (v) cause an annual review of the Association's books to be made by a public accountant at the completion of each fiscal year, (iv) cause audits of the Association's books to be made from time to time, and (iiv) prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular meeting, and deliver a copy to each of the Members. The Treasurer shall be allowed to delegate the collection, deposit and disbursement of funds by establishing a reasonable method of accounting, which shall be reviewed by the Board on a periodic basis.

ARTICLE 5

FISCAL MANAGEMENT

5.1 Depositories. The funds of the Association shall be deposited in such banks and depositories as may be determined by the Board from time to time, upon resolutions approved by the Board, and shall be withdrawn only upon checks and demands for money signed by an Officer or Officers of the Association.

5.2 Records and Statements of Account. The Board, under the direction of the Treasurer, shall cause detailed and accurate records to be kept, in accordance with generally accepted accounting principles and practices. To the extent required under the Declaration or Applicable Law, the records of the Association shall be available for examination by the Members at convenient hours designated by the Board.

5.3 Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board.

5.4 Contracts. Unless otherwise provided by the Board, all contracts shall be executed on behalf of the Association by either the President or Vice President.

ARTICLE 6

CONSTRUCTION

In the case of any conflict between the Articles and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. If any provision of these Bylaws is less restrictive than the Declaration or the Articles when dealing with the same subject, the more restrictive provisions of the Declaration or Articles (as the case may be) shall be applicable in the same manner as if included in the provisions of these Bylaws.

ARTICLE 7

AMENDMENTS OF THE BYLAWS

These Bylaws may be amended by the affirmative vote of a majority of the Board. These Bylaws shall not be amended or modified to contain any provisions that would be contrary to or inconsistent with the Declaration or the Articles, and any purported amendment or modification to these Bylaws which is contrary to or inconsistent with the Declaration or the Articles shall be void to the extent of the inconsistency.

ARTICLE 8

LIABILITY SURVIVES TERMINATION OF MEMBERSHIP

The termination of ownership of a Lot shall not (i) relieve or release any former Owner or Member from any liabilities or obligations incurred under or in any way connected with such Lot, the Property and/or the Association, during his, her, their or its period of ownership and membership, or (ii) impair any rights or remedies which the Association may have against the former Owner or Member arising out of, or in any way connected with, his, her or its ownership and membership, and the duties and obligations incident thereto.

ADOPTED by the Board of Directors of the MERCADO DEL RIO PROPERTY OWNERS ASSOCIATION, to be effective as of _____, 2004.

Name: _____
President

Name: _____
Secretary