

BYLAWS
OF
DESERT CREEK HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
MEMBERS

Section 1. Eligibility. The Members of DESERT CREEK HOMEOWNERS ASSOCIATION, INC., an Arizona non-profit corporation ("Association") shall consist of those persons described as Members in the Articles of Incorporation. The term "Member" and the DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR DESERT CREEK which is recorded in Docket 9881, page 340, of the records of Pima County, Arizona, (hereinafter referred to as the "Declaration"). As provided therein, all Members will be Class A Members except that the Declarant described in the Declaration shall be a Class B Member while it has three (3) votes per Lot.

Section 2. Succession. The membership of each Member shall terminate when he ceases to be an Owner of a Lot covered by Declaration; and upon the sale, transfer or other disposition of his ownership interests in the Lot, his membership in the Association shall automatically be transferred to the new Owner succeeding to such ownership interests as described in the Declaration and the Articles of Incorporation.

Section 3. Meetings. Meetings of Members shall be held at such place in Pima County, Arizona, as may be specified in the notice of the meeting. Special meetings of the Members may be called by the President or by a majority of the Directors or by Members having at least one-fourth (1/4) of the Class A votes entitled to be cast at such meeting. The notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting, except as stated in the notice, unless by consent of two-thirds (2/3) of the Members present, either in person or by proxy.

Section 4. Notices. It shall be the duty of the Secretary to deliver or mail a notice of each annual or special meeting of the Members, stating the purpose thereof as well as the time and place where it is to be held, to each Member at this address as it appears on the records of this corporation, or if no such address appears, at the address of his lot, at least ten (10) days prior to such meeting. Notice of special meeting to approve a special assessment or an increase in the annual assessment shall be made as provided in ARTICLE III, Section 3.5 of the Declaration.

Section 5. Voting. Members shall have voting rights as provided in the Articles of Incorporation. Voting may be in person or by proxy.

Section 6. Quorum. Except as provided in the Declaration, a quorum of Members for any meeting shall be constituted by Members represented in person or by proxy holding one-tenth (1/10) of the votes entitled to be cast at such meeting.

Section 7. Adjournments. If any meetings of Members cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than forty eight (48) hours from the time the original meeting was called.

ARTICLE II BOARD OF DIRECTORS

Section 1. Number--Staggered Terms. Initially, the Board of Directors of the Association (the "Board") shall consist of three (3) Directors. When the Declarant is no longer a Class B Member, the Board shall thereafter consist of five (5) Directors. The Directors named in the Articles of Incorporation of the Association, and their replacements, shall hold office until their successors shall be elected and qualified at the first annual meeting of Members. At the first annual meeting of Members which occurs after the Class B ceases to exist, three (3) Directors shall be elected to serve a term of one (1) year and two (2) Directors shall be elected to serve a term of two (2) years. Thereafter, all Directors shall be elected for a term of two (2) years so that one (1) year three (3) Directors will be elected and the next year two (2) Directors will be elected. Each Director shall serve until his successor shall be elected and qualified. Notwithstanding the forgoing at any time during the period when the Declarant is a Class B Member, the number of Directors may be increased to no more than five (5) by a resolution approved by a majority of the Board. As long as the Declarant is a Class B Member, Directors shall be elected to serve for one (1) year terms, or until their successors have been elected and qualified.

Section 2. Elections. Directors shall be elected by the Members at the annual membership meetings.

Section 3. Vacancies. Any vacancy occurring in the Board after Declarant's right to elect Directors has terminated may be filled by a majority vote of the remaining Members of the Board.

Section 4. Annual Meetings. The first meeting of a newly elected Board shall be held immediately following the annual meeting of Members, if practicable, and in any event within ten (10) days of election, at such place as shall be fixed at the

meeting as which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided a majority of the Board shall be present.

Section 5. Meetings. Meeting of the Board may be held at such place and times as shall be determined from time to time by a majority of the Directors. Notice of meetings of the Board shall be given to each Director personally or by mail, telephone or telefax, at least three (3) days prior to the day named for such meeting.

Section 6. Special Meetings. Special meetings of the Board may be called by the President on three (3) days notice to each Director given personally or by mail, telephone or telefax, which notice shall state the time, place and purpose for the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of any two (2) Directors.

Section 7. Waiver of Notice. Before, at or after any meeting of the Board any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 8. Quorum. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 9. Removal. Any Director may be removed from office by two-thirds (2/3) vote of the Members present at a meeting of the Members in person or by proxy.

Section 10. Compensation. Directors shall receive no compensation for their services unless expressly provided for in resolutions duly adopted by the Members.

Section 11. Powers and Duties. The Board shall have the following powers and duties:

(a) to elect and remove the officers of the Association as hereinafter provided;

(b) To administer the affairs of the Association and any property of the Association to the extent permitted by applicable law;

(c) To engage the services of a manager or managing agent who shall manage and operate the affairs and property, if any, of the Association and carry out the duties of the Association upon such terms and for such compensation and with such authority as the Board may approve;

(d) To formulate policies and promulgate rules and regulations for that administration, management and operation;

(e) To provide for the operation, maintenance, repair and replacement of the Common Area and other areas to be maintained by the Association as provided in the Declaration, and payments therefore, and to approve payment vouchers or to delegate such approval to the officers or the manager or managing agent;

(f) 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 any property of the Association and areas to be maintained by the Association, 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 the managing agent);

(g) To appoint committees of the Board and to delegate to such committees the Board's authority to carry out certain duties of the Board;

(h) To prepare and adopt the annual budget, and to provide the manner of assessing and collecting from the Members their respective share of such estimated expenses, as hereinafter provided;

(i) To exercise all of the rights, powers and duties granted to it by the Declaration and the Articles;

(j) To procure and maintain adequate property, liability and other insurance as required by the Declaration; and

(k) Unless otherwise provided herein or in the Declaration, to comply with the instructions of a majority vote of the Members as expressed in a resolution duly adopted at any annual or special meeting of the Members.

Section 12. Non-Delegation. Nothing in this Article II or elsewhere in these Bylaws shall be construed to grant to the Board

or to the officers of the Association any powers or duties which, by law or by the Declaration, have been delegated to the Members.

ARTICLE III OFFICERS

Section 1. Designation. At each annual meeting of the Board, the Board shall elect the following officers of the Association:

(a) A President who shall be a Director and who shall preside over the meetings of the Board and of the Members and who shall be the chief executive officer of the Association;

(b) A Vice President who shall in the absence or disability of the President perform the duties and exercise the powers of the President;

(c) A Secretary who shall keep the minutes of all meetings of the Board and of the Members and who shall in general perform all the duties incident to the office of secretary;

(d) A Treasurer who shall be responsible for financial records and books of account and the manner in which such records and books are kept and reported; and

(e) Such additional officers as the Board shall see fit to elect.

Section 2. Powers. The respective officers shall have the general powers usually vested in such officers; provided that the Board may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the Board may see fit.

Section 3. Term. Except as provided in Section 4, each officer shall hold office for the terms of one (1) year or until his successor shall have been elected.

Section 4. Vacancies. Vacancies in any office shall be filled by the Board at regular or special meetings thereof. Any officer may be removed at any time by the Board at a regular or special meeting thereof.

Section 5. Compensation. The officer shall receive no compensation for their services, unless expressly provided for in a resolution duly adopted by the Board.

Section 6. Bonding. The Board may require that all officers, directors and employees of the Association handling or responsible for Association funds furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

ARTICLE IV ASSESSMENTS

Section 1. Annual 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 and cash requirements for the year, including, salaries, wages, payroll taxes, legal and accounting fees, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, fuel, power and all other common expenses.

Section 2. Assessment. Subject to the limitations of the Declaration, the estimated annual budget and the annual assessment for each fiscal year shall be approved by the Board, and copies thereof shall be furnished by the Board to each Member not later than thirty (30) days prior to the beginning of such year upon written notice. Annual assessments shall be paid in monthly installments due thirty (30) days after receipt of invoice by the Members. No Member shall be relieved of his obligation to pay his assessments for common expenses by abandoning or not using his lot.

Section 3. Annual Report. Within ninety (90) days after the end of each fiscal year or as soon thereafter as shall be practicable, the Board shall have prepared an annual report for such year so ended showing the receipts and expenditures and such other information as the Board may deem desirable. Said annual report shall be made available to each Member upon request.

Section 4. Supplemental Budget. In the event that during the course of any year it shall appear to the Board that the year assessments determined in accordance with the estimated annual budget for such year are insufficient or inadequate to cover the estimated common expenses for the remainder of such year, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of such year, copies of which supplemental budget shall be furnished to each Member and thereupon a supplemental assessment shall be made to each Member for his proportionate share of such supplemental budget, however, the Board may not increase the annual assessments in excess of the maximum annual assessments except as provided in the Declaration.

Section 5. Special Assessment. Special assessments, including any expenditures for capital improvements, shall be limited as provided in the Declaration.

Section 6. Lien. Every Member shall be personally liable to pay his assessment in accordance with the Declaration. As provided therein, each assessment shall be secured by a lien against the Member's lot and improvements thereon. The Association and the Board shall have the authority to exercise and enforce any and all

rights and remedies as provided for in the Declaration or these Bylaws or otherwise available at law or in equity for the collection of all unpaid assessments.

Section 7. Records and Statements of Accounts. The Board shall cause to be kept detailed and accurate records in chronological order of all receipts and expenditures. Payment vouchers may be approved in such manner as the Board may determine. The Board shall, upon receipt of ten (10) days notice to it or the Association and upon payment of a reasonable fee, furnish any Member a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Member.

ARTICLE V INTERPRETATION

The provisions of the Declaration are hereby incorporated herein by reference as if fully and completely set forth herein. 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.

ARTICLE VI CORPORATE SEAL

The Board may provide a suitable corporate seal containing the name of this corporation, which seal shall be in charge of the Secretary. If so directed by the Board, a duplicate of the seal may be kept and used by the Treasurer or any Assistant Secretary or Assistant Treasurer. The seal shall not be required for any purpose in connection with the corporate documents or acts, unless required by law.

ARTICLE VII FISCAL MANAGEMENT

Section 1. Fiscal Year. The fiscal year of this corporation shall be the calendar year and shall begin on the first day of January of every year, except that the first fiscal year of this corporation shall begin at the date of incorporation. The commencement date of the fiscal year herein established shall be subject to change by the Board should corporate practice subsequently dictate.

Section 2. Books of Accounts. Books of account of this corporation shall be kept under the direction of the Treasurer on a consistent basis in accordance with good accounting practices. The books and records 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, where copies may be purchased at reasonable cost.

Section 3. Contracts. Unless otherwise provided by the Board, all contracts shall be executed on behalf of the corporation by either the President or Vice President and countersigned by any of the following officers: Secretary, Treasurer, Assistant Secretary or Assistant Treasurer.

ARTICLE VIII ARCHITECTURAL CONTROL

Section 1. Committee Composition. The Architectural Committee shall consist of three (3) Members. None of such Members shall be required to be an architect or to meet any other particular qualifications for membership. A committee Member need not be, but may be, a Member of the Board or an officer of the Association. The Board may increase a number of Members on the Architectural Committee but the number of Members must always be an odd number.

Section 2. Terms of Office. 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.

Section 3. Appointment and Removal. The right to appoint and remove all Members of the Architectural Committee at any time, shall be and is hereby vested solely in the Board; provided, however, that no Member may be removed from the Architectural Committee by the Board except by the vote or written consent of fifty-one percent (51%) of all the Members of the Board.

Section 4. Resignations. Any Member of the Architectural Committee may at any time resign from the Committee by giving written notice thereof to the Board.

Section 5. Vacancies. Vacancies on the Architectural Committee, however caused, shall be filled by the Board. A vacancy or vacancies on the Architectural Committee shall be deemed to exist in case of the death, resignation or removal of any Member.

Section 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.

Section 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.

Section 8. Architectural Committee Rules. The Architectural Committee may adopt, amend and repeal, by unanimous vote or written consent, rules and regulations. 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 or buildings, landscaping, color schemes, exterior finishes and materials and similar features which are required to be used within the Property.

ARTICLE IX AMENDMENTS

These Bylaws may be amended from time to time by the Board or at a regular or special meeting of the Members, by the affirmative vote of a majority of a quorum of Members present in person or by proxy, provided that so long as there is a Class B membership any material amendment must be approved by the Veterans Administration or the Federal Housing Administration before it will be effective. Amendments may be proposed by the Board or by petition signed by at least one quarter of the Members. Notwithstanding the forgoing, the Declarant alone (without a vote of the Board of the Members) may amend these Bylaws in order to conform these Bylaws to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project, the Plat or the Project Documents is required by law or requested by the Declarant.

ARTICLE X CONCERNING THE MASTER DECLARATION

These Bylaws are subject and subordinate to the Master Declaration (as that term is defined in the Declaration). To the extent that any of the terms or provisions of these Bylaws are inconsistent with or less stringent than the terms and provisions of the Master Declaration, then the terms and provisions of the Master Declaration shall govern and control.

ADOPTED BY THE BOARD OF DIRECTIONS _____, 1994.

DESERT CREEK HOMEOWNERS ASSOCIATION, INC.

By: Deborah N. Sharpe
Deborah Sharpe, Secretary

APPROVED BY DIRECTORS

Robert Sharpe
Robert Sharpe

Mark Schulz
Mark Schulz

Deborah N. Sharpe
Deborah Sharpe