

BY-LAWS
OF
McCORMICK RANCH PROPERTY OWNERS' ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is McCORMICK RANCH PROPERTY OWNERS' ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at Scottsdale, Arizona, but meetings of Members and Directors may be held at such places within the State of Arizona, County of Maricopa, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Annual Assessment" shall mean the charge levied and assessed each year against each Lot.

Section 2. "Articles" shall mean the Articles of Incorporation of the Association as the same may from time to time be amended or supplemented.

Section 3. "Association" shall mean McCORMICK RANCH PROPERTY OWNERS' ASSOCIATION, INC., an Arizona corporation.

Section 4. "Board" shall mean the Board of Directors of the Association.

Section 5. "Declarant" shall mean Kaiser Aetna, a partnership, and the successors and assigns of Declarant's rights and powers hereunder.

Section 6. "Declaration" shall mean the Declaration of Covenants, Conditions, Assessments, Charges, Servitudes, Liens, Reservations and Easements for McCormick Ranch recorded in the office of the County Recorder of Maricopa County, Arizona, in Docket 9148, commencing at page 706, as amended or supplemented from time to time.

Section 7. "Lot" shall mean each portion of the Property which is assessed as a unit by the appropriate officials (presently the County Assessor of Maricopa County, Arizona) for the purpose of establishing real estate taxes to be imposed by the State of Arizona or any political subdivision thereof (including but not limited to Maricopa County), or which is assessed as a unit in accordance with Paragraph Q(3) of Article I of the Declaration. For the purposes of assessing a portion of the Property as a unit under said Paragraph Q(3), each unit to be assessed shall be established in accordance with the methods last used by public taxing authorities under Paragraph Q(1) or Q(2) of Article I of the Declaration.

Section 8. "Member" shall mean all Owners.

Section 9. "Owner" shall mean the record holder of legal title to the fee simple interest in any Lot, including contract sellers, but excluding others who hold such title merely as security. In the case of Lots the fee simple title to which is vested of record in a trustee pursuant to a Deed of Trust, legal title shall be deemed to be in the Trustor.

Section 10. "Property" shall mean:

All of that certain real property described in that

certain instrument entitled "Declaration of Covenants, Conditions, Assessments, Charges, Servitudes, Liens, Reservations and Easements for McCormick Ranch" as recorded in Docket Book 9148, Page 706 et seq; together with such additional real property as may be added to the Declaration pursuant to the terms and provisions thereon, together with all improvements thereon.

Section 11. "Special Assessment" shall mean any assessment levied and assessed pursuant to Article III, Section 4 of the Declaration.

Section 12. "Voting Owners" shall mean those Owners who, pursuant to Article VIII, Section 2 of the Declaration, have voting rights.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 10:00 o'clock A.M. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special Meetings of the Members may be called at any time by the president or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. 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, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote thereat, 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. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association

shall be managed by a Board of Directors, who need not be Members of the Association, and shall have the exclusive right of determining and transacting the affairs of the Association. The Board initially will consist of five (5) Directors, each of whom, and each of whose replacement, shall be an employee, representative or designee of Declarant, and who shall be elected and subject to removal by Declarant only.

Section 2. Increase. Upon the completion of construction, sale and initial occupation of each two thousand (2,000) dwelling units within the Property, the Owners shall be entitled to have one Director added to the initial five-man Board, until the total number of Directors on the Board equals nine (9). At that time (when 8,000 dwelling units have been constructed, sold and initially occupied within the Property), the total number of Directors on the Board shall remain static at nine.

Section 3. Election by Owners. Upon the first to occur of each of the following events:

(a) a total of eleven thousand (11,000) dwelling units are constructed, sold and initially occupied within the Property; or

(b) December 31, 1991;

the Owners thereafter shall be entitled to elect the entire Board (including the 5 Directors, or their respective successors, theretofore elected by Declarant) of the Association.

Section 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.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special Meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than two (2) days' notice to each Director.

Section 3. Quorum. A majority of the number of 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.

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the recreational facilities of a Member during any period in which such Member shall be in default in 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 60 days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(d) 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; and

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) 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 one-fourth (1/4) of the Class A Members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(d) issue, or to cause an appropriate officer to issue, upon demand by 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;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Area to be maintained.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The offices of this Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this 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.

Section 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.

Section 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 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.

Section 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 replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice President

(b) 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.

Secretary

(c) 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.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all ~~checks~~ promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE VIII

COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE IX

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE X
ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association Annual and Special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of seven percent (7%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XI
CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: MCCORMICK RANCH PROPERTY OWNERS' ASSOCIATION, INC.

ARTICLE XII
AMENDMENTS

7 | These By-Laws may be amended in a manner not inconsistent with the Declaration or Articles, at a regular or special meeting of

the Members, by a vote of a majority of a quorum of Members present in person or by proxy.

ARTICLE XIII

INTERPRETATION

In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XIV

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of each year, except that the first fiscal year shall begin on the date of incorporation and shall end on the 31st day of December thereafter.

IN WITNESS WHEREOF, we, being all of the Directors of MCCORMICK RANCH PROPERTY OWNERS' ASSOCIATION, INC., have heretofore set our hands this 31st day of May, 1973.



[Handwritten signatures of three directors: Paul H. Brown, Joseph D. [unclear], and Richard F. [unclear]]

AMENDED: 2/19/80 Annual Meeting (Amendment A)
4/23/86 POA Board Mtg. (Amendment B)
12/9/86 POA Board Mtg. (Amendment C)
10/26/88 POA Board Mtg. (Amendment D)

AMENDMENT A

BY-LAWS

OF

MCCORMICK RANCH PROPERTY OWNERS' ASSOCIATION, INC.

As provided in Article X of the "Articles of Incorporation", recorded September 21, 1972, Docket 9710, pages 948-966, the following amendment of the By-Laws was proposed to and adopted by the Membership at the February 19, 1980 annual meeting:

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the third Tuesday in February at the hour of 7:30 P.M. If the day for the annual meeting of the Members is a legal holiday, the Meeting will be held at the same hour on the first day following which is not a legal holiday.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 2. Increase. Upon the completion of construction, sale and initial occupation of two thousand (2,000) dwelling units within the Property and each 1,000 dwelling units thereafter, the Owners shall be entitled to have one Director added to the initial five-man Board, until the total number of Directors on the Board equals nine (9). At that time (when 5,000 dwelling units have been constructed, sold and initially occupied within the Property), the total number of Directors on the Board shall remain static at nine (9).

Section 3. Election by Owners. Upon the first to occur of each of the following events:

(a) A total of eight thousand (8,000) dwelling units are constructed, sold and initially occupied within the Property; or

(b) December 31, 1986;

the Owners thereafter shall be entitled to elect the entire Board (including the 5 Directors, or their respective successors, theretofore elected by Declarant) of the Association.

Section 6. Term of Office. Those Directors elected by Members of the Association shall be elected for a three-year term, provided, however, that not more than three Directors shall be elected at any annual meeting whose term shall expire in the same year.

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

(h) Designate, from time to time, by Board resolution, authorized signers on the Association bank accounts.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 8. Duties. The duties of the officers are as follows:

President

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all promissory notes.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

AMENDMENT B

BY-LAWS

OF

MCCORMICK RANCH PROPERTY OWNERS' ASSOCIATION, INC.

As provided in Article X of the "Articles of Incorporation", recorded September 21, 1972, Docket 9710, pages 948-966, the following amendment of the By-Laws was adopted by the Board of Directors at the Regular Meeting of April 23, 1986:

ACC APPEAL PROCESS

Property Owners denied approval under Article X of the recorded Declaration of Covenants, Conditions, Assessments, Charges, Servitudes, Liens, Reservations and Easements shall have a Right of Appeal.

The Property Owner denied shall be informed of the Appeal Process in writing at the same time the denial by the Architectural Control Committee (ACC) is conveyed to the Property Owner.

The Property Owner will be given thirty (30) days from the date of the denial letter in which to inform the Executive Director of the Association in writing that he/she elects to appeal the ACC decision.

ACC appeals will be heard by the POA Board of Directors at the first regularly scheduled Board meeting following notification by a property owner.

AMENDMENT C

BY-LAWS

OF

MCCORMICK RANCH PROPERTY OWNERS' ASSOCIATION, INC.

As provided in Article X of the "Articles of Incorporation", recorded September 21, 1972, Docket 9710, pages 948-966, Article IV, Section 6 of the By-Laws was amended by the Board of Directors at a Special Meeting, December 9, 1986, to include the following paragraph. The paragraph added is underlined.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 6. Term of Office. Those Directors elected by Members of the Association shall be elected for a three-year term, provided, however, that not more than three Directors shall be elected at any annual meeting whose term shall expire in the same year.

Whenever several Board positions are to be filled by election, but some are for shorter terms than others, the shortest term shall be filled by the elected candidate who receives the fewest votes, the next shortest term by the elected candidate who receives the next fewest votes and so on. The term "elected candidate", as used in this paragraph, shall mean those candidates who receive the greatest number of votes in any election.

AMENDMENT D

BY-LAWS

OF

MCCORMICK RANCH PROPERTY OWNERS' ASSOCIATION, INC.

As provided in Article X of the "Articles of Incorporation", recorded September 21, 1972, Docket 9710, pages 948-966, the following amendments of the By-Laws was adopted by the Board of Directors at the Regular Meeting of October 26, 1988:

ARTICLE V

MEETINGS OF DIRECTORS

Section 1, Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 8, Duties. The duties of the officers are as follows:

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; 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.

ARTICLE XI

CORPORATE SEAL

(deleted in its entirety)