

PIMA ACRES PROPERTY OWNERS ASSOCIATION

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BYLAWS
OF
PIMA ACRES PROPERTY OWNERS ASSOCIATION

ARTICLE I
GENERAL PROVISION

1.1. Principal office. The principal office of this corporation shall be located at the place as is designated in the Articles of Incorporation or such other place as the Association may designate from time to time in accordance with the Arizona statutes governing nonprofit corporations, but meetings of members and directors may be held at such other place within the state of Arizona as may be designated by the Board of Directors.

1.2. Defined Terms. As used in these Bylaws, the following terms shall have the meanings set forth below.

1.2.1. "Articles" means the Articles of Incorporation of the Association, as the Articles may be amended from time to time.

1.2.2. "Assessments" means all assessments and other charges levied against the Lots by the Association in accordance with the Declaration.

1.2.3. "Board" means the Board of Directors of the Association elected in accordance with the Articles and Bylaws.

1.2.4. "Common Area" means any roads, water or sewer lines or other utility equipment or facilities installed or constructed in the Project.

1.2.5. "Declaration" means the Declaration of Covenants, Conditions and Restrictions for Pima Acres recorded with the County Recorder of Maricopa County, Arizona, in docket No. 2640, page 506, as amended by the amendments recorded as Instrument Nos. 86-680641, 90-047329, and 05-0507255, records of Maricopa County, Arizona.

1.2.6. "Member" means any person or legal entity which is a member of the Association pursuant to the Declaration.

1.2.7. "Project" means Lots 1 through 140, inclusive, PIMA ACRES, according to the plat of record recorded in Book 79 of Maps, page 46, records of Maricopa County, Arizona, and any amendments, corrections or supplements thereto.

1.2.6. "Project Documents" means the Declaration, Articles and Bylaws.

1.3. Conflicting Provisions. 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.

1.4. Corporate Seal. The Association shall have a seal in a form approved by the Board.

1.5. Designation of Fiscal Year. The fiscal year of the Association shall begin on the 1st day of January and end of the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation of the Association.

1.6. Books and Records. The books, records and papers of the Association shall be available for inspection by any Member during reasonable business hours. The Project Documents shall be available for inspection by any Member during reasonable business hours at the principal office of the Association. The Declaration, Bylaws and Design Guidelines are also available at the Association website, www.pimaacres.org.

1.7. Amendment. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of the Members having more than 50% of the votes entitled to be cast by the Members present, whether in present person or by absentee or mail-in ballot. Pursuant to A.R.S. §33-1812, the return of absentee and mail-in ballots is sufficient to satisfy the quorum requirement.

1.8. Indemnification. To the extent it has the power to do so under the Arizona Nonprofit Corporation Act, A.R.S. §10-3101, et seq., the Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Association, by reason of the fact that he or she is or was a member, director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a member, director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, and against judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, if he or she acted, or failed to act, in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interest of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Indemnification of any such person shall be made in accordance with the procedures set forth in the Arizona Nonprofit Corporation Act.

ARTICLE 2 MEETINGS OF MEMBERS

2.1. Annual Meeting. The first annual meeting of the Members shall be held within one (1) year of the date of incorporation of the Association at such time and place as may be set by the Board. An annual meeting of the Members shall be held at least once every twelve (12) months thereafter at such time and place as is determined by the Board.

2.2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board or upon written request signed by Members having at least one-fourth (1/4) of the total authorized votes in the Association.

2.3. Notice of Meeting. 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. Written notice shall be provided via electronic mail or by mailing a copy of each notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote there at, 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. If a member wishes to be notified via electronic mail ("e-mail"), the member shall inform the Board of Directors of this preference and provide the e-mail address to the Board. All meeting notices 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 which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) 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 he 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.

2.4. Quorum. Except as otherwise provided in the Articles, the Declaration or these Bylaws, the *presence in person or by absentee or mail ballot* of Members entitled to cast one-tenth (1/10th) of the total authorized votes in the Association, (i.e. 1/10 of 139 voting lots, or fourteen (14) lots) shall constitute a quorum at all meetings of the Members. If a quorum shall not be present at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

2.5. Absentee and Mail-In Ballots. At all meetings of the Members, a vote may be cast in person or by absentee or mail ballot. The return of an absentee or mail ballot is sufficient to satisfy the quorum requirement. An absentee or mail ballot cannot authorize any other person to cast votes on behalf of a Member.

ARTICLE 3 BOARD OF DIRECTORS

3.1 Number. The affairs of this Association shall be managed by a board at least five (5), but no more than seven (7), directors.

3.2 Term of Office. The initial members of the Board shall hold office until the first annual meeting of the Members, and until their successors are elected and qualified. Commencing with the first annual meeting of the Members, all directors shall be elected for a term of one (1) year.

3.3 Removal. At any annual or special meeting of the Members duly called, any one or more of the members of the board of directors 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 or Mail Ballot at the meeting, and a successor may then and there be elected to fill the vacancy thereby created.

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

3.5 Action Taken Without a Meeting. Any action to be taken at a meeting of the Board or any action that may be taken at a meeting of the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote. Written consent or consents shall be filed with the minutes of the Board's proceedings.

3.6 Vacancies. Except for vacancies on the Board caused by the removal of a director in accordance with the provisions of Section 3.3 of these Bylaws, any vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining directors no less than a quorum or by a sole remaining director, and any director so chosen shall hold office until the next election of the directors when a successor is elected and qualified. Any newly created directorship shall be deemed a vacancy. When one or more directors resigns from the Board, effective at a future time, a majority of the directors then in office, including those who have so resigned, may fill such vacancy, the vote on the vacancy to take effect when such resignation becomes effective. If by reason of death, resignation or otherwise, the Association has no directors in office, any officer or member may call a special meeting of the members for the purpose of electing the Board of Directors.

3.7 Meetings of the Board.

3.7.1. Meetings of the Board, regular or special, shall be held at least annually and shall be open to all Members of the Association or any person designated by a member in writing as the member's representative. All Members so desiring shall be permitted to attend provided, however, that a Member other than a Director may not participate in any discussion or deliberation unless permission to speak is authorized by a vote of the majority of a quorum of the Board. In such case, the Board may impose reasonable restrictions on the time any Member may speak.

3.7.2. Any portion of a Board meeting may be closed if the closed portion relates to any one or more of the following: (i) legal advice from an attorney for the Board or Association; (ii) pending or contemplated litigation; (iii) employment or personnel matters for Association employees; or (iv) pending or contemplated matters relating to the enforcement of the Project Documents.

3.7.3. Notice of Board Meetings. Unless emergency circumstances require action by the Board before notice can be given, notice of Board meetings, stating the time and place of the meeting, must be provided to Members at least 48 hours in advance of the Board meeting by any reasonable means as determined by the Board of Directors.

3.7.4. Video and Telephonic Participation. One or more directors

may participate in and vote during any regular or special Board meeting by telephone conference call, video conference, fiber optics, or similar communication equipment by means of which all Persons participating in the meeting can hear each other at the same time, and those directors so participating shall be deemed present at such meeting. Any such meeting at which a quorum participates shall constitute a Board meeting.

3.7.5 Attendance of a director at a meeting shall constitute a waiver of notice of such meeting except when a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

3.8 Quorum. A majority of the directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly-held meeting at which a quorum is present shall be regarded as the act of the Board.

3.9 Powers and Duties. The Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not required to be exercised or done by the Members pursuant to the Project Documents. In addition to the duties imposed by these Bylaws or by any resolution of the Members that may hereafter be adopted, the Board shall have the following powers and duties:

3.9.1. Open bank accounts on behalf of the Association and designate the signatories thereon;

3.9.2. In the exercise of its discretion, enforce by legal means the provisions of the Project Documents;

3.9.3. Provide for the operation, care, upkeep and maintenance of all of the Common Area to the extent the Common Area is not maintained by the City of Scottsdale or a utility company.

3.9.4. Prepare and adopt an annual budget for the Association prior to the commencement of each fiscal year;

3.9.5. Suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any Assessment or other amounts due under the terms of the Project Documents for a period of fifteen (15) days;

3.9.6. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of the Project Documents;

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

3.9.8. Employ, hire and dismiss such employees as they deem

necessary and to prescribe their duties and their compensation.

3.9.9 Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by any Member entitled to vote;

3.9.10. Supervise all officers, agents and employees of the Association and see that their duties are properly performed;

3.9.11 Levy, collect and enforce the payment of Assessments in accordance with the provisions of the Declaration;

3.9.12 Issue, or cause an appropriate officer to issue upon demand to any person, a certificate setting forth whether or not any Assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an Assessment has been paid, such certificate shall be conclusive evidence of such payment;

3.9.13 Procure and maintain adequate property, liability and other insurance as the Board may deem appropriate.

3.10. Managing Agent. The Board may employ for the Association and the Project a "Managing Agent" at a compensation established by the Board. The Managing Agent shall perform such duties and services as the Board shall authorize, including, but not limited to, all of the duties listed in the Project Documents, except for such duties and services that, pursuant to the Project Documents, may not be delegated to the Managing Agent. The Board may delegate to the Managing Agent all of the powers granted to the Board or the officers of the Association by the Project Documents other than the powers (i) to adopt the annual budget, any amendment thereto or to levy Assessments; (ii) to designate signatories on Association bank accounts; and (iii) to borrow money on behalf of the Association.

ARTICLE 4 OFFICERS AND THEIR DUTIES

4.1 Enumeration of Officers. The principal officers of the Association shall be the president, the vice president, the secretary, and the treasurer, all of whom shall be elected by the Board. The president must be a member of the Board. Any other officers may, but need not, be members of the Board.

4.2 Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

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

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

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

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

4.7. Multiple Offices. Any two or more offices may be held simultaneously by the same person except the offices of President and Secretary.

4.8. Powers and Duties. To the extent such powers and duties are not assigned or delegated to a manager pursuant to Section 3.9.13 of these Bylaws, the powers and duties of the officers shall be as follows:

4.8.1. President. The president shall be the chief executive officer of the Association; shall preside at all meetings of the Board or the Members; shall see that orders and resolutions of the Board are carried into effect; and have general and active management of the business of the Association;

4.8.2. Vice President. The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board;

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

4.8.4. Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds for appropriate Association purposes as set forth in the Project Documents; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members; and, in general, perform all the duties incident to the office of treasurer.

ARTICLE 5
FINES

5.1 Power of Board to Impose Fines. The Board shall have the right to impose reasonable fines against an Owner for a violation of any provision of the Project Documents by the Owner, his family, tenants or guests.

5.2 Notice of Violation.

5.2.1 The Board, or any person designated by the Board, may serve a "Notice of Violation" against an Owner for a Violation of any provision of the Project Documents by the owner, his family, tenants or guests. A Notice of Violation shall contain (i) a description of the violation, (ii) the approximate time and place at which the violation was observed, (iii) the amount of the fine to be paid by the Owner for such violation, (iv) the name of the person issuing the Notice of Violation, and (v) a statement advising the owner of the Owner's right to request a hearing pursuant to Section 5.2.4 of the Bylaws.

5.2.2 A Notice of Violation shall be deemed to have been served if delivered personally to the Owner named in the Notice of Violation or sent to the owner by registered or certified United States mail, return receipt requested and postage prepaid, as described in Article X, Section 10.3 of the Amended and Restated Declaration of Covenants, Conditions and Restrictions. If a Lot is owned by more than one person or entity, a Notice of Violation to one of the joint Owners shall constitute notice to all of the joint Owners.

5.2.3 If applicable, the Owner shall pay the fine set forth in the Notice of Violation to the Association within ten (10) days after the Notice of Violation is served on the Owner unless prior to that time the Owner requests a hearing on the violation pursuant to Section 5.2.4 of the Bylaws.

5.2.4 Any Owner served with a Notice of Violation may request a hearing on the violation. The request for a hearing must be addressed to the Secretary of the Association and must be actually received by the Association within ten (10) days after the service of the Notice of Violation. Upon receipt of a request for a hearing pursuant to this Section, the President or any other officer of the Association shall schedule a hearing on the violation before the Board or before a hearing officer or a committee approved by the Board, and shall notify the Owner requesting the hearing of the date, time and place of the hearing, and that the Owner shall be afforded a reasonable opportunity to be heard. If the hearing on the violation is before the Board, then the minutes of the meeting of the Board at which the hearing is held shall reflect the fact that the hearing on the violation was held and the action taken by the Board on the violation. If the hearing is held before a hearing officer or a committee appointed by the Board, then the hearing officer of the committee conducting the hearing shall, within ten (10) days after the conclusion of the hearing, make a written recommendation to the Board on what action the Board should take on the violation. Upon receipt of the recommendation from the hearing officer or the committee, the Board shall act upon the recommendation. Any fine which is affirmed by the Board following a hearing pursuant to this Section shall be paid by the offending owner within ten (10) days after a notice of the action of the Board is served upon the Owner. Service of the notice from the Board shall be made in the same manner as service of a Notice of Violation pursuant to Section 5.2.2

of the Bylaws.

5.2.5. Any fine imposed pursuant to this Article 5 shall be the joint and several liability of all of the Owners of a Lot or Parcel. Any such fine shall be secured by the Assessment Lien, and the Association shall have the right to enforce collection of such fine in the same manner and to the same extent as provided in the Declaration for the collection of Assessments.

ARTICLE 6 ARCHITECTURAL COMMITTEE

6.1. Committee Composition. The Board may, at its option, act as the Architectural Committee, or appoint an Architectural Committee consisting of not less than three (3) members. The Board may designate one Committee Member as the Committee Chairperson. None of such members shall be required to be an architect or to meet any other particular qualifications for membership. A member need not be, but may be, a member of the Board or an officer of the Association.

6.2. Terms of Office. If the Board chooses not to act as the Architectural Committee, and instead appoints a Committee pursuant to Section 6.1, the term of office for members of the Architectural Committee shall be a period of one year, or until the appointment of a successor. Any new member appointed to replace a member who has resigned or been removed shall serve such member's unexpired term. Members who have resigned, been removed or whose terms have expired may be reappointed.

6.3. Appointment and Removal. A majority of all of the members of the Architectural Committee shall appoint and remove any and all members of the Architectural Committee.

6.4. Resignations. Any member of the Architectural Committee may at any time resign from the committee by giving written notice thereof to the Board.

6.5. Vacancies. Vacancies on the Architectural Committee, however caused, shall be filled by the Declarant so long as the Declarant owns any Lot or Parcel, or by the Board if the Declarant no longer owns any Lot or Parcel. A vacancy or vacancies on the Architectural committee shall be deemed to exist in case of the death, resignation or removal of any member.

6.6. Duties. It shall be the duty of the Architectural Committee to consider and act upon any and all proposals or plans submitted to it pursuant to the terms of the Declaration, to adopt Architectural committee Rules, to perform other duties delegated to it by the Board, and to carry out all other duties imposed upon it by the Declaration.

6.7. Meetings and Compensation. The Architectural Committee shall meet from time to time as necessary to perform its duties. The vote or written consent of a majority of the members of the Committee, at a meeting or otherwise shall constitute the act of the Committee unless the unanimous decision of the Committee is required by any other provision of the Declaration. The Committee shall keep and maintain a written record of all actions taken by it at such meeting or

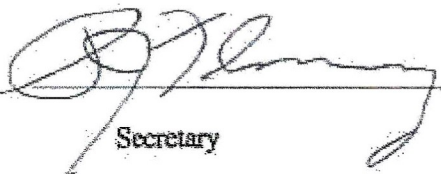
otherwise. Members of the Architectural Committee shall not be entitled to compensation for their services.

6.8. Architectural Committee Rules. The Architectural Committee may adopt, amend and repeal, by unanimous vote or written consent, rules and regulations ("Design Guidelines"). Said rules shall interpret and implement the Declaration by setting forth the standards and procedures for Architectural Committee review and the guidelines for architectural design, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features which are required to be used within the Project. The Architectural Committee may adopt, amend and repeal, by unanimous vote or written consent, an administrative review fee to be paid to the Association upon the submission of plans to the Committee for review. Said fee shall be utilized for administrative expenses and for any legal, architectural or other consultations necessary in connection with the review of said plans, or may be put towards any remedial efforts which are necessitated by any noncompliance with the Guidelines or CC&Rs. The unexpended portion of any administrative review fee, if any, shall be refunded to the Property Owner upon determination by the Architectural Committee or its designated representative, pursuant to section 4.9 of the Design Guidelines, that the residence and/or the improvements have been completed in strict compliance with the approved plans.

6.9. Waiver. The approval by the Architectural Committee of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring the approval of the Architectural committee under the Declaration, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or other matter subsequently submitted for approval.

CERTIFICATION

I hereby certify that the foregoing Bylaws were duly adopted by the Board of Directors of the Association on the 30 day of DECEMBER 2009.


Secretary