

**BYLAWS**  
**OF**  
**RANCHO GABRIELA HOMEOWNERS ASSOCIATION**

**ARTICLE I**  
**IDENTITY**

1. The Association. These Bylaws shall govern the operation of the Rancho Gabriela Homeowners Association, an Arizona nonprofit corporation (the "Association"), formed pursuant to that certain Declaration of Covenants, Conditions, Restrictions, Reservations and Easements for Rancho Gabriela (the "Declaration"), as it may be amended from time to time, which was first recorded in the records of the County Recorder of Maricopa County, Arizona on April 12, 2002, at Document No. 2002-0378464.

2. Terms. Unless otherwise defined in these Bylaws, capitalized terms and phrases used herein shall have the same meanings given those terms and phrases in the Declaration or the Articles of Incorporation of the Association, as amended from time to time (the "Articles").

3. Priority of Articles and Declaration. The provisions of the Articles and the Declaration shall have priority over these Bylaws, and any provision of these Bylaws that is contrary to or inconsistent with the Articles or the Declaration shall be void to the extent of the inconsistency.

4. Principal Office. The principal office of the Association shall be located at 6730 N. Scottsdale Road, Suite 230, Scottsdale, Arizona 85253.

**ARTICLE II**  
**MEMBERSHIP; MEETINGS**

1. Membership. The Members of the Association and their voting rights shall be as provided in the Declaration. It is hereby acknowledged that the Declaration may be amended from time to time to change the qualifications and requirements of the Members and their voting rights.

2. Location of Meetings. Meetings of the Members shall be held at such place as may be designated by the Board of Directors of the Association (the "Board") and stated in the notice of meeting.

3. Annual Meeting. An annual meeting of Members shall be held on such date and at such time as shall be designated from time to time by the Board and stated in the notice of the meeting for the purpose of transacting business authorized to be transacted by the Members.

4. Special Meetings. Special meetings of the Members may be called for any purpose or purposes by the President, the Board, or Members having at least twenty-five percent (25%) of the votes entitled to be cast at such meeting.

5. Notices and Quorums. Unless otherwise provided in the Declaration, written notice of any annual or special meeting of the Members shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting and shall specify the time and place of the meeting. Any notice of a special meeting also shall specify the purpose for which it is called. Unless otherwise provided in the Declaration, at any meeting, the presence, in person or by proxy, of the holders of a majority of the votes entitled to be cast by the Members at the meeting shall constitute a quorum. If the required quorum is not present, a majority of those present may adjourn the meeting from time to time. At any adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice. Unless the vote of a greater number is required by the Declaration, the Articles, these Bylaws or applicable law, the affirmative vote of a majority of the votes represented and entitled to be cast at the meeting shall be binding as the act of the Members. Written notice of each meeting shall be given by, or at the direction of, the Secretary of the Association or person authorized to call the meeting. Notice shall be given by mailing a copy of the notice, postage prepaid, to each Member, addressed to the Member at the address last appearing on the books of the Association or supplied by the Member for the purpose of notice.

6. Proxies. At all meetings of Members, each Member entitled to vote may vote in person or by proxy. All proxies must be in writing and must be filed with the Secretary of the Association before or at the time of the meeting. The Board may, from time to time, specify a specific form of proxy to be used in connection with a particular meeting. Every proxy shall be revocable and shall automatically terminate (a) as of the date the Member giving the proxy ceases to be a Member, or (b) eleven (11) months from the date of its execution, unless otherwise provided in the proxy. Memberships held by a legal personal representative or by a court appointed receiver may be voted, in person or by proxy, by the representative or receiver without the transfer (except as required under a valid voting trust agreement) of membership into the name of the trustee or receiver.

7. Action Taken Without a 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. The consent may be executed in counterparts and shall have the same effect as a vote of the Members at a duly convened meeting.

8. 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.

9. Record Date. For the purpose of determining Members entitled to notice of (or to vote at) any meeting of Members, or in order to make a determination of Members for any other

purpose, the Board may direct the membership books to be closed for a stated period, not to exceed fifteen (15) days prior to the event concerned.

### ARTICLE III BOARD OF DIRECTORS

1. Number and Qualification. The business, property and affairs of the Association shall be managed, controlled and conducted by the Board, which shall consist of not less than three (3) nor more than seven (7) members (each, a "Director").

2. Powers and Duties. Subject to any restrictions set forth in the Articles, the Board shall have the powers and duties necessary for the administration of the affairs of the Association and may exercise and perform all of the rights, duties, privileges, obligations and responsibilities of the Board as described in the Declaration, the Articles and these Bylaws. To the extent permitted by law, the Board may delegate to one or more committees and to officers, employees or agents of the Association such duties and powers as appear to the Board to be in the best interests of the Association; provided, however, that no such delegation shall relieve the Board of its obligation to perform any delegated duty.

3. Election and Term of Office. Each Director shall serve for a one-year term. The names and addresses of the persons who shall serve as the initial Directors of the Association are set forth in the Articles. Prior to the Transition Date, the Declarant shall have the absolute power and right to appoint and remove the members of the Board, including filling any vacancies in the office of any Board member. At the first annual meeting after the Transition Date, and at each annual meeting thereafter, the Members shall elect the number of Directors as is appropriate to replace those Directors whose terms have expired.

4. Vacancies; Removal of Board Members. If the office of any Board member becomes vacant by reason of death, resignation, retirement, disqualification, removal from office, disability or otherwise, such Board member will cease to be a Board member, and the Board member's place on the Board shall be deemed vacant. On and after the Transition Date, vacancies on the Board shall be filled by vote of the remaining Board members, and the person selected to fill any vacancy shall serve for the remainder of the term of the Board member he replaces. A Board member may be removed from the Board with or without cause in the same manner as such Board member was appointed or elected to the Board.

5. Resignation of Board Members. Any Board member may resign at any time by sending written notice of resignation to the Secretary. Unless otherwise specified therein, any resignation shall take effect upon receipt by the Secretary.

6. Regular Meetings. Regular meetings of the Board may be held at such times and places as shall be determined, from time to time, by a majority of the Directors. Notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

7. Special Meetings. Special meetings of the Board may be called by the President of the Association on not less than seventy-two (72) hours' prior notice by telephone or in

writing signed by the President and given to each Director, personally, by mail, telephone or facsimile, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board also may be called in like manner and on like notice upon the written request of at least two (2) of the Directors other than the President. Notice of any such meeting need not be given to any Director who signed a waiver of notice or a written consent to holding of the meeting. Special meetings shall be held at the time and place specified in the notice of the meeting.

8. Waiver of Notice. Before, at, or after any meeting of the Board, any Director may, in writing, waive notice of the meeting, and the waiver shall be deemed equivalent to the giving of notice of the meeting. Attendance by a Director at any meeting of the Board shall be deemed to be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required, and any business may be transacted at the meeting.

9. Quorum. A majority of the Board shall constitute a quorum for the transaction of business, but if there is less than a quorum present at any meeting of the Board, a majority of those Directors present may adjourn the meeting from time to time. No business of the Board shall be transacted at any meeting of the Board unless a quorum is present. Every act or decision done or made by a majority of the Directors at a duly held meeting at which a quorum is present shall be regarded as the act of the Board, unless the Articles, the Declaration or these Bylaws otherwise specifically requires the affirmative vote of a different number of Directors on a specific matter. Unless otherwise prohibited by statute or resolution of the Board, meetings of the Board, whether regular or special, may be held by means of a conference telephone call or similar communications equipment arrangement which allows all persons participating in the meeting to hear each other. Participation by means of communications equipment shall constitute presence in person at the meeting.

10. Adjournments. The Board may adjourn any meeting from day to day or for such other time as may be prudent or necessary in the interests of the Association, provided that no meeting may be adjourned for a period longer than thirty (30) days. In addition, the Board may, with the approval of a majority of a quorum of its members, adjourn a Board meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved and orders of business of a similar nature.

11. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining from the Directors a unanimous written consent to resolutions specifying the action. The consent may be executed in counterparts and shall have the same effect as a vote of the Directors at a duly convened meeting of the Board.

12. Committees. The Board may, by resolution, appoint committees of the Board comprised of Directors, which committees shall have the powers and authority designated in the resolution or resolutions establishing them.

ARTICLE IV  
OFFICERS

1. Designation. The principal officers of the Association shall be a President, a Secretary, a Treasurer and, if deemed necessary by the Board, one or more Vice Presidents, all of whom shall be elected by the Board. The Board may appoint an Assistant Secretary and an Assistant Treasurer, and such other officers as in their judgment may be necessary. Any one individual may hold two or more offices at the same time, unless prohibited by Arizona law.

2. Election of Officers. The officers of the Association shall be elected from time to time by the Board.

3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his or her successor elected.

4. Resignation of Officers. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. The resignation of an officer shall take effect on the date of receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of a resignation shall not be necessary to make it effective.

5. Vacancies. A vacancy in any office may be filled by vote of a majority of the Board. The officer elected to a vacancy shall serve for the remainder of the term of the officer he replaces.

6. President. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Board. The President shall have all of the general powers and duties that are normally vested in the office of the President of a corporation, including, but not limited to, the power to appoint committees from among the Directors from time to time as the President may, in the President's discretion, decide is appropriate to assist in the conduct of the affairs of the Association.

7. Vice President. The Vice President, if a Vice President is chosen (or the most senior Vice President, if there shall be more than one), shall take the place of the President and perform the duties of the President whenever the President shall be absent, unable to act or refuses to act. If neither the President nor a Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. A Vice President shall also perform such other duties as shall from time to time be imposed upon him or her by the Board.

8. Secretary. The Secretary shall keep the minutes of all meetings of the Board; shall have charge of the ownership books and such other books and papers as the Board may direct; and shall, in general, perform all the duties incident to the office of the Secretary.

9. Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the

deposit of all moneys and other valuable effects in the name, and to the credit, of the Association in the depositories as may from time to time be designated by the Board.

ARTICLE V  
MISCELLANEOUS

1. Books and Accounts. Subject to the provisions of the Articles, these Bylaws and applicable law, the Board, at all times, shall keep, or cause to be kept by the Treasurer, true and correct records of account in accordance with generally accepted accounting practice.

2. Execution of Corporate Documents. All notes, checks and contracts or other obligations shall be executed on behalf of the Association by one or more individuals as the Board shall designate from time to time.

ARTICLE VI  
AMENDMENT OF THE BYLAWS

These Bylaws may be amended by the affirmative vote of a majority of the Board; provided, however, that for as long as there is a Class B Membership (if and to the extent that the Declaration previously has been submitted to and approved by the FHA and/or the VA and, at the time of the action in question, the applicable agency has insured or guaranteed an outstanding loan against any portion of the Property), any amendment of these Bylaws shall be subject to prior approval of the Federal Housing Administration, as applicable, or the Department of Veterans Affairs.

Certificate of Adoption

The undersigned secretary does hereby certify that the foregoing bylaws were adopted by the board of directors of Rancho Gabriela Homeowners Association, pursuant to a vote of the majority of the board of directors.

Dated: May 16, 2002.

Dorothy F. Desroches  
Dorothy F. Desroches, Secretary

Corporate Resolution  
**RANCHO GABRIELA HOMEOWNERS ASSOCIATION**

**WHEREAS**, Rancho Gabriela Homeowners Association is duly established and incorporated under the laws of Arizona as a nonprofit corporation; and

**WHEREAS**, the Bylaws of Rancho Gabriela provide, pursuant to Article VI, that the Bylaws may be amended by the affirmative vote of a majority of the Board of Directors;

**NOW THEREFORE, BE IT RESOLVED**, that the quorum for annual or special meetings of the Members as established by Article II, Section 5 of the Bylaws be amended to state that at any meeting, the presence, in person or by proxy, of the holders of ten percent (10%) of the votes entitled to be cast by the Members at the meeting shall constitute a quorum.

**FURTHER, BE IT RESOLVED, THEREFORE** that the third sentence of Article II, Section 5. Notices and Quorums is amended and restated to read as follows:

*Unless otherwise provided in the Declaration, at any meeting, the presence, in person or by proxy, of the holders of ten percent (10%) of the votes entitled to be cast by the Members at the meeting shall constitute a quorum.*

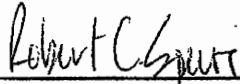
**FURTHER, BE IT RESOLVED**, that as of the first annual meeting of the Members held after the Transition Date, the Board shall consist of five Directors, all of whom shall be elected by the Members at said annual meeting.

**FURTHER, BE IT RESOLVED**, that Article III, Section 3 of the Bylaws is amended and restated in its entirety to read as follows:

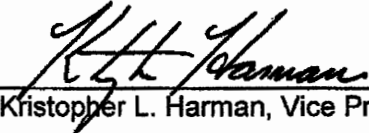
3. Election and Term of Office. *At the first annual meeting following the Transition Date, the Members shall elect two (2) Directors for a term of three (3) years and two (2) Directors for a term of two (2) years, and one (1) Director for a term of one (1) year. At each annual meeting thereafter, the Members shall elect Directors to replace those Directors whose terms have expired and all such Directors shall be elected for a term of three (3) years. The length of terms may be modified by the Members and the number of Directors may be increased to not more than seven (7) by the vote of the Members or the Board. In the event of an increase in the number of Directors, the Members, at the first annual meeting after the increase, shall designate the terms for the new Directorships. If the new Directorships are created and filled by the Board between annual meetings, the newly elected Directors shall serve until the next annual meeting of the Members.*

This action is taken without a meeting by unanimous consent of all the Directors pursuant to Section 10-3821, Arizona Revised Statutes, and Article II, Section 7 of the Bylaws of Rancho Gabriela.

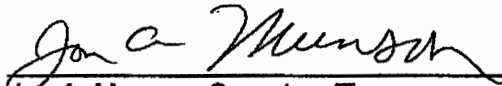
This action is made effective as of the 1<sup>st</sup> day of January, 2005.



Robert C. Speirs, President



Kristopher L. Harman, Vice President



Jon A. Munson, Secretary/Treasurer