

*BYLAWS
OF
SIERRA DE ORO HOMEOWNERS ASSOCIATION*

The following Bylaws (these "Bylaws") were adopted by the Board of Directors (the "Board") of Sierra De Oro Homeowners Association (the "Association") effective as of _____

ARTICLE 1

DECLARATION; DEFINITIONS

The Association has been formed for the purposes set forth in the Association's Articles of Incorporation (the "Articles") and, in particular (but without limiting the generality of the foregoing), to act as the "Association" under the Declaration of Covenants, Conditions and Restrictions for Sierra De Oro Homeowners Association (the "Declaration") recorded on September 10, 1997, in Docket 10627, beginning at page 208, in the official records of Pima County, Arizona. Capitalized terms used herein but not otherwise defined in these Bylaws shall have the meanings assigned to them in the Declaration (as amended from time to time).

ARTICLE 2

OFFICES AND CORPORATE SEAL

2.1 Principal Office. The Association shall maintain its principal office and known place of business at 1625 N. Alvernon, Tucson, Arizona 85712, or at such other address as may be designated by the Board.

2.2 Other Offices. The Association may also maintain offices and places for conducting business at such other place or places, both within and without the State of Arizona, as may be designated from time to time by the Board, and the business of the Association may be transacted at such other offices with the same effect as that conducted at the principal office.

2.3 Corporate Seal. A corporate seal shall not be requisite to the validity of any

instrument executed by or on behalf of the Association, but, nevertheless, if in any instance a corporate seal be used, the same shall be a circle having on the circumference thereof the name of the Association and in the center the words "Corporate Seal", the year incorporated, and the state where incorporated.

ARTICLE 3

MEMBERS

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

3.2 Place of Members Meetings. The annual meetings of Members shall be held at such place, convenient to the Property, 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 in the month of June each year, beginning in June, 1998, with the exact date to be determined each year by the Board, provided that the Board may elect to delay the annual meeting past June in any given year (but in no event later than August 31) if necessary to permit preparation of financial statements or budgets, or for such other reasons as may be determined by the Board, in its good faith discretion. At each annual meeting the Members shall elect the Board 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, special meetings of the Members, for any purpose or purposes, may be called by:

(a) the president; (b) a majority of the directors- or (c) Members having at least ten percent (10%) of all Class A votes (as determined in accordance with the Declaration).

3.5 Notice of Members Meetings. Not less than ten (10) nor more than fifty (50) days before the date of any annual or special meeting of the Members, either the secretary or any other officer of the Association shall cause written notice stating the place, date and time of the meeting (and, in the case of a special meeting, the items on the agenda, including, but not limited to, the general nature of any proposed amendment to the Declaration, Articles or Bylaws, any budget changes and any proposal to remove a director or officer) to be hand-delivered or sent prepaid by United States mail to the last known mailing address of each Member, as shown in the Association records, or to the mailing address of such Member's Lot). If mailed, such notice shall be deemed to be delivered when mailed. Business transacted at any special meeting of Members shall be limited to the items stated in the notice unless determined otherwise by a unanimous vote of the Members present at such meeting.

3.6 Quorum. Unless otherwise required by the Declaration, the Articles or applicable law, a quorum shall be deemed present for all purposes throughout any meeting of Members if Members entitled to cast at least ten percent (10%) of all outstanding votes are present in person or by valid proxy at the beginning of the meeting. Further, except as otherwise provided in these Bylaws, the Declaration, the Articles or applicable law, the action by Members holding a majority of votes represented at a meeting at which a quorum is present shall constitute the act of the full membership of the Association. Whether or not a quorum is present, a meeting may be adjourned from time to time by the vote of Members holding a majority of the votes represented at such meeting, whether in person or by valid proxy, without notice other than by announcement at the meeting of the time and place at which the adjourned meeting will be reconvened and without further notice to any absent Members, provided, however, that if the adjournment is for more than thirty (30) days, notice of the time and place at which the adjourned meeting will be reconvened shall be given to each Member in the manner provided in Section 3.5 above. If a quorum is present at the time and place the adjourned meeting is reconvened, any business may be transacted at the reconvened meeting which might have been transacted at the meeting as originally noticed.

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

3.8 Freezing of List of Members or Fixing of Record Date. For the purpose of determining Members entitled to notice of or to vote at a meeting of Members, or in order to make a determination of Members for any other proper purpose, the Board may provide that the list of Members shall be frozen for a stated period not to exceed ten (10) days. If the list of Members shall be frozen for the purpose of determining Members entitled to notice of or to vote at a meeting of Members, such list shall be frozen for not more than ten (10) days immediately preceding such meeting. In lieu of freezing the list of Members, the Board may fix in advance a date as the record date for any such determination of Members, such date in any case to be not more than ten (10) days prior to the date of the particular meeting of Members or the date on which the particular action requiring such determination of Members is to be taken, as applicable. If the list of Members is not frozen and no record date is fixed for the determination of Members entitled to notice of or to vote at a meeting of Members, the

record date for such determination of Members shall be four o'clock in the afternoon on the day before the day on which notice of the meeting is mailed. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Section, such determination shall apply to any continuation of such meeting following an adjournment.

3.9 Action Without Meeting. Any action required or permitted to be taken at any annual or special meeting of Members may be taken without a meeting, without prior notice, and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by all Members.

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

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

3.12 Suspension. As more particularly provided in the Declaration, the Board may impose sanctions for violations of the Declaration and of the rules and regulations of the Association, which sanctions may include suspension of the right to vote and, in certain instances, imposition of reasonable monetary fines. The duration of any suspension of a Member's right to vote shall be limited as provided in the Declaration.

ARTICLE 4

DIRECTORS

4.1 Election. The business and affairs of the Association shall be managed, conducted and controlled by the Board. Unless otherwise provided in the Declaration, the Articles or these Bylaws, directors shall be elected for one-year terms. Except as provided in the Declaration, each director shall be elected at the annual meeting of Members concurrent with the expiration of the term of the director he or she is to succeed, and, except as otherwise provided in these Bylaws or in the Articles or the Declaration, shall hold office until his or her successor is elected and qualified. Nothing herein shall be construed to prevent the

appointment or election 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 as a director who is not at the time of election 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: (a) any director (except for a director 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 a director and his or her office shall become vacant; or (b) a corporate, partnership or other non-individual Owner ceases to be a Member, any director serving by virtue of having been designated by such corporate, partnership or other non-individual Owner 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 twelve (12) directors upon the affirmative vote of Members holding a majority of all Class A votes represented in person or by proxy at any annual meeting of Members or at a special meeting of Members called for such purpose.

4.3 Vacancies. Except as otherwise provided in the Declaration, vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by the affirmative vote of a majority of the remaining directors then in office, or by a sole remaining director, and the directors so chosen shall hold office, in the case of a vacancy, for the remaining term of their predecessors, and, in the case of an increase in the authorized number of directors, until the next annual meeting of Members. At any time after there is no longer a Class B member, if there are no directors in office, any officer or Member may call a special meeting of Members for the purpose of electing the Board.

4.4 Annual Board Meetings. Within thirty (30) days after each annual meeting of Members, the newly elected 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 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.

4.6 Notice of Board Meetings. Regular meetings of the Board may be held without notice at such time and place as may be determined by the Board. In case of special meetings of the Board, notice shall be given to each of the directors in accordance with such reasonable policy as the Board may determine. Any business may be transacted at any meeting of the

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

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

4.8 Action Without 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 any Association property;

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

4.9.4 To formulate policies for the administration, management and operation of the Association and any Association property;

4.9.5 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 Association and any Association property, 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);

4.9.6 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;

4.9.7 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;

4.9.8 To exercise all of the rights, powers and duties granted to it by the Declaration;

4.9.9 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; and

4.9.10 To exercise for the Association all other powers, duties and authority vested in or delegated to the Association.

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

4.11 Place of Board Meetings. The Board shall hold meetings, both regular and special, in Maricopa County, Arizona, or at such other place or places, and such meetings may be held by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 4.11 shall constitute presence in person at such meeting.

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

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

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

that purpose.

ARTICLE 5

OFFICERS

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

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

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

5.4 Removal. 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.

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

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

ARTICLE 6

ASSESSMENTS

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

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

6.3 Records and Statement of Account. The Board shall cause to be kept detailed, itemized and accurate records of all receipts and expenditures of the Association. Payment vouchers may be approved in such manner as the Board may determine.

6.4 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 any Association property, rather than against a particular Lot only. When less than all of the Owners are responsible for the existence of any such lien, the Owners responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses, including, without limitation, attorneys' fees incurred by reason of or in connection with such lien.

ARTICLE 7

PARLIAMENTARY RULES

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

ARTICLE 8

RESIGNATIONS

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

ARTICLE 9

FISCAL YEAR

The fiscal year of the Association shall be from January 1 to December 31, unless changed by the Board as permitted by the Declaration.

ARTICLE 10

CONTRACTS, LOANS, CHECKS AND DEPOSITS

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

10.2 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 shall be contracted until approved by Members holding two-thirds (2/3) of the votes represented, personally or by valid proxy, at a duly convened meeting of Members.

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

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

ARTICLE 11

VOTING UPON SHARES OF OTHER CORPORATIONS

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

ARTICLE 12

PROHIBITION AGAINST SHARING IN CORPORATE EARNINGS

None of the net earnings or pecuniary profit from the operations of the Association shall at any time inure to any Member, director, officer or employee of, or member of a committee of or person connected with, the Association, or any other private individual, provided that this shall not prevent the payment to any such person of such reasonable compensation for services rendered to or for the Association in effecting any of its purposes as shall be fixed by the Board and other payments and disbursements which may be made in furtherance of one or more of its purposes. To the extent that Members receive a benefit from the general maintenance, acquisition, construction, management and care of any Association property, this benefit shall not constitute an inurement; to the extent a rebate of excess dues, fees or Assessments (and not net earnings) is paid to Members, such payment shall not constitute an inurement.

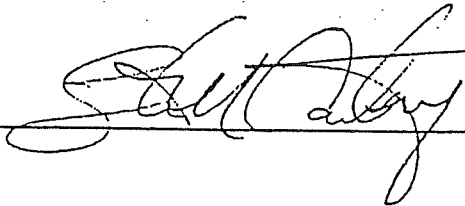
ARTICLE 13

REPEAL, ALTERATION OR AMENDMENT

13.1 Amendment. Subject to the requirements of applicable law, these Bylaws may be repealed, altered or amended, or substitute Bylaws may be adopted, only in accordance with the procedures set forth in the Articles, provided, however, that any matter stated herein to be or which is in fact governed by the Declaration or by the Articles may not be amended except through a properly adopted amendment to the Declaration or the Articles, as applicable.

13.2 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.

The foregoing Bylaws were adopted by the Board, effective as of the date first set forth above.



SECRETARY