

BYLAWS OF
THE VILLAS AT SEVEN CANYONS
OWNERS ASSOCIATION, INC.

ARTICLE 1
GENERAL PROVISIONS

1.1 Name. The name of the association is The Villas at Seven Canyons Owners Association, Inc. The principal office of the Association shall be at such place in Yavapai County, Arizona, as the Board may designate from time to time.

1.2 Definitions. Unless expressly indicated to the contrary, the terms used herein shall have the following meanings:

1.2.1 Arizona Nonprofit Corporation Act refers to Sections 10-3201 *et seq.* of the Arizona Revised Statutes, as may be amended, modified or restated, and any successor statutes thereto.

1.2.2 Articles refers to the articles of incorporation of the Association, and all amendments thereto.

1.2.3 Association refers to The Villas at Seven Canyons Owners Association, Inc., an Arizona nonprofit corporation, and any successors thereto.

1.2.4 Board refers to the board of directors elected in accordance with ARTICLE 6 below.

1.2.5 Bylaws refers to these Bylaws of The Villas at Seven Canyons Owners Association, Inc., and all amendments thereto.

1.2.6 Condominium Declaration refers to that certain Declaration of Condominium and Fractional Ownership Plan of The Villas at Seven Canyons, a condominium, recorded in the official records of Yavapai County, Arizona, on February 3, 2005, in Book 4230, at Page 584, and all amendments thereto.

1.2.7 Interests. A Fractional Interest and any Unit not committed to the Fractional Ownership Plan shall each be referred to herein sometimes as an "Interest" and collectively they shall be referred to herein as the "Interests."

1.2.8 Additional Terms. The balance of the capitalized and undefined terms used herein shall have the same meaning when used in these Bylaws as was given to them in the Condominium Declaration.

1.3 Purpose. The Association has been formed for the purpose of exercising the powers and performing the duties of the Association set forth in the Condominium Documents.

ARTICLE 2 MEMBERSHIP AND VOTING RIGHTS

2.1 Qualifications. Each Owner shall be a member (“Member”) of the Association. If an Interest is owned by more than one Owner, all such Owners shall be Members of the Association; provided, however, that for the purposes of the representation of a Fractional Interest or Unit or with regard to the affairs of the Association and the voting of the Members of the Association, except as provided in Section 2.3 hereof, each Fractional Interest shall be represented by and entitled to only one vote and each Unit not committed to the Fractional Ownership Plan shall be represented by and entitled to only ten votes, which shall be exercised and cast in accordance with the provisions of these Bylaws. Ownership of an Interest shall be the sole qualification for membership in the Association.

2.2 Transfer of Membership. The Association membership of each Owner shall be appurtenant to the Interest giving rise to the membership, and shall not be assigned, transferred, pledged, conveyed or alienated in any way except (“Transfer”) upon the transfer of title to the Interest and then only to the transferee of title to the Interest. Any attempt to make a Transfer prohibited by this Section 2.2 shall be void. Any transfer of title to an Interest shall operate automatically to transfer the membership in the Association appurtenant thereto to the transferee of the Interest.

2.3 Voting Rights. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners, except the Developer. Class A Members who own Fractional Interests shall be entitled to one vote for each Fractional Interest owned by them. Each Class A Member who owns a Unit not committed to the Fractional Ownership Plan shall be entitled to 10 votes for each Unit owned by the member. When more than one person or entity is the Owner of an Interest, the vote for such Interest shall be exercised as they among themselves determine and designate in writing, signed by all Owners of the Interest and delivered to the Board prior to the record date for a vote (as such date may be determined in accordance with these Bylaws), but in no event shall more than one vote be cast with respect to any Fractional Interest and 10 votes be cast with respect to any Unit, and the Association shall only be required to accept votes cast by the person designated by the Owners as provided herein.

Class B. The Class B Member shall be the Developer. The Class B Member shall be entitled to one vote for each Fractional Interest owned by it and 10 votes for each Unit not committed to the Fractional Ownership Plan owned by it; provided that the Class B membership shall cease and be converted to Class A membership upon termination of the Developer Control Period.

Whenever the Condominium Documents require the vote, assent or presence of a stated number of Members entitled to vote on a matter or at a meeting with regard to the taking of any action or any other matter whatsoever, the provisions of this ARTICLE 2 and Section 4.3 below shall govern as to the total number of available votes, the number of votes a Member (including the Developer) is entitled to cast at the meeting, and the manner in which the vote or votes attributable to an Interest having more than one Owner shall be cast.

2.4 Joint Owner Disputes. The vote, or votes, for each Interest may be cast only as a unit, and split votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner or Owners cast a vote representing a certain Interest, it will thereafter be conclusively presumed for all purposes that he or they were acting with the authority and consent of all other Owners of the same Interest, unless protest to the vote is made by the other Owners of the Interest by the time voting is completed, provided that the Association shall only be required to accept the vote cast by the person designated as provided in Section 2.3, above.

2.5 Members' Rights and Duties. Each Member shall have the rights, duties and obligations set forth in the Condominium Documents.

ARTICLE 3 MEMBERSHIP ASSESSMENTS AND LIEN RIGHTS

3.1 Membership Assessments. Assessments and all other charges against Members provided for in the Condominium Declaration or applicable law shall be paid by the Members at the time, in the manner and subject to the conditions and limitations set forth in the Condominium Declaration, and the Board shall fix, levy, collect and enforce such assessments and charges at the time, in the manner and subject to the limitations set forth in the Condominium Declaration.

3.2 Enforcement, Lien Rights. For the purpose of enforcing and collecting assessments and other charges, the Association shall have the lien rights set forth in the Condominium Declaration, which shall be enforceable by the Board in the manner set forth in the Condominium Declaration. The Board shall also have and be entitled to exercise all other rights and remedies set forth in the Condominium Declaration or otherwise provided for at law or in equity.

ARTICLE 4 MEMBERSHIP RIGHTS AND PRIVILEGE

4.1 Rights and Privilege of Members. No Member shall have the right, without the prior approval of the Board, to exercise any of the powers or to perform any of the acts delegated to the Board by the Condominium Documents. Each Member shall have all of the rights and privileges granted to the Members by the Condominium Documents, subject to such limitations as may be imposed in accordance therewith.

4.2 Rules. The Board may establish Condominium Rules and Regulations as it, in its sole discretion, deems appropriate, so long as the Condominium Rules and Regulations do not materially abridge the rights of Members set forth in the Condominium Declaration and do not materially discriminate between similarly situated persons.

4.3 Suspension of Privileges; Imposition of Monetary Penalties. If any Member or any Member's Permitted User breaches any of the Condominium Documents including, but not limited to, the failure of any Member to pay any assessment on or before the due date therefor, the Board may levy a monetary penalty against and/or suspend the right of the Member and/or

the Member's Permitted User(s) to reserve and/or occupy the Member's Unit or Fractional Interest and the right of the Member to participate in any vote or other determination provided for herein. Unless the violation consists of the failure to pay any Assessment when due (for which violation the right of a Member or the Member's Permitted User(s) to occupy a Unit or Fractional Interest may be immediately suspended until the delinquent Assessment is paid), no such penalty shall be imposed and no such suspension shall be made except after a meeting of the Board at which a quorum of the Board is present, duly called and held for this purpose in the same manner as provided in these Bylaws for the noticing, calling and holding of a regular or special meeting of the Board. Written notice of the meeting and the purpose thereof, including the reasons for the penalty or suspension sought, shall be given to the Member against whom such penalty is to be imposed or whose privileges are to be suspended at least 15 days prior to the holding of the meeting. Any such notice shall be given either by personal delivery or deposited in the United States mail, certified or registered, postage and fees prepaid, return receipt requested, addressed to the Member at the address given to the Association by him for the purpose of giving notice. Such a notice, if mailed, shall be deemed given and received 24 hours after being so deposited in the United States mail. The Member shall be entitled to appear at the meeting and present the Member's case as to why the penalty should not be imposed or the privileges should not be suspended. The Board may determine whether the Owner will be permitted to present a written or oral defense to the charges. The decision whether voting rights should be suspended and/or monetary penalties should be imposed shall be made by a majority of the members of the Board present at the meeting. No suspension of voting rights and/or imposition of monetary penalties shall be effective unless and until written notice has been given to the Member announcing the suspension, the reasons therefor and the length thereof, and five days have elapsed since the date upon which action was taken.

ARTICLE 5 MEETING OF MEMBERS

5.1 Place of Meeting. All meetings of the Members shall be held within the Condominium Property or as close thereto as may be practical; provided, that all meetings of the Members shall be held in the State of Arizona. Nothing contained in these Bylaws shall be deemed to provide authority to the Association or the Board to hold any meetings on any property other than the Condominium Property without the prior consent of the owner or manager thereof.

5.2 Annual Meetings of Members. The annual meetings of Members shall be held each year in the same month in which the organizational meeting of the Board was held, commencing with the year immediately following the year during which the organizational meeting of the Board is held. An organizational meeting shall be held not later than 365 days following the initial sale and conveyance by the Developer of an Interest at the request of a majority of the initial Directors. At all annual meetings of the Members there shall be elected, by secret written ballot of the Members, a Board of Directors in accordance with the requirements of these Bylaws. The Members may also transact such other business of the Association as may properly come before them at the annual meeting.

Written notice of each annual meeting shall be given to each Member by the Secretary in the manner hereinafter provided. All such notices of any annual meeting shall be sent to each

Member not less than 30 days and not more than 60 days before the meeting, and shall specify the place, the day and the hour of the meeting and shall generally state those matters to be considered at the meeting. The notice of any meeting at which Directors are to be elected shall include the names, addresses and brief biographical sketches of those who are nominees at the time the notice is sent to Members. Written notice delivered as part of a newsletter, magazine, or other publication regularly sent to the Members is sufficient for the purposes of this Section 5.2.

5.3 Special Meetings. Special meetings of Members, for any purpose or purposes whatsoever, may be called at any time by the President of the Association, by a majority of the Board or by Members representing 5% or more of the total voting power of all Class A Members provided that no special meeting may be held or called prior to the organizational meeting of the Board. Except in special cases where other express provision is made by statute, these Bylaws or the Condominium Declaration, notice of such special meetings shall be given in the same manner as for annual meetings and may be given by any person or persons entitled to call the meeting. Notices of any special meetings shall specify, in addition to the place, day and hour of the meeting, the general nature of the business to be transacted.

If a special meeting is called by Members, the request shall be submitted by the Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the President, any Vice-President or the Secretary of the Association. The officer receiving the request shall cause notice to be promptly given to the Members entitled to vote, that a meeting will be held, and the date for the meeting, which shall be not less than 30 days nor more than 60 days following the date notice is given. If the notice is not given within 20 days after receipt of the request, the persons requesting the meeting may give the notice to the Members.

5.4 Notice of Certain Agenda Items. If action is proposed to be taken at any meeting for approval of any of the following, the notice shall also state the general nature of the proposal. Member action on such items is invalid unless the notice or written waiver of notice states the general nature of the proposal(s):

5.4.1 Removing a Director without cause;

5.4.2 Filling vacancies on the Board by the Members;

5.4.3 Amending the Articles;

5.4.4 Approving a contract or transaction in which a Director has a material financial interest;

5.4.5 Approving a plan of distribution of assets, other than cash, in liquidation when the Association has more than one class of memberships outstanding.

Notwithstanding any other provision herein, if less than one-third of the total voting power of the Association is in attendance in person or by proxy at any meeting of the Association, only those matters of business, the general nature of which was given in the notice of the meeting may be voted upon by the Members.

5.5 Manner of Giving Notice. Notice of any meeting of the Members shall be in writing given either personally or by mail, facsimile or electronic mail (with electronic confirmation of receipt), or overnight delivery service (such as Federal Express), charges prepaid, addressed to each Member at the address given by the Member to the Association for the purpose of notice. If no address appears on the Association's books and no other has been given, notice shall be deemed to have been given if notice is published at least once in a newspaper of general circulation in the county where that office is located. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by facsimile or other means of written communication. An affidavit of the mailing or other means of giving any notice of any Members' meeting may be executed by the Secretary, Assistant Secretary, or any other officer of the Association giving the notice, and if so executed, shall be filed and maintained in the minute book of the Association.

5.6 Adjourned Meetings and Notices Thereof. Any annual or special Members' meeting, whether or not a quorum is present, may be adjourned from time to time by the affirmative vote of a majority of the votes entitled to be cast and represented at the meeting in person or by proxy, but in the absence of a quorum, no other business may be transacted at any such meeting unless these Bylaws or the Condominium Declaration otherwise provides.

When annual or special Members' meeting is adjourned for 30 days or more, notice of the reconvened meeting shall be given as in the case of the original meeting that was adjourned. Otherwise, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting, other than by an announcement at the meeting at which such adjournment is taken.

5.7 Quorum.

5.7.1 Definitions. For purposes of these Bylaws, the following terms shall have the following meanings:

(a) "Net Total Votes" means that number of votes which is equal to the difference between the total number of votes in the Association and the number of votes as to which voting rights are suspended at the time of the subject meeting in accordance with these Bylaws.

(b) "Non-Developer Net Total Votes" means that number of votes which is equal to the difference between the total number of votes in the Association of Members other than the Developer and the number of votes of Members other than the Developer as to which voting rights are suspended at the time of the subject meeting in accordance with these Bylaws.

5.7.2 Quorum. The presence, either in person or by proxy, at a Members' meeting of Members other than the Developer representing and entitled to cast at least 15% of the Non-Developer Net Total Votes shall constitute a quorum for any action by the Members, unless a different requirement is imposed by the Condominium Documents. A majority of the votes present at a meeting at which a quorum is present shall prevail at such meetings, unless a different percentage is required by the Condominium Documents. Subject to the provisions of

Section 5.4 and unless otherwise expressly authorized by these Bylaws or the Condominium Declaration, all action required or permitted to be taken by the Members may be taken only at a duly called and properly noticed annual or special meeting at which a quorum is present. The Members present at a duly held meeting at which a quorum is present may continue to do business until adjournment, and the withdrawal of enough Members so that less than a quorum is present shall not invalidate any action taken if the action taken is approved by at least a majority of the votes required to constitute a quorum. If any meeting cannot be held because a quorum is not present, no business shall be conducted and the presiding officer shall adjourn the meeting without delay.

5.8 Consent of Absentees. The transactions of any annual or special meeting of Members, however called and noticed, shall be as valid as if taken at a duly called and properly noticed annual or special meeting, if a quorum is present in person or by proxy, and if, either before or after the meeting, each of the Members entitled to vote and not present in person or by proxy, signs a written waiver of notice, or a consent of the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice or consent need not specify either the business to be transacted or the purpose of the meeting, except that if action is taken or proposed to be taken for approval of any of the matters specified in Section 5.4, the waiver of notice or consent shall state the general nature of the proposal. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

5.9 Waiver by Attendance. Attendance by a person at a meeting shall also constitute a waiver of notice of that meeting, except when the person objects at the beginning of the meeting to the transaction of any business due to the inadequacy or illegality of the notice. Also, attendance at a meeting is not a waiver of any right to object to the consideration of matters that were not included in the notice of the meeting, if that objection is expressly made at the time such matters are presented at the meeting.

5.10 Action by Written Ballot. Any action, other than the election of Directors, which may be taken at a meeting of the Members, may be taken without a meeting and without prior notice if (a) the written ballot is distributed to every Member entitled to vote and the ballot provides an opportunity to specify approval or disapproval of each order of business to be acted upon by the Association, (b) the written ballots are solicited in a manner consistent with the requirements of Arizona law, (c) the number of ballots cast within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and (d) the number of signed approvals equals or exceeds the number of votes that would be required to approve the action at a meeting at which the total number of votes cast was the same as the number of ballots cast.

Any Member casting a ballot, or the proxy-holders of a Member or a transferee of a membership or a personal representative of the Member or their respective proxy-holders, may revoke the ballot, or substitute another, by a writing received by the Association prior to the time specified in the solicitation pursuant to the preceding paragraph, but may not do so thereafter. Any such revocation is effective upon its receipt by the Secretary of the Association.

5.11 Record Date. The Board may fix a date in the future as a record date for the determination of the Members entitled to notice of, and to vote at, any meeting of Members. The

record date so fixed shall not be more than 60 days prior to the meeting. When a record date is so fixed, only Members of record on that date shall be entitled to notice of, and to vote at, the meeting, notwithstanding any transfer of or issuance of membership certificates on the books of the Association after the record date.

If no record date is fixed in accordance with the provisions of the preceding paragraph, the record date for determining those Members entitled to receive notice of, or to vote at, a meeting of Members shall be the business day immediately preceding the day on which notice is given, or, if notice is waived, the business day immediately preceding the day on which the meeting is held. The record date for determining those Members entitled to vote by ballot on corporate action without a meeting, when no prior action by the Board has been taken, shall be the day on which the first written consent regarding the matter is signed by a Member. When prior action of the Board has been taken, it shall be the day on which the Board adopts the resolution relating to that action. For purposes of this paragraph and the preceding paragraph, a person holding membership as of the close of business on the record date shall be deemed the Member of record, and, if a membership is held by multiple Owners of record, then the person designated by such Owners in writing as provided in Section 2.3 of these Bylaws as of the close of business on the record date shall be deemed the Member of record.

5.12 Proxies. Every person entitled to vote or take any other action as a Member shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person as his duly authorized agent and filed with the Secretary of the Association prior to the commencement of the meeting or the taking of any other action for which the proxy is to be exercised. A form of proxy distributed to each Member by the Association to afford him or her the opportunity to vote in absentia at a meeting of Members must (a) afford an opportunity for the Member to specify a choice between approval and disapproval of each order of business proposed to be acted upon by the Association at such meeting, (b) provide that the vote of the Member shall be cast in accordance with the choice specified, and (c) include the name or names of Members who expect to be in attendance in person at the meeting to whom the proxy is to be given for the purpose of casting the vote to reflect the absent Member's vote as specified in the form of proxy. A validly executed proxy that does not state that it is irrevocable shall continue in full force and effect, unless (i) revoked by the Member executing it, before the vote cast pursuant to that proxy, by a writing delivered to the Secretary of the Association stating that the proxy is revoked, by a subsequent proxy executed by the Member, or by personal attendance and voting at a meeting by the Member, or (ii) if written notice of the death or incapacity of the maker of the proxy is received by the Association before the vote pursuant to that proxy is counted; provided, however, that no proxy shall be valid after the expiration of 11 months from the date of the proxy, unless otherwise provided in the proxy. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of the Arizona Nonprofit Corporation Act. In any election of Directors, any form of proxy that is marked by a Member "withhold," or otherwise marked in a manner indicating that the authority to vote for the election of Directors is withheld, shall not be voted either for or against the action to be voted upon. Failure to comply with this paragraph shall not invalidate any corporate action taken, but may be the basis for challenging the proxy at a meeting.

5.13 Inspectors of Election. In advance of any meeting of Members, the Board may appoint inspectors to act at the meeting and any adjournment thereof. If inspectors are not

appointed, or if any persons appointed fail to appear or refuse to act, the chairman of any such meeting may, and on the request of any Member or Member's proxy shall, make such an appointment at the meeting. The number of inspectors shall be either one or three. If appointed at a meeting on the request of one or more Members or proxies, the majority of Members represented in person or by proxy shall determine whether one or three inspectors are to be appointed.

The duties of inspectors shall include: (i) determining the number of memberships outstanding and the voting power of each; (ii) determining the membership represented at the meeting; (iii) determining the existence of a quorum; (iv) determining the authenticity, validity and effect or proxies; (v) receiving votes, ballots or consents; (vi) hearing and determining all challenges and questions in any way arising in connection with the right to vote; (vii) counting and tabulating all votes or consents; (viii) determining when the polls shall close; (ix) determining the result; and (x) doing such acts as may be proper to conduct the election or vote with fairness to all Members. If there are three inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all.

ARTICLE 6 DIRECTORS

6.1 Number and Qualification. The affairs of the Association shall be managed by the Board, which shall consist of not more than seven nor less than three members (each a "Director" and collectively the "Directors"), each of whom must be a Member of the Association in good-standing or a representative of the Developer designated by the Developer.

6.2 Appointment, Election and Term of Office. The names and addresses of the persons who shall serve as the Directors of the Association until their successors are elected or appointed as provided in these Bylaws are set forth in the Articles. Prior to the termination of the Developer Control Period, the Developer shall have the absolute power and right to appoint and remove the Directors, including filling any vacancies in the office of any Director, except as provided in Sections 6.3 and 6.5, below. After termination of the Developer Control Period, the Members shall elect five Directors, three of whom shall hold office for three years, and two of whom shall hold office for two years. At each annual meeting of the Members thereafter, the Members shall elect the number of Directors as is appropriate to replace those Directors whose terms have expired and to maintain staggered terms for the Directors for a term of two years each. If the number of Directors is increased above five, the additional Directors shall be elected or appointed, as the case may be, to serve such terms so that, to the extent possible, a proportionate number of Directors are serving in staggered terms.

6.3 Non-Developer Director. From and after the first annual meeting of the Members, at least one of the Directors (each, a "Non-Developer Director") shall be elected solely by the votes of the Members other than the Developer subject to the following special election procedures:

6.3.1 Any Member entitled to vote at the meeting pursuant to the provisions of these Bylaws shall be eligible as a candidate for the position of Non-Developer Director.

6.3.2 Any person nominated as provided in Section 6.4 below to stand for election shall have his or her name added to the written ballots to be used in the conduct of the election. Following the closing of nominations, the election of a Non-Developer Director shall be conducted by secret ballot. At the first annual meeting of the Members, the nominee receiving the highest vote total shall be elected to the office of Non-Developer Director, who shall serve an initial term of two years. At each subsequent annual election at which a Non-Developer Director stands for re-election or the office of a Non-Developer Director is vacant, the procedure set forth in this paragraph shall be used to elect the Non-Developer Director(s) to be elected.

6.4 Nomination of Candidates.

6.4.1 The President of the Association shall appoint a nomination committee to select qualified candidates for election to the Board. Nominations by the nomination committee shall be concluded at least 40 days preceding the first day of the month in which the election is to be held. The Secretary shall forward to each Member, with the notice of meeting required by Section 5.2, a list of candidates nominated and shall cause the candidates' names to be placed on the ballot.

6.4.2 Members representing 15% of the membership votes may nominate candidates for election to the Board at any time before the 50th day preceding the first day of the month in which the election is to be held. On timely receipt of a petition signed by the required number of Members, the Secretary shall cause the names of the candidates named on it to be placed on the ballot along with those candidates named by the nominating committee.

6.4.3 At any meeting to elect Directors, any Member present at the meeting, in person or by proxy, may place names in nomination.

6.5 Removal, Resignation and Vacancies. If the office of any Director becomes vacant by reason of death, resignation, retirement, disqualification, removal from office, disability or otherwise, the Director will cease to be a Director, and the Director's place on the Board shall be deemed vacant. A Director may be removed from office with or without cause in the same manner as such Director was appointed or elected to the Board. Any Director may resign at any time by sending written notice of resignation to the Secretary. The resignation of a Director 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 any resignation shall not be necessary to make it effective. After termination of the Developer Control Period, vacancies on the Board shall be filled by vote of the remaining Directors or by the Members at a duly held meeting at which quorum is present, and the person selected to fill any vacancy shall serve for the remainder of the term of the Director he or she replaces. In the event that any Director is absent from four consecutive regular meetings of the Board, the Board may, by action taken at the meeting during which the fourth absence occurs, declare the office of the absent Director to be vacant.

6.6 Place of Meeting. All meetings of the Board shall be held within the Condominium Property if reasonably possible, otherwise at a place as close thereto as reasonably possible and within Yavapai County, unless a meeting at another location would significantly reduce the cost to the Association or inconvenience the Directors less, as designated at any time

by resolution of the Board or by written consent of a majority of the Directors; provided, that all meetings of the Board shall be held in the State of Arizona.

6.7 Organizational Meeting of the Board. At the request of a majority of the then-current Directors, the Board shall hold an organizational meeting for the purpose of organization, election of officers and the transaction of other business. Notice of the organizational meeting is hereby dispensed with.

6.8 Other Regular Meetings. Other regular meetings of the Board shall be held at a time and at such place within the Condominium Property or as close thereto as reasonably possible, which may be designated by the Board from time to time; provided, that all meetings of the Members shall be held in the State of Arizona. Notice of the time and place of each such meeting shall be communicated to each Director not less than 30 days prior to the meeting. Regular meetings of the Board shall be held at least once every 12 months.

6.9 Special Meetings. Special meetings of the Board for any purposes may be called by written notice at any time by the President, or if he is absent or unable or refuses to act, by any Vice President or by any two Directors.

Notice of the time and place of special meetings, and of the nature of any special business to be considered, shall be given to each Director either (a) by written notice given by first-class mail at least 15 days prior to the scheduled time of such meeting, or (b) by telephone notice (including voicemail) or written notice delivered personally or by facsimile or electronic mail at least 96 hours prior to the meeting.

Whenever any Director has been absent from any special meeting of the Board and notice of the meeting has been duly given to the Director, an entry in the minutes to the effect that notice has been duly given shall be made.

6.10 Meetings by Telephone. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, and any member of the Board may participate by conference telephone or similar communications equipment in a meeting at which other members of the Board are physically present, so long as all Directors participating in the meeting can hear one another, and all such Directors shall be deemed to be present in person at such meeting.

6.11 Quorum Requirement, Waiver of Notice. The transaction of any business at any meeting of the Board, however called and noticed, or wherever held, shall be as valid as though made at a duly called and properly noticed meeting of the Board, if a quorum as defined in Section 6.13 is present, unless a quorum is expressly not required pursuant to these Bylaws, and if, either before or after the meeting, each of the Directors not present signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

6.12 Action Without Meeting. Any action required or permitted to be taken by the Board by law or according to the Condominium Documents may be taken without a meeting, if all members of the Board individually or collectively consent in writing to such action. Such

written consent or consents shall be filed with the minutes of the proceedings of the Board, and shall have the same force and effect as a unanimous vote of such Directors at a duly held meeting.

6.13 Quorum. A majority of the Board shall constitute a quorum thereof. Every act or decision done or made by majority of the Directors present at a meeting duly held at which quorum is present, in person or as provided in Section 6.10, shall be regarded as the act of the Board, unless the provisions of the Condominium Documents or Arizona law, especially those provisions relating to (a) approval of contracts or transactions in which a Director has a direct or indirect material financial interest, (b) appointment of committees, and (c) indemnification of Directors, shall require or permit the particular action involved to be taken by the Board under other circumstances.

6.14 Adjournment. A quorum of the Directors may adjourn any Directors' meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the Directors present at the Directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than 24 hours, in which case personal notice of the time and place shall be given before the time the adjourned meeting is reconvened to the Directors who were not present at the time of the adjournment.

6.15 Open Meetings. To the extent provided by Arizona law, regular and special meetings of the Board shall be open to all Members of the Association or any person designated by a Member in writing as the Member's representative, and any such Member or designated representative attending a meeting may speak before the Board at the meeting. Any Member may request to be, and shall be, connected to the meeting by telephone conference call; provided, however, if the number of Members requesting such connection makes the telephone conference call impractical or impossible, a telephone conference meeting may not be held.

6.16 Compensation. No Director or officer of the Association shall receive any salary or other compensation for services rendered as a Director or officer of the Association. However, Directors and officers shall be reimbursed for expenses reasonably incurred in connection with the business of the Association and authorized by the Board. Nothing herein shall preclude any Director from serving the Association in any capacity other than as an officer or a Director and receiving compensation therefor as authorized and approved by the Board. Any Director receiving any special compensation for such other services shall be excluded from deliberations and voting by the Board for authorization thereof and compensation with regard thereto.

6.17 Committees. The Board shall have the power to appoint an executive committee consisting of the President, at least two Directors, and such other members as the Board may determine ("Executive Committee") and other committees and to delegate to such committees any of the powers and authority of the Board in the management of the business and affairs of the Association except the power to:

6.17.1 adopt, amend or repeal the Articles of Incorporation or Bylaws;

6.17.2 fill vacancies on the Board or in any committee;

6.17.3 amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable;

6.17.4 appoint any other committees of the Board or the members of these committees;

6.17.5 approve any transaction (i) to which the Association is a party and one or more Directors have a material financial interest, (ii) between the Association and one or more of its Directors, (iii) between the Association and any entity in which one or more of its Directors has a material financial interest, or (iv) for which Member approval is required by the Arizona Nonprofit Corporation Act;

6.17.6 authorize distributions; and

6.17.7 provide for compensation for any Director or any member of a committee appointed by the Board.

Each committee shall include two or more Directors and shall keep regular written minutes of the proceedings and report to the Board.

6.18 Powers and Duties. Subject to the limitations of the Condominium Documents and Arizona law as to actions required to be taken, authorized or approved by the Members of the Association, or a portion or percentage thereof, all Association powers and duties, including those set forth in the Condominium Declaration, shall be exercised by, or under the authority of the Board, and the business and affairs of the Association shall be controlled by the Board.

6.19 Minutes of Meetings. A copy of the written minutes of any meeting of the Board shall be made available at the business office of the Association to all Members within 60 days after the adjournment of such meeting.

ARTICLE 7 OFFICERS

7.1 Enumeration of Officers. The officers of the Association shall be a President, Vice President, a Secretary, a Treasurer and such other officers as the Board may deem necessary. Any person may hold more than one office, provided that neither the Secretary nor the Treasurer may serve concurrently as the President and provided that the offices of President and Vice President shall not be held by the same person. The President, Vice President and Secretary shall be members of the Board. The Treasurer may be, but need not be a member of the Board. Each officer must be a Member of the Association or a representative of the Developer designated by the Developer.

7.2 Officers. The Board may appoint, and may authorize the President or another officer to appoint, any other officers that the business of the Association may require, each of whom shall have the title, hold office for the period, have the authority, and perform the duties specified in these Bylaws or determined from time to time by the Board.

7.3 Election. The initial officers shall be chosen by a majority vote of the Directors at the first meeting of the Board, and thereafter, officers shall be removed or chosen at any subsequent meeting of the Board by a majority vote of the total number of Directors on the Board.

7.4 Term. All officers shall hold office at the pleasure of the Board.

7.5 Resignation of Officers. Any officer may resign at any time by giving written notice to the Board. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Association under any contract to which the officer is a party.

7.6 President. The President shall be the chief executive officer of the Association and shall, subject to the control of the Board, have supervision, direction and control of the business and affairs of the Association. The President shall preside at all meetings of the Members and at all meetings of the Board. The President shall be ex-officio a member of all standing committees, including the Executive Committee, if in existence, and shall have the general powers and duties of management usually vested in the office of President of an Arizona nonprofit corporation, and shall have such powers and duties as may be prescribed by the Board or by these Bylaws.

7.7 Vice President. In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all powers of, and be subject to all the restrictions upon, the President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or by these Bylaws.

7.8 Secretary. The Secretary shall keep or cause to be kept a book of minutes at the principal office of the Association, or such other place as the Board may order, of all meetings of Directors and Members, with the time and place of the meeting, whether the meeting was regular or special, and, if special, how it was authorized, the notice thereof given, the names of those persons present at the Board meetings, the number of Members present or represented at Members' meetings and the proceedings thereof.

The Secretary shall give, or cause to be given, notice of all the meetings of the Members and of the Board required by the Bylaws or by law to be given, except that notice of the organizational meeting may be given by the Developer, and the Secretary shall keep any seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

The Secretary shall keep, or cause to be kept, at the principal executive office of the Association, as determined by resolution of the Board, a record of the Association Members, showing the names of all Members, their addresses, and the class of membership held by each.

7.9 Treasurer. The Treasurer shall keep and maintain, or cause to be kept or maintained, adequate and correct accounts of the properties and business transactions of the

Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and surplus. The books of account shall at all times be open to inspection by any Director. The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The Treasurer shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and Directors, whenever they request it, an account of all of his transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws. The Board may delegate the performance of the foregoing duties, subject to supervision by the Treasurer, to a professional manager retained by the Association.

ARTICLE 8 MISCELLANEOUS

8.1 Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board.

8.2 Contracts, Etc., How Executed. The Board, except as otherwise provided in these Bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by a contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

8.3 Inspection of Bylaws. The Association shall keep in its principal office the original or a copy of these Bylaws, as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Members at all reasonable times during office hours.

8.4 Fiscal Year. The Fiscal Year of the Association shall terminate on December 31st of each year.

8.5 Maintenance and Inspection of Other Corporate Records. The accounting books, records and minutes of proceedings of the Members and the Board and any committees of the Board shall be kept at such place or places designated by the Board or, in the absence of such a designation, at the principal executive office of the Association. The minutes shall be kept in written or typed form, and the accounting books and records shall be kept either in written or typed form or in any other form capable of being converted into written, typed or printed form. The minutes and accounting books and records shall be open to inspection on the written demand of any Member, at any reasonable time during usual business hours, for a purpose reasonably related to the Member's interests as a Member.

The inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts.

The Board shall establish reasonable rules with respect to:

8.5.1 Notice to be given to the custodian of records by any Member desiring to make an inspection;

8.5.2 Hours and days of the week when such an inspection may be made; and

8.5.3 Payment of the cost of reproducing copies of documents requested by a Member.

Each Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents.

8.5.4 Annual Report to Members. Nothing in these Bylaws shall be interpreted as prohibiting the Board from issuing such annual or other periodic reports to the Members as they consider appropriate. However, the Association shall provide to the Directors and to the Members the financial statements referred to in the Condominium Declaration.

ARTICLE 9 EVIDENCE OF MEMBERSHIP, SEAL

9.1 Evidence of Membership. The Board shall have the power, but not the obligation, to cause the issuance of evidence of membership in the Association to the Members in such form as the Board shall determine.

9.2 Seal. The Association may have a seal, having within it the name of the Association, its date of incorporation and such other matters as may be required by the laws of Arizona.

ARTICLE 10 AMENDMENTS, CONFLICTS

10.1 Amendments. These Bylaws may be amended from time to time by a majority of votes by Members at any duly called, noticed and held regular or special meeting of the Members at which a quorum is present or by written assent of the Members; provided, however, that the percentage of the voting power of the Association necessary to amend a specific clause or provision of these Bylaws shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause or provision. Amendments to these Bylaws shall be kept by the Secretary with the other records and books of the Association.

10.2 Conflicts. In the event of any inconsistency between these Bylaws and the Articles of Incorporation, the Articles of Incorporation shall control. In the event of any inconsistency between these Bylaws or the Articles of Incorporation and the Condominium Declaration, the Condominium Declaration shall control.

**ARTICLE 11
DISSOLUTION**

Upon the winding up and dissolution of the Association, after paying or adequately providing for the debts and obligations of the Association, the remaining assets may be distributed to the Members of the Association as provided in the Condominium Declaration.

**ARTICLE 12
CONFIDENTIALITY**

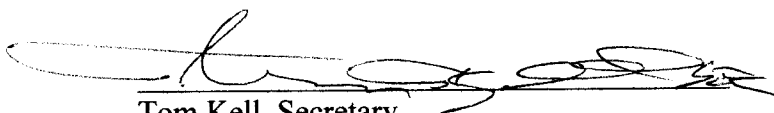
Officers, Directors and Members of the Association shall have a continuing obligation to keep information made available to them pursuant to these Bylaws confidential. The Association is hereby released from any and all claims that may arise from the publication of information by the Association as required by applicable law and these Bylaws.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

That I am the duly elected, qualified and acting Secretary of The Villas at Seven Canyons Owners Association, Inc., an Arizona nonprofit corporation, and that the above and foregoing Bylaws were adopted as the Bylaws of the corporation by the Board of Directors at a special meeting held FEBRUARY 21,, 2005.

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of FEBRUARY, 2005.


Tom Kell, Secretary