

BYLAWS

OF

DOVE COVE ESTATES HOMEOWNERS ASSOCIATION

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**BYLAWS
OF
DOVE COVE ESTATES**

These Bylaws shall constitute the Bylaws of Dove Cove Estates (the "Association"), an Arizona nonprofit corporation formed pursuant to that certain Declaration of Covenants, Conditions and Restrictions for Dove Cove Estates recorded on September 12, 2003, at Instrument No 2003-1284950 in the official records of Maricopa County, State of Arizona, as and if amended (the "Declaration"), for those subdivisions recorded for that property (the "Project")

ARTICLE 1

PLAN OF LOT OWNERSHIP

1.1 Personal Application All present or future owners owning real property within the Project (the "Owners"), tenants, future tenants, or their employees, or any other Persons who might use the facilities of the Project in any manner, are subject to the regulations of these Bylaws as set forth herein. Standard Pacific of Arizona, Inc., a Delaware corporation, is referred to herein as "Declarant"

1.2 Nonprofit Corporation The Association is an Arizona nonprofit corporation, and is organized and existing under and by virtue of the laws of the State of Arizona as the same pertain to the application of corporate activities and the Project

1.3 Defined Terms Except as otherwise expressly provided herein, all capitalized terms shall have the meanings assigned to them in the Declaration

ARTICLE 2

OFFICES AND CORPORATE SEAL

2.1 Principal Office The office of the Association shall be located at 6710 North Scottsdale Road, Suite 150, Scottsdale, Arizona 85253, but meetings of the Members and the Board of Directors of the Association (the "Board") may be held at such places within the State of Arizona, County of Maricopa, as may be designated by the Board

2.2 Other Offices The Association may also maintain offices and places for conducting business at such other place or places, both within and without the State of Arizona, as may be designated from time to time by the Board, and the business of the

Association may be transacted at such other offices with the same effect as that conducted at the principal office

2 3 Corporate Seal A corporate seal shall not be requisite to the validity of any instrument executed by or on behalf of the Association, but nevertheless if in any instance a corporate seal be used, the same shall be a circle having on the circumference thereof the name of the Association and in the center the words "corporate seal," the year incorporated, and the state where incorporated

ARTICLE 3

MEMBERS

3 1 Membership The Members of the Association shall be determined in the manner set forth in the Declaration

3 2 Place of Members Meetings The annual meetings of Members shall be held at such place as may be fixed from time to time by the Board, or in the absence of direction by the Board, by the president or secretary of the Association, and shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof

3 3 Annual Members Meetings The annual meeting of the Members shall be held each year, with the exact date to be determined each year by the Board. However, the first annual meeting shall take place within one year after the first close of escrow on the first home. At each annual meeting the Members shall elect the Board (unless the Board may be appointed by the Declarant as permitted under these Bylaws) and transact such other business as may properly be brought before the meeting

3 4 Special Meetings of Members Unless otherwise prescribed by Arizona statute or by the Articles of Incorporation (the "Articles"), special meetings of the Members, for any purpose or purposes, may be called by (a) the president, (b) a majority of the Board of Directors, or (c) Members having at least ten percent (10%) of all Class A votes

3 5 Notice of Members Meetings Not less than ten (10) nor more than sixty (60) days before the date of any annual or special meeting of the Members, either the secretary or any other officer of the Association shall cause written notice stating the place, date and time of the meeting (and, in the case of a special meeting, the items on the agenda, including, but not limited to, the general nature of any proposed amendment to the Declaration, Articles or Bylaws, any budget changes and any proposal to remove a director or officer) to be hand-delivered or sent prepaid by United States mail to the last known mailing address of each Member, as shown in the Association records, or to the mailing address of such Member's Lot) If mailed, such notice shall be deemed to be delivered when mailed. Business transacted at any special meeting of Members shall be limited to the items stated in the notice unless determined otherwise by a unanimous vote of the Members present at such meeting

3 6 Quorum Unless otherwise required by the Declaration, the Articles or applicable law, a quorum shall be deemed present for all purposes throughout any meeting of Members if Members entitled to cast at least ten percent (10%) of all outstanding votes are present in person or by valid proxy at the beginning of the meeting. Further, except as otherwise provided in Article 14 of these Bylaws and except as may otherwise be provided by the Declaration, the Articles or applicable law, the action by Members holding a majority of votes represented at a meeting at which a quorum is present shall constitute the act of the full membership of the Association. Whether or not a quorum is present, a meeting may be adjourned from time to time by the vote of Members holding a majority of the votes represented at such meeting, whether in person or by valid proxy, without notice other than by announcement at the meeting of the time and place at which the adjourned meeting will be reconvened and without further notice to any absent Members, provided, however, that if the adjournment is for more than thirty (30) days, notice of the time and place at which the adjourned meeting will be reconvened shall be given to each Member in the manner provided in Section 3 5 above. If a quorum is present at the time and place the adjourned meeting is reconvened, any business may be transacted at the reconvened meeting which might have been transacted at the meeting as originally noticed.

3 7 Voting The Members shall be entitled to the voting rights set forth in the Declaration. At every meeting of Members each Member in good standing shall be entitled to vote either (a) in person, or (b) by a proxy duly appointed by a written instrument signed by the Member, dated not more than eleven (11) months prior to such meeting (unless such instrument provides for a longer period not to exceed twenty-five (25) months from the date of its execution and states that it is coupled with an interest and is irrevocable). The vote for directors and upon any question before the meeting shall be by voice vote, except that, upon demand of any ten (10) or more Members, a vote shall be taken by ballot. Except as otherwise provided herein or by applicable Arizona law, the Declaration or the Articles, all elections and other matters to be determined by the Members shall be decided by Members (whether present in person or by proxy) holding a majority of votes represented at a meeting at which a quorum is present, and cumulative voting shall not be permitted.

3 8 Freezing of List of Members or Fixing of 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, at its election, may provide that the membership books shall be closed for a stated period, but not to exceed in any case fifteen (15) days prior to the event concerned (the "Record Date"). With respect to determining the Members entitled to notice of an annual or special meeting of the Association, if the Record Date is not fixed, Members at the close of business on the business day before the day on which notice is given, or if notice is waived, at the close of business on the business day before the day on which the meeting is held, are entitled to notice of the meeting. With respect to determining the Members entitled to vote at an annual or special meeting of the Association, if the Record Date is not fixed, Members on the date of the meeting who are otherwise eligible to vote are entitled to vote at the meeting.

3 9 Action Without Meeting Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action taken, is signed by the greater of (a) the percentage required under Arizona law, or (b) the percentage required under the Declaration, the Articles or these Bylaws

3 10 Waiver of Notice Whenever any notice is required to be given to any Member under the provisions of the Articles, the Bylaws, the Declaration, applicable Arizona law, or otherwise, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not properly called or convened

3 11 Assessments As more particularly provided in the Declaration, the Association has the right, power and authority to establish and levy Assessments against the Lots and the Owners thereof, and to enforce the payment of such Assessments

3 12 Suspension As more particularly provided in the Declaration, the Board may impose sanctions for violations of the Declaration and of the rules and regulations of the Association adopted by the Board, which sanctions may include suspension of the right to vote, suspension of the right to use recreational facilities on or constituting part of the Common Area, if any, and, in certain instances, imposition of reasonable monetary fines The duration of any suspension of a Member's right to vote or to use recreational facilities shall be limited as provided in the Declaration

3 13 Irregularities All information and/or irregularities in calls, notices of meetings and in the manner of voting, form of proxies, credentials, and method of ascertaining those present, shall be deemed waived if no objection is made at the meeting or if waived in writing

ARTICLE 4

DIRECTORS

4 1 Appointment and Election The business and affairs of the Association shall be managed, conducted and controlled by the Board Except for the initial Board and for so long as there is a Class B membership, each director shall be an Owner of a Lot or, if an Owner is a corporation, partnership, trust or other legal entity, the director may be a representative thereof Until the Declarant is no longer in control of the Board (the "Transition Date"), the Declarant shall have the absolute power and right to appoint and remove the members of the Board At each annual meeting after the Transition Date, the Members shall elect the Board of Directors The initial Board of Directors shall consist of three (3) individuals as described in the Articles Each director shall be

appointed by the Board or elected by the Members for a term of one (1) year, and, except as otherwise provided in these Bylaws or in the Articles or the Declaration, shall hold office until his or her successor is elected or appointed and qualified. Nothing herein shall be construed to prevent the election or appointment of any person or persons to two or more terms as director, whether or not such terms shall be consecutive. No person shall be eligible for election or appointment as a director who is not at the time of election or appointment a Member of the Association, except such persons as may be designated by Declarant or by a corporate, partnership or other non-individual Owner. If, after election any director (except such persons as may be designated by Declarant or by a corporate, partnership or other non-individual Owner) ceases to be a Member, such director shall thereupon no longer be a director and his or her office shall become vacant.

4.2 Number The number of directors which shall constitute the whole Board shall be three (3), provided that, at any time after the Class B membership ceases to exist (as provided in the Declaration), such number may be increased to a total not to exceed seven (7) directors upon the affirmative vote of Members holding a majority of all Class A votes represented in person or by proxy at any annual meeting of Members or at a special meeting of Members called for such purpose.

4.3 Vacancies if the office of any director becomes vacant by reason of death, resignation, retirement, disqualification, removal from office, disability or otherwise, the director will cease to be a director, and the position on the Board shall be deemed vacant. Until the Transition Date, the Declarant shall fill vacancies on the Board. After the Transition Date, vacancies on the Board shall be filled by vote of the remaining Board members. The person selected to fill any vacancy shall serve for the remainder of the unexpired term. 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.

4.4 Annual Board Meetings Within thirty (30) days after each annual meeting of Members, the newly elected or appointed directors shall meet forthwith for the purpose of organization, the election of officers, and the transaction of other business and, if a quorum of the directors is present, no prior notice of such meeting shall be required to be given, provided that the place and time of such first meeting of newly-elected or appointed directors may be changed by written consent of all of the directors.

4.5 Special Board Meetings Special meetings of the Board may be called by the president or secretary and must be called by either of them on the written request of any member of the Board. The president or secretary must provide written notice to each Board member, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinafter provided) and purpose of the meeting. Such notice shall be given at least three (3) days prior to the day in which the special meeting will be held.

4.6 Notice of Board Meetings Regular meetings of the Board may be held without notice at such time and place as may be determined by the Board. In case of

special meetings of the Board, notice shall be given to each of the directors in accordance with such reasonable policy as the Board may determine. Any business may be transacted at any meeting of the Board. Attendance of a person at a meeting shall constitute waiver of notice of such meeting, except when the person attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not properly called or convened.

4.7 Quorum One-half (1/2) of the number of the directors then serving shall constitute a quorum at a meeting of the Board (except that if three (3) directors are then serving, a quorum shall be two (2), and if one (1) director is then serving, a quorum shall be one (1)). If at any meeting there is less than a quorum present, the directors present may adjourn the meeting from time to time without further notice to any absent director.

4.8 Action Without a Meeting Unless otherwise restricted by the Declaration, the Articles or these Bylaws, any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent to the action in writing, such written consents shall be filed with the minutes of proceedings of the Board or committee.

4.9 Powers Subject to the provisions of the Declaration, the Articles, these Bylaws and applicable law, the Board shall have power

4.9.1 To elect and remove the officers of the Association,

4.9.2 To administer the affairs of the Association and the Common Area,

4.9.3 To engage the services of a manager or managing agent who shall manage and operate the Common Area for all of the Members upon such terms, for such compensation and with such authority as the Board may approve,

4.9.4 To formulate policies for the administration, management and operation of the Common Area,

4.9.5 To provide for the operation, maintenance, repair and replacement of the Common Area and payments therefor, and to approve payment vouchers or to delegate such approval to the officers or the manager or managing agent,

4.9.6 To provide for the designation, hiring and removal of employees and other personnel, including accountants and attorneys, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the Common Area, and to delegate any such powers to the manager or managing agent (and any such employees or other personnel who may be the employees of a managing agent),

4 9 7 To appoint or dissolve committees of the Board, to remove any director from a committee at any time, and to delegate to such committees the Board's authority to carry out certain duties of the Board to the extent permitted under all applicable laws,

4 9 8 To estimate the amount of the annual budget, and to provide the manner of assessing and collecting from the Owners their respective shares of such estimated expenses,

4 9 9 To exercise all of the rights, powers and duties granted to it by the Declaration, the Articles, the Bylaws, any rules and regulations adopted by the Board in accordance with the terms of the Declaration, and other documents and laws respecting the Association and the Project,

4 9 10 Unless otherwise provided herein or in the Declaration, the Articles or applicable law, to comply with the instructions of a majority of the Members as expressed in resolution duly adopted at any annual or special meeting of the Members,

4 9 11 To pay taxes and Assessments which are liens against any part of the Project, other than individual Lot(s),

4 9 12 To authorize the compliance with all reporting, information furnishing and similar requirements imposed on the Association by law,

4 9 13 To suspend the voting rights and right to use Common Areas and recreational facilities of a Member during any period in which such Member shall be in default in the payment of any Assessment levied by the Association for more than thirty (30) days, including but not limited to the rules and regulations adopted by the Board. Such rights may also be suspended, after notice and hearing, for a period not to exceed sixty (60) days for infraction of the Declaration or the rules and regulations adopted by the Board. However, such suspension shall continue as long as the violation exists, and

4 9 14 To exercise for the Association (by legal means, if necessary) all other powers, duties and authority vested in or delegated to the Association

4 10 Removal and Resignation of Directors Any director or the entire Board may be removed, with or without cause, by Members holding a majority of all votes, except that any director appointed to the Board by Declarant (a) may be removed and replaced at any time by Declarant, and (b) may not be removed, while the Class B membership exists, without the consent of Declarant. Any director may resign upon written notice pursuant to Article 8 of these Bylaws

4 11 Place of Board Meetings The Board shall hold meetings, both regular and special, in Maricopa County, Arizona, or at such other place or places, and such meetings may be held by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each

other, and participation in a meeting pursuant to this Section 4 11 shall constitute presence in person at such meeting

4 12 Waiver of Notice Whenever any notice is required to be given to any director of the Association under the provisions of the Articles, these Bylaws, the Declaration, applicable Arizona law or otherwise, a waiver thereof in writing signed by the person or persons entitled to such notices, whether before or after the time stated therein, shall be equivalent to the giving of such notice

4 13 Committees of the Board The Board, by resolution adopted by a majority of the full Board, may designate from among its members an executive committee and one or more other committees each of which, to the extent provided in such resolution and permitted by applicable law, shall have and may exercise all the authority of the Board The Board, with or without cause, may dissolve any such committee or remove any member thereof at any time The designation of any such committee and the delegation thereto of authority shall not operate to relieve the Board, or any member thereof, of any responsibility imposed by law

4 14 Compensation Directors shall receive no compensation for their services unless expressly provided for in a resolution duly adopted by Members holding, personally or by valid proxy, a majority of the votes then entitled to be cast at a meeting expressly called for that purpose

4 15 Standard of Care In all actions by a member of the Board in connection with the authority and powers granted to the Board by the Declaration, including but not limited to, management, personnel, maintenance and operations, interpretation and enforcement of the Declaration, the development of rules and restrictions, insurance, contracts and finance, and design review such director shall act in good faith, in a manner the director reasonably believes to be in the best interest of the Association and with the care an ordinarily prudent person in a like position would exercise under similar circumstances When discharging his/her duties, a director is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by any of the following, so long as the director acts without knowledge that would cause such reliance to be unwarranted

4 15 1 One or more officers or employees of the Association whom the director reasonably believes are reliable and competent in the matters presented,

4 15 2 Legal counsel, public accountants or other persons as to matters the director reasonably believes are within the person's professional or expert competence,

4 15 3 A committee of or appointed by the Board, of which the director is not a member as to matters within its designated authority, which committee the director reasonably believes merits confidence

This section is intended to be a restatement of the business judgment rule established in applicable law as it applies to the Association All amendments,

modifications, restatements and interpretations of the business judgment rule applicable to the Association shall be interpreted to amend, modify, restate or interpret this section

ARTICLE 5

OFFICERS

5 1 Designation of Titles The officers of the Association shall be a president, vice president, secretary and a treasurer, and shall be chosen by the Board, the Board may also choose a chairman of the Board No person may hold, at any time, more than one of such offices, except that the offices of secretary and treasurer may be held by the same person The officers need not be directors of the Association

5 2 Election, Term of Office, Qualification Except for the initial officers chosen by the Board at its first meeting following the incorporation of the Association (who shall serve until their successors shall have been duly chosen and shall qualify), each of the officers of the Association shall be chosen annually by a majority of the Board, and shall hold office for one year or until his or her successor shall have been duly chosen and shall qualify, or until his or her death or until he or she shall resign or shall have been removed pursuant to these Bylaws or the Articles or the Declaration No person shall be eligible for election as an officer who is not at the time of election a Member of the Association, except such persons as may be designated from time to time by Declarant or by a corporate partnership or other non-individual Owner If, after election (a) any officer (except for an officer designated by Declarant or by a corporate, partnership or other non-individual Owner) ceases to be a Member, he or she shall thereupon no longer be an officer and his or her office shall become vacant, or (b) a corporate, partnership or other non-individual Owner ceases to be a Member, any officer serving by virtue of having been designated by such corporate, partnership or other non-individual Owner shall thereupon no longer be an officer and his or her office shall become vacant

5 3 Subordinate Officers, Agents or Employees The Board may appoint such subordinate officers, agents or employees as the Board may deem necessary or advisable, including one or more assistant vice presidents, one or more assistant treasurers and one or more assistant secretaries, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the Board may from time to time determine The Board may delegate to the president or to any committee of the Board the power to appoint any such additional officers, agents or employees Notwithstanding the foregoing, no assistant treasurer shall have power or authority to collect, account for, or pay any tax imposed by any federal, state or city government

5 4 Removal and Resignation of Officers Any officer or agent may be removed by the Board whenever in its judgment the best interests of the Association will be served thereby Election or appointment of an officer or agent shall not of itself

create contract rights Any director may resign upon written notice pursuant to Article 8 of these Bylaws

5 5 Vacancies A vacancy in any office because of death, resignation, removal or any other cause, shall be filled for the unexpired portion of the term in the manner prescribed in Sections 5 1, 5 2 and 5 3 for election or appointment to such office

5 6 Chairman of the Board The chairman of the Board, if one shall have been appointed and be serving, shall preside at all meetings of the Board and shall perform such other duties as may be assigned to him or her from time to time

5 7 President The president shall preside at all meetings of Members, and if a chairman of the Board shall not have been appointed or, having been appointed, shall not be serving or shall be absent, the president shall preside at all meetings of the Board The president shall be the principal officer of the Association and, subject to the control of the Board, shall in general supervise and control all of the business and affairs of the Association The president may sign, with the secretary or any other proper officer of the Association authorized by the Board, deeds, mortgages, bonds, contracts or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by the Declaration, the Articles or these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed, and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board from time to time

5 8 Vice President The vice president shall have such powers and perform such duties as the Board or the president may from time to time prescribe and shall perform such other duties as may be prescribed by the Declaration, the Articles or these Bylaws At the request of the president, or in case of the president's absence or inability to act, the vice president shall perform the duties of the president, and when so acting shall have all powers of, and be subject to all the restrictions upon, the president

5 9 Treasurer The treasurer shall be responsible for the charge and custody of funds and securities of the Association, keeping full and accurate accounts of receipts and disbursements in books belonging to the Association and depositing all moneys and other valuable effects in the name of and to the credit of the Association in such banks and other depositories as may be designated by the Board The treasurer shall be responsible for disbursing the funds of the Association as may be ordered by the Board, taking proper vouchers for such disbursements, and rendering to the president and to the directors at the regular meetings of the Board (or at such other times as they may require it), a statement of all financial transactions and an account of the financial condition of the Association, and, in general, the treasurer shall perform all the duties incident to the office of treasurer and such other duties as may from time to time be assigned to the treasurer by the Board

5 10 Secretary The secretary shall (a) act as secretary of, and keep the minutes of, all meetings of the Board and of the Members, (b) cause to be given notice of all meetings of the Members and directors, (c) be custodian of the corporate seal (if any) and shall affix the seal, or cause it to be affixed, to all proper instruments when appropriate, (d) have charge of the books, records and papers of the Association relating to its organization as a corporation, (e) see that all reports, statements and other documents relating to the Association and required by law are properly kept or filed, and (f) in general perform all the duties incident to the office of secretary. The secretary shall also have such powers and perform such duties as are assigned to the secretary by these Bylaws or applicable law, and shall have such other powers and perform such other duties, not inconsistent with these Bylaws, as the Board shall from time to time prescribe.

5 11 Compensation The officers shall receive no compensation for their services, unless expressly provided for in a resolution duly adopted by Members holding a majority of outstanding votes at a meeting expressly called for that purpose.

5 12 Bonding Fidelity bond coverage shall be obtained and maintained by the Board in accordance with the Declaration.

5 13 Standard of Care If an officer has discretionary authority with respect to any duties, the officer shall act in good faith, in a manner the officer reasonably believes to be in the best interest of the Association and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. When discharging his/her duties, an officer is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by any of the following, so long as the officer acts without knowledge that would cause such reliance to be unwarranted:

5 13 1 One or more officers or employees of the Association whom the officer reasonably believes are reliable and competent in the matters presented.

5 13 2 Legal counsel, public accountants or other persons as to matters the officer reasonably believes are within the person's professional or expert competence.

This section is intended to be a restatement of the business judgment rule established in applicable law as it applies to the Association. All amendments, modifications, restatements and interpretations of the business judgment rule applicable to the Association shall be interpreted to amend, modify, restate or interpret this section.

5 14 Initial Officers The initial officers of the Association shall be

Eric Szymanski
Robert Downing
Bruce Schroeder

President
Vice President
Secretary/Treasurer

who shall serve until their successors are appointed and qualified

ARTICLE 6

ASSESSMENTS

6.1 Assessments, Liens and Budgets Each Member, as an Owner, and each Lot shall be subject to the Assessments provided for in the Declaration. The Board shall have all rights, powers, authorities and obligations as are conferred upon it by the Declaration and by applicable law in connection with (a) the preparation and adoption of budgets, (b) computation, levying, collection and enforcement of Assessments, and (c) adoption of reasonable charges for issuance of certificates regarding Assessments.

6.2 Capital Expenditures Except as may be provided to the contrary in the Declaration, the Board shall not approve any capital expenditure (as opposed to a maintenance expense) in excess of \$10,000.00 without the prior approval of Members holding two-thirds (2/3) of the votes represented, personally or by valid proxy, at a duly convened meeting of Members.

6.3 Discharge of Liens The Board may cause the Association to discharge any mechanics' lien or other encumbrance which in the opinion of the Board may constitute a lien against the Common Area, rather than against a particular Lot only. When less than all of the Owners are responsible for the existence of any such lien, the Owners responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses, including, without limitation, attorneys' fees incurred by reason of or in connection with such lien.

ARTICLE 7

PARLIAMENTARY RULES

The proceedings of all meetings of the Members, of the Board and of any committees of the Board shall be governed and conducted according to the latest edition of Robert's Manual of Parliamentary Rules.

ARTICLE 8

RESIGNATIONS

Any director or officer may resign his or her office at any time by giving written notice of such resignation to the president or the secretary of the Association. Such resignation shall take effect at the time specified therein or, if no time be specified therein, at the time of the receipt thereof, and the acceptance thereof by the Board or the Association shall not be necessary to make it effective.

ARTICLE 9

FISCAL YEAR

The fiscal year of the Association shall be from January 1 to December 31

ARTICLE 10

BUDGET, CONTRACTS, LOANS, CHECKS AND DEPOSITS

10 1 Budget The Board shall cause to be prepared an estimated annual budget for each fiscal year of the Association. Such budget shall take into account the estimated common expenses for the Project ("Common Expenses") and cash requirements for the year. The estimated annual budget shall not include those utility expenses which are the obligation of the individual Owners. The annual budget shall also take into account the estimated net available cash income for the year from the operation or use of any of the Common Areas. The annual budget shall also provide for a reserve for contingencies for the year and an adequate reserve for maintenance, repairs and replacements of those Common Areas that must be replaced on a periodic basis, as determined by the Board. To the extent that the Assessments and other cash income collected from the Owners during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, shall be taken into account in determining the annual budget. The estimated annual budget for each fiscal year shall be approved by the Board, and copies thereof shall be furnished by the Board to each Owner not later than thirty (30) days before the beginning of such year.

10 2 Records and Statements of Account The Board, under the direction of the treasurer, shall cause to be kept detailed and accurate records in chronological order of the receipts and itemized expenditures affecting the Common Areas and the Project, in accordance with generally accepted accounting practice. All records shall be available for examination by the Owners at convenient hours designated by the Board. The Board shall, upon receipt of ten (10) days notice to it or the Association, furnish to each Owner a statement of his account setting forth the amount of any unpaid Assessments or other charges due and owing from such Owner. A reasonable fee may be charged to the requesting Owner to cover administrative costs for such statement.

10 3 Contracts Except as limited or restricted by the Declaration, the Articles, these Bylaws or applicable law, the Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. No contract or other transaction between the Association and one or more of its directors or between the Association and any corporation, firm or association in which one or more of the directors of the Association are directors, or are financially

interested, is void or voidable because such director or directors are present at the meeting of the Board or a committee thereof which authorizes or approves the contract or transaction or because his, her or their votes are counted, if the contract or transaction is just and reasonable as to the Association at the time it is authorized or approved. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or a committee thereof which authorizes, approves or ratifies a contract or transaction.

10.4 Loans No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board. No loan approved by the Board in an amount in excess of \$10,000.00 or any loan encumbering the Common Area shall be contracted until approved by Members holding two-thirds (2/3) of the votes of each class represented, personally or by valid proxy, at a duly convened meeting of Members.

10.5 Checks and Drafts All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board.

10.6 Deposits All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board may elect.

ARTICLE 11

VOTING UPON SHARES OF OTHER CORPORATIONS

Unless otherwise ordered by the Board, the president shall have full power and authority on behalf of the Association to vote either in person or by proxy at any meeting of shareholders of any corporation in which the Association may hold shares or membership(s), and at any such meeting may possess and exercise all of the rights and powers incident to the ownership of such shares or membership(s) which, as the owner thereof, the Association might have possessed and exercised if present. The Board may confer like powers upon any other person and may revoke any such powers as granted at its pleasure.

ARTICLE 12

PROHIBITION AGAINST SHARING IN CORPORATE EARNINGS

None of the net earnings or pecuniary profit from the operations of the Association shall at any time inure to any Member, director, officer or employee of, or member of a committee of or person connected with the Association, or any other private individual, provided that this shall not prevent the payment to any such person of such reasonable compensation for services rendered to or for the Association in effecting any of its

purposes as shall be fixed by the Board and other payments and disbursements which may be made in furtherance of one or more of its purposes To the extent that Members receive a benefit from the general maintenance, acquisition, construction, management and care of the Common Area, this benefit shall not constitute an inurement, to the extent a rebate of excess dues, fees or Assessments (and not net earnings) is paid to Members, such payment shall not constitute an inurement

ARTICLE 13

FORECLOSURE

The Association shall have the power to bid at any foreclosure or trustee's sale and to purchase, acquire, hold, lease, mortgage and convey any and all Lots purchased at such sale

ARTICLE 14

AMENDMENT

Subject to the requirements of applicable law, so long as any Class B membership still exists, any proposed amendment of the Bylaws needs to be approved by the Declarant prior to its adoption, which may be withheld in its sole and absolute discretion After the date in which all Class B memberships are converted into Class A memberships, the Association may, at any regular or special meeting called for such purpose, amend, alter, or repeal any provision hereof by the affirmative vote of sixty-seven percent (67%) of each membership class then entitled to vote in person or by proxy, and upon ten (10) days prior written notice to all first mortgagees who have previously notified the Association in writing, to be notified of any amendment to the Bylaws and, if required by law, after publication in a newspaper having general circulation in Maricopa County, Arizona Notwithstanding any foregoing provision, the Bylaws may not be amended at any time (either before or after the date in which all of the Class B memberships are converted to Class A memberships) to diminish any of the rights of the Declarant under these Bylaws, the Articles, or the Declaration, including, but not limited to, Declarant's liability limitations as set forth in Article VII of the Articles, without the express written consent of Declarant, which may be withheld in its sole and absolute discretion Furthermore, subject to the requirements of applicable law and so long as any Class B membership still exists, the Federal Housing Administration and Veterans Administration shall have the right to veto any proposed amendment of the Bylaws Whenever the approval of the Federal Housing Administration or the Veterans Administration is required under this Article, such approval shall be deemed given unless a disapproval or statement requesting additional time is issued by such agency to the Association within thirty (30) days following submission to such agency

ARTICLE 15

CONSTRUCTION

15.1 Conflicts In the case of any conflict between the Articles and these Bylaws, the Articles shall control, and 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 and Articles shall be applicable in the same manner as if included in the provisions of these Bylaws.

15.2 Disputes In the event of any dispute or disagreement between any Owners relating to the Project, or any questions, or interpretation or application of the provisions of the Articles, Declaration, or these Bylaws, the resolution thereof shall be determined in accordance with the terms of the Declaration.

15.3 FHLMC, FNMA, FHA/VA Notwithstanding anything to the contrary herein, to the extent that these Bylaws shall be contrary to or inconsistent with provisions of the Declaration, Federal National Mortgage Association, Federal Housing Administration and Veterans Administration, if any may be applicable to the Association, these Bylaws shall be considered superseded by such provisions, rules and/or regulations.

15.4 Amendment Requested by Governmental Agency These Bylaws may be amended by the Board of Directors and with the approval of the Declarant if Class B Memberships still exist, to such extent or with such language as may be requested by the Federal Housing Administration, Veterans Administration, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation or other governmental or quasi-governmental agency which issues, guarantees, insures or purchases Mortgages (or securities or other debt instruments backed or secured by Mortgages), or otherwise governs transactions involving Mortgages or instruments evidencing same, or otherwise governs development of the Property or the Annexable Property, as a condition to such agency's approval of these Bylaws, the development encompassing the Property or any subdivision constituting a part of the Property.

ARTICLE 16

LIABILITY SURVIVES TERMINATION OF MEMBERSHIP

The termination of ownership of a Lot and/or membership in the Association shall not relieve or release any former Owner or Member from any liability or obligations incurred under or in any way connected with the Project and/or Association, during the period of such ownership and membership, or impair any rights or remedies which the Association may have against such former Owner and Member arising out of or in any

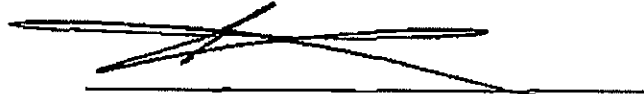
way connected with such ownership and membership, and the duties and obligations incident thereto

ARTICLE 17

LIMITATION OF LIABILITY

Notwithstanding the duty of the Association to maintain and repair the Common Areas of the Project, the Association shall not be liable for injury or damage caused by a latent condition in the Project, or by Owners or other persons

The foregoing Bylaws were adopted by the Board, this 18th day of September, 2003



Eric Szymanski



Robert Downing



Bruce Schroeder