

AHWATUKEE CUSTOM ESTATES MANAGEMENT ASSOCIATION

Bylaw Amendments

Page 3, Article IV, Section 5, Quorum (amended 3/15/88).

The quorum requirement was reduced from thirty-three and one-third percent (33-1/3%) of the votes of each class of the membership to five percent (5%).

Page 6, Article IV, Section 7, Removal of Directors (amended 3/15/90).

To add: The Board shall have the power to declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

Page 2, Article IV, Section 1, Annual Meetings (amended 3/23/94).

The annual meeting of the members shall be held at a date and time selected by the Board of Directors. That date shall be no earlier than 11 months after the previous meeting nor more than 13 months after the previous meeting. At such meeting, there shall be elected a Board of directors in accordance with the requirements of Article V of these Bylaws. The members of the Association may also transact such other business of the Association as may properly come before them.

BYLAWS
OF
AHWATUKEE CUSTOM ESTATES MANAGEMENT ASSOCIATION

ARTICLE I

Offices

Section 1. Principal Office. The principal office of the Corporation shall be at AHWATUKEE, Phoenix, Arizona.

Section 2. Other Offices. The Association may establish such other office or offices at such other places as the Board of Directors may from time to time designate.

ARTICLE II

Definitions

Section 1. "Association" or "ACEMA" shall mean and refer to AHWATUKEE CUSTOM ESTATES MANAGEMENT ASSOCIATION, a nonprofit corporation, its successors and assigns.

Section 2. "Declarant" shall mean and refer to CHICAGO TITLE COMPANY, an Arizona corporation, as Trustee, its successors and assigns, if such successors or assigns should acquire more than one undeveloped lot from the Declarant for the purpose of development.

Section 3. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions recorded on May 24, 1982, 1982, in Docket 16044, at page 144, with the Maricopa County Recorder's Office, as amended from time to time, and any other declaration of restrictive covenants placed on the Property by Declarant or Developer.

Section 4. "Developer" and "Builder" shall be synonymous with and shall mean and refer to PRESLEY DEVELOPMENT COMPANY OF ARIZONA, an Arizona corporation, and its successors and assigns, and to any other contractor who builds for resale a significant number of houses in the Ahwatukee Custom Estates.

Section 5. "Lot" shall mean and refer to any plot of land shown upon the recorded plat of Ahwatukee Custom Estates, as such may be amended from time to time.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of equitable title in fee simple (or legal title if equitable title has merged) of any lot which is a part of the Ahwatukee Custom Estates. Owner shall not include a person or entity having an ownership interest merely as security for the performance of an obligation. In the case of lots, the fee simple title which is vested of record in a Trustee pursuant to Arizona Revised Statutes, Section 33-801, et seq., legal title shall be deemed to be in the Trustor.

Section 7. "Property" shall mean Ahwatukee Custom Estates as shown on a plat recorded in the office of the Maricopa County Recorder in Book 238 of Maps at Page 19, together with all subsequent subdivisions created in AHWATUKEE by Declarant or Developer and bearing the name CUSTOM ESTATES.

ARTICLE III

Membership

Membership in the Corporation, except for membership of the incorporators and the first Board of Directors, shall be limited to record owners of equitable title (or of legal title if equitable title has merged) of lots located on the Property.

One membership in the Corporation shall be issued to the record owner of equitable title (or legal title if equitable title has merged) of each lot. In the event any such lot is owned by two or more persons, whether as community property, by joint tenancy, tenancy in common or otherwise, the membership as to such lot shall be issued in the names of all the owners, and they shall designate to the Corporation in writing, at the time of issuance, one person who shall hold the membership and have the power to vote said membership. No membership shall be issued to any other person or persons except as they may be issued in substitution for outstanding memberships assigned to new record owners of equitable title (or legal title if equitable title has merged).

ARTICLE IV

Meetings

Section 1. Annual Meetings. The first annual meeting of the members of the Association is to be held within one hundred twenty (120) days after the date when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or March 1, 1985, whichever first occurs. The exact date, time and place of the first annual meeting shall be as established by the Board of Directors. Thereafter, the annual meetings of the members of the Association shall be held on the same day of the same month of each year at the hour of 7:30 P.M., or at such other time as the members of the Association may by majority vote approve. At such meeting, there shall be elected a Board of Directors in accordance with the requirements of Article V of these Bylaws. The members of the Association may also transact such other business of the Association as may properly come before them.

Section 2. Notice of Annual Meetings. The President or Secretary shall give or cause to be given notice of the time, place and date of each annual meeting by mailing or hand delivering such notice at least fifteen (15) days prior to such meeting to each member of the

Association at the respective addresses of said members as they appear on the records of the Association.

Section 3. Special Meetings. Special Meetings of the members of the Association for any purpose or purposes other than those regulated by statute may be called by the President as directed by resolution of the Board of Directors, or upon a petition signed by the members who are entitled to vote one-fourth (1/4) of all the votes of the Class A membership, and such petition shall state the purpose or purposes of such proposed meeting. No business shall be transacted at a special meeting, except as stated in the notice unless by consent of three-fourths (3/4) of the members present, either in person or by proxy.

Section 4. Notice of Special Meetings. The President or Secretary shall give or cause to be given notice of the time, place and purpose of holding each special meeting by mailing or hand delivering such notice at least fifteen (15) days prior to such meeting to each member of the Association at the respective addresses of said members as they appear on the records of the Association.

Section 5. Quorum. The presence at a meeting, either in person or by proxy, of members entitled to cast at least thirty-three and one-third percent (33-1/3%) of the votes of each class of the membership shall constitute a quorum for all purposes unless the representation of a larger group shall be required by law, by the Articles of Incorporation, or by these Bylaws, and in that event, representation of the number so required shall constitute a quorum. If the required quorum is not present at the first such meeting called, another meeting may be called and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. If the required quorum is not present at this meeting, another meeting may be called and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. This procedure may be followed for additional meetings until a quorum is obtained.

Section 6. Voting Rights. ACEMA shall have two classes of voting membership:

Class A. Class A members shall be all owners, with the exception of the Declarant, and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any lot. In the event more than one vote is cast with respect to any one lot, all such votes shall be disregarded.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each lot owned.

The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever first occurs:

- (a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (b) On March 1, 1985.

Section 7. Adjournment of Meetings. If the number of members necessary to constitute a quorum shall fail to attend in person or by proxy at the time and place of meeting, the chairman of the meeting, or a majority in interest of the members present in person or by proxy, may adjourn the meeting from time to time without notice other than an announcement at the meeting, until the necessary number of members shall be in attendance. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting.

Section 8. Proxies. A member may appoint only his spouse, a joint owner of his lot, the Secretary or a member of the Association as a proxy. A proxy must be filed with the Secretary before the appointed time of the meeting or upon the calling of the meeting to order.

Section 9. Waiver of Notice. A member may at any time waive any notice required to be given under these Bylaws. The presence of a member in person at any meeting of the Association shall be deemed such a waiver.

ARTICLE V

Directors

Section 1. Number and Qualification. The business, property and affairs of the Association shall be managed, controlled and conducted by a Board of Directors consisting of three (3) members. The number of directors may be changed from time to time by the members of the Association, but shall always consist of an odd number of directors of not less than three (3) nor more than nine (9).

Section 2. Power and Duties. The Board of Directors shall have 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 by law or by these Bylaws directed to be exercised and done by the members. The powers of the Board of Directors shall include, but not be limited to, all of the rights and duties of the Board of Directors as set forth elsewhere in these Bylaws and the Articles of Incorporation, and in the Declaration, and shall also include the power to promulgate such rules and regulations pertaining to such

rights and duties as may be deemed proper and which are consistent with the foregoing, and shall further include the right to suspend the voting rights of a member during any period in which such member shall be in default of the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations. The Board of Directors may delegate such duties as appear in the best interest of the Association and to the extent permitted by law.

Section 3. Term of Office. The term of the Directors named in the Articles of Incorporation shall be until the Developer has conveyed seventy-five percent (75%) of the total number of lots to be conveyed on the Property, or March 1, 1985, whichever first occurs. Developer shall have the right and power to fill any vacancy occurring on the Board by reason of resignation, discharge, abandonment or any other reason of such named Directors. Their successors shall be elected by the members of the Association at the first annual meeting following conveyance by the Developer of seventy-five percent (75%) of the total number of lots to be conveyed on the Property, or March 1, 1985, whichever first occurs. At such annual meeting the members may elect one or more Directors for a term of one (1) year, and one or more Directors for a term of two (2) years and one or more Directors for a term of three (3) years; and at each annual meeting thereafter the members may elect one or more Directors for a term of three (3) years. The number of Directors shall be no less than three (3) nor more than nine (9), and shall always equal an odd number. The number of Directors may be altered from time to time by the action of a majority of the members of the Association present and voting in person or by proxy at any regular or special meeting called for such purpose. In the event of any increase in the number of directors in advance of the annual meeting, each additional director shall be elected by a majority of the members of the Association present and voting in person or by proxy and shall hold office until his or her successor is elected and shall qualify.

Section 4. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until close of the next annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. All nominations shall be made from among members of the Association.

Section 5. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they

