

BYLAWS
OF
SANTA RITA RANCH III HOMEOWNERS ASSOCIATION

These Bylaws shall constitute the Bylaws of Santa Rita Ranch III Homeowners Association (the "Association"), an Arizona nonprofit corporation formed pursuant to that certain Declaration of Covenants, Conditions and Restrictions for Santa Rita Ranch III recorded on May 15, 2014 at Instrument No. 20141350563 in the official records of Pima 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 and Occupants are subject to the regulations of these Bylaws as set forth herein. Santa Rita Ranch III, LLC, a Delaware limited liability company, 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 333 East Wetmore Road, Suite 250, Tucson, Arizona 85705, 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. The Association shall not have a corporate seal.

ARTICLE 3

MEMBERS

3.1 Membership. The Members of the Association shall be determined in the manner set forth in Article 3 of the Declaration.

3.2 Place of Members Meetings. The annual meetings of Members shall be held at such place within the state 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; or (c) Members having at least ten percent (10%) of all Class A votes.

3.5 Audio Taping and Video Taping of Meetings. All videotaping or audio taping of meetings shall be in accordance with the following rules: (i) only those with a legal right to attend the meeting may record the meeting; (ii) a person intending to tape a meeting must provide the Board with written notice that the meeting will be recorded (a) if the Board gives seven (7) or more days notice of the meeting, the person taping the meeting will give the Board at least seventy-two (72) hours advance notice or (b) if the Board gives less than seven (7) days notice of the meeting, the person taping the meeting will give the Board at least twenty-four (24) hours advance notice; (iii) any person recording a meeting must not interfere with the meeting or the view of the meeting by any attendees; (iv) any person recording must remain a reasonable distance from the Board or any other attendee; (v) the Board does not guarantee that any power source will be available; and (vi) no recording may be published, via internet, website or any other means, to people that did not have a right to attend the meeting, without prior written Board consent.

3.6 Notice of Members Meetings. Except as provided otherwise in the Declaration, 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 hand delivering or

mailing a copy of each notice, postage prepaid, not less than ten (10) days nor more than fifty (50) days before the date of any annual or special meeting of the Members, 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. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place of the meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Association may transact any business that might have been transacted at the original meeting. If the adjournment is for more than sixty (60) days, a notice of the adjourned meeting shall be given to each Member entitled to vote at the meeting. By attending a meeting, a Member waives any right that the Member may have had to object to the meeting on the basis that the proper notice of the meeting was not given in accordance with these Bylaws or the statutes of the State of Arizona.

3.7 Quorum. Except as otherwise provided in the Articles, the Declaration or these Bylaws, the presence in person (or evidenced by absentee ballot) of Members entitled to cast one-tenth (1/10th) of the total authorized votes in the Association shall constitute a quorum at all meetings of the Members.

3.8 Voting.

3.8.1 Members' voting rights, and those of any permitted assignees, shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated by this reference. Votes by the Members may be cast in person or by written absentee ballot. Any action taken at an annual or special meeting of the Members shall comply with all of the following if absentee ballots are used:

(i) the solicitation for votes by absentee ballot shall indicate the number of responses needed to meet the quorum requirements and the percentage of approvals necessary to approve each matter other than the election of directors;

(ii) the absentee ballot shall set forth each proposed action;

(iii) the absentee ballot shall provide an opportunity to vote for or against each proposed action;

(iv) the absentee ballot shall state that it is valid for only one specified election or meeting of the Members and expires automatically after the completion of the election or meeting;

(v) the absentee ballot specifies the time and date by which the ballot must be delivered to the Board in order to be counted, which shall be at least seven days after the date that the Board delivers the unvoted absentee ballot to the Member; and

(vi) the absentee ballot does not authorize another Person to cast votes on behalf of the Member.

3.8.2 Votes cast by absentee ballot or other form of delivery are valid for the purpose of establishing a quorum.

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

3.9 Proxies.

3.9.1 Pursuant to A.R.S. §§ 33-1812, after termination of the Class B memberships, voting of the Members by proxy shall be prohibited; provided, however, prior to the Transition Date, Declarant may in writing permit voting by proxy should Declarant, in its discretion, wish to permit such voting.

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

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

3.10 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.

3.11 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.

3.12 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.

3.13 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.

3.14 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.

3.15 Irregularities. All information and/or irregularities in calls, notices of meetings and in the manner of voting, 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. After the Transition Date, the terms of the directors shall be three years and shall be staggered so that one-third of the director positions is eligible for election in each calendar year. The initial Board shall consist of three (3) individuals as described in the Articles. Each director 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 absentee ballots 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, subject to Section 4.10.

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 electronic transmission, 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. Except in the case of emergencies, notice of Board meetings shall be given at least forty-eight (48) hours in advance of the meeting by newsletter, conspicuous posting or any other reasonable means, as determined by the Board. Any notice of a board meeting shall state the time and place of the meeting.

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)). 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. Any quorum of the Board that meets informally to discuss Association business shall comply with the open meeting and notice provisions, regardless of whether the Board votes or takes action at the informal meeting.

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 and otherwise assist in the administration of the Association 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 (except where such Member fails or refuses to cease or correct an ongoing violation or commits the same or another violation, in which event such suspension may be extended for additional periods not to exceed sixty (60) days each until such violation ceases or is corrected), 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 of Directors. Except for directors appointed by the Declarant, any one or more of the members of the Board may be removed from the Board with or without cause by Members having more than fifty percent (50%) of the votes entitled to be cast by the Members present in person or by absentee ballot at a meeting of the Members called for such purposes, and a successor may then and there be elected to fill the vacancy thereby created; provided, however, that the following conditions apply:

4.10.1 The Board shall call and provide written notice of a special meeting of the Association upon receipt of a petition that calls for the removal of a member of the Board that is signed by Members entitled to cast at least twenty-five percent (25%) of the votes in the Association or one hundred votes, whichever is less.

4.10.2 The special meeting of the Association shall be called, noticed and held within thirty (30) days after receipt of the petition.

4.10.3 For purposes of a special meeting of the Association called pursuant to this Section 4.10, a quorum shall be present if Members entitled to cast at least twenty percent (20%) of the votes in the Association or one thousand votes, whichever is less, are present at the meeting in person or by absentee ballot.

4.10.4 A petition for removal of the same member of the Board has not previously been submitted during the term of office of such member.

4.10.5 If a civil action is filed regarding removal of the Board member, the prevailing party in the action shall be awarded its reasonable attorneys' fees and costs.

4.10.6 The Board shall retain all documents and other records relating to the proposed removal of a member of the Board for at least one (1) year after the date of the special meeting and shall permit Members to inspect those documents and records upon request.

4.11 Resignation of Directors. A director may resign at any time by delivering written notice to the Board, its presiding officer or the Association. A resignation is effective when the notice is delivered unless the notice specifies a later effective date or event. If a resignation is made effective at a later date, the Board may fill the pending vacancy before the effective date if the Board provides that the successor does not take office until the effective date.

4.12 Place of Board Meetings. The Board shall hold meetings, both regular and special, in Maricopa County, Arizona, or at such other place or places within the state. The Board may meet by means of a telephone conference or similar communications equipment so long as a speakerphone or other means is available to allow the Board and Owners to hear all parties who are speaking at a meeting. Participation in a meeting pursuant to this Section 4.12 shall constitute presence in person at such meeting.

4.13 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.

4.14 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.

4.15 Compensation. Directors shall receive no compensation for their services unless expressly provided for in a resolution duly adopted by Members holding a majority of the votes then entitled to be cast at a meeting (or by absentee ballot) expressly called for that purpose.

4.16 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:

4.16.1 One or more officers or employees of the Association whom the director reasonably believes are reliable and competent in the matters presented;

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

4.16.3 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. Until the termination of the Class B membership, Declarant shall have the absolute right to appoint and remove the officers of the Association, and Declarant-appointed officers are not required to be Owners. The Declarant may voluntarily surrender the right to appoint and remove the officers of the Association before termination of the Class B membership, and in that event the Declarant may require, for the duration of the Class B membership, that specified actions of the Association, as described in a Recorded instrument executed by the Declarant, be approved by the Declarant before they become effective. After the termination of the Class B membership, 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. After termination of the Class B membership, 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. Except for officers appointed by the Declarant, 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 officer may resign upon written notice pursuant to Article 9 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 5.2 and 5.3 for election or appointment to such office.

5.6 President. The president shall preside at all meetings of Members and 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.

5.7 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.

5.8 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.

5.9 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) have charge of the books, records and papers of the Association relating to its organization as a corporation; (d) see that all reports, statements and other documents relating to the Association and required by law are properly kept or filed; and (e) 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.

5.10 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.

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

5.12 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:

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

5.12.2 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.

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 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

OBLIGATION OF ASSOCIATION

7.1 Disclosure of Information. Except for a sale of a Lot from Declarant to a Retail Purchaser, the Association shall furnish to a Retail Purchaser, if the Association receives written notice of a pending sale that contains the name and address of the prospective Retail Purchaser:

7.1.1 A copy of the Property Documents and any other information that may be required by applicable law;

7.1.2 A statement to be signed by the prospective Retail Purchaser that provides as follows (or as otherwise required by law): ***"I hereby acknowledge that the Declaration, the Bylaws and any Association Rules collectively constitute a contract between the Association and me (the Retail Purchaser). By signing this statement, I acknowledge that I have read and understand the Association's contract with me (the Retail Purchaser). I also understand that as a matter of Arizona law, if I fail to pay my Association assessments, the Association may foreclose on my property.; and***

7.1.3 Any other acknowledgements, documents, or statements required by law, including without limitation, those acknowledgements, documents or statements required by A.R.S. § 33-1806, as it may be amended or replaced from time to time.

Such information, statements and acknowledgements shall be delivered to the Retail Purchaser within the time required by law, and each Person becoming a Member of the Association shall sign and return any statements to the Association that are required to be returned to the Association as and when required by law. The Association may charge the Member a reasonable fee to compensate the Association for any costs incurred in the preparation of the statements furnished by the Association pursuant to this Section. The Association shall make available to any interested party the amount of any such fee established from time to time by the Association.

ARTICLE 8

FISCAL YEAR

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

ARTICLE 9

BUDGET, CONTRACTS, LOANS, CHECKS AND DEPOSITS

9.1 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. Not later than sixty (60) days following the meeting of the Board at which the Board adopts the annual budget for the year in question, the Board shall cause to be delivered or mailed to each Owner a copy of the budget.

9.2 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.

9.3 Annual Financial Audit. The Board shall obtain an annual financial audit, review or compilation of the Association not later than one hundred eighty (180) days after the end of the Association's fiscal year, and such audit, review or compilation shall be made available to Members upon request within thirty (30) days after its completion.

9.4 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 and if the director declares the conflict in an open meeting of the directors before the board or committee discusses or takes action on that issue. 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.

9.5 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, either personally at a duly convened meeting of Members or by absentee ballot.

9.6 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.

9.7 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 10

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 absentee ballot 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 11

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 12

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 13

AMENDMENT

13.1 Amendment by Members. 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 fifty percent (50%) of each membership class then entitled to vote in person or by absentee ballot. 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, liability limitations as set forth in Article V of the Articles.

13.2 Amendment Requested by Governmental Agency. These Bylaws may be amended by the Board 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 Project, as a condition to such agency's approval of these Bylaws, the development encompassing the Project or any subdivision constituting a part of the Project. 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 14

CONSTRUCTION

14.1 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.

14.2 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.

14.3 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.

ARTICLE 15

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 16

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 7 day of March, 2017.

Kelly Penuela
Kelly Penuela, Secretary

13632346.1/027436.0077