

BYLAWS OF
DESERT PEAK HOMEOWNERS ASSOCIATION

ARTICLE I
GENERAL

1. Application of Declaration. These Bylaws are the Bylaws of Desert Peak Homeowners Association (the "Association"), an Arizona nonprofit corporation formed pursuant to that certain "Declaration of Covenants, Conditions, Restrictions & Easements", as amended from time to time (the "Declaration"), which was first recorded in the official records of the County Recorder of Maricopa County, Arizona on June 21, 2006, as Instrument No. 20060836167.

2. Defined Terms. Unless otherwise defined herein, capitalized terms or phrases used herein shall have the meanings given those terms or phrases in the Declaration or the Articles of Incorporation for the Association, as amended from time to time (the "Articles").

3. Nonprofit Corporation. The Association is an Arizona nonprofit corporation, and is organized and existing under and by virtue of the laws of the State of Arizona. The office of the Association shall be located at 16430 N Scottsdale Road, Suite 200, Scottsdale, Arizona 85254, or such other place as may be designated from time to time pursuant to Arizona law.

ARTICLE II
MEMBERSHIP; MEETINGS

1. Membership. The Members of the Association and their voting rights shall be as provided in the Declaration. It is hereby acknowledged that the Declaration may be amended from time to time to change the qualifications and requirements of the Members and their voting rights.

2. Location of Meetings. Meetings of the Members shall be held at such place as may be designated by the Board and stated in the notice of meeting.

3. Annual Meeting. An annual meeting of Members shall be held on such date and at such time as shall be designated from time to time by the Board and stated in the notice of the meeting for the purpose of electing the Board and transacting other business authorized to be transacted by the Members.

4. Special Meetings. Special meetings of the Members may be called by the President, the Board, or by the written demand of the holders of not less than twenty-five percent (25%) of the Class A Members of the Association for any purpose or purposes.

5. Notices and Quorums. Unless otherwise provided in the Declaration, written notice of any annual or special meeting shall be sent to all Members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting and shall specify the time and place of the meeting. Any notice of a special meeting shall also specify the purpose for which it is called. Unless otherwise provided in the Declaration, at any meeting, the presence of twenty percent (20%)

of the Members in person or by proxy shall constitute a quorum. If the required quorum is not present, a majority of those present may adjourn the meeting from time to time. At any adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice, and the quorum requirement for such adjourned meeting shall be one-half (1/2) of the quorum requirement for the original meeting. Unless the vote of a greater number is required by the Declaration, the Articles, these Bylaws or applicable law, the affirmative vote of a majority of a quorum of Members shall be binding as the act of the Members. Written notice of each meeting shall be given by, or at the direction of, the Secretary or person authorized to call the meeting. Notice shall be given by mailing a copy of the notice, postage prepaid, to each Member entitled to vote at the meeting, addressed to the Member at the address last appearing on the books of the Association or supplied by the Member for the purpose of notice.

6. Proxies. At all meetings of Members, each Member entitled to vote may vote in person or by proxy. All proxies must be in writing and must be filed with the Secretary before or at the time of the meeting. The Board may, from time to time, specify a specific form of proxy to be used in connection with a particular meeting. Every proxy shall be revocable and shall automatically terminate (a) as of the date the Member giving the proxy ceases to be a Member, or (b) eleven (11) months from the date of its execution, unless otherwise provided in the proxy. Memberships held by a legal personal representative or by a court appointed receiver may be voted, in person or by proxy, by the representative or receiver without the transfer (except as required under a valid voting trust agreement) of membership into the name of the trustee or receiver.

7. Informal Action. Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action taken, is signed by the greater of (a) the percentage required under Arizona law, or (b) the percentage required under the Declaration, the Articles or these Bylaws.

8. Irregularities. All information and/or irregularities in calls, notices of meetings and in the manner of voting, form of proxies, credentials and method of ascertaining those present, shall be deemed waived if no objection is made at the meeting or if waived in writing.

9. Record Date. For the purpose of determining Members entitled to notice of (or to vote at) any meeting of Members, or in order to make a determination of Members for any other purpose, the Board may direct the membership books to be closed for a stated period, not to exceed fifteen (15) days prior to the event concerned.

ARTICLE III BOARD OF DIRECTORS

1. Number and Term of Office. The Board of Directors shall consist of not less than three (3) nor more than seven (7) individuals. Except for the initial Board and for so long as there is a Class B Membership, each director shall be an Owner of a Lot or, if an Owner is a corporation, partnership, trust or other legal entity, the director may be a representative thereof. Until the Declarant is no longer in control of the Board (the "Transition Date"), the Declarant shall have the absolute power and right to appoint and remove the members of the Board. The initial Board of Directors shall consist of three (3) individuals as described in the Articles. At the first annual

meeting after the Transition Date, the Members shall elect one (1) director for a term of three (3) years, one (1) director for a term of two (2) years and one (1) director for a term of one (1) year. At each annual meeting 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 three (3) years each. If the number of directors is increased above three (3), after the Transition Date, the additional directors shall be elected to serve such terms so that, to the extent possible, a proportionate number of directors are serving in staggered terms.

2. Powers and Duties. The Board 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 prohibited by law or otherwise directed to be exercised and done by the Members. The powers of the Board shall include, but not be limited to, all of the rights, powers, privileges, duties and obligations assigned to the Board in the Declaration, the Articles and these Bylaws.

3. Vacancies; Removal of Directors. 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 position on the Board shall be deemed vacant. Until the Transition Date, the Declarant shall fill vacancies on the Board. After the Transition Date, vacancies on the Board shall be filled by vote of the remaining Board members. The person selected to fill any vacancy shall serve for the remainder of the unexpired term. A director may be removed from the Board with or without cause in the same manner as such director was appointed or elected to the Board.

4. Disqualification and Resignation of Directors. Any director may resign at any time by sending written notice of resignation to the Secretary of the Association. Unless otherwise specified therein, any resignation shall take effect upon receipt by the Secretary. Except in the case of injury, illness or similar circumstances, more than three (3) consecutive absences from regular meetings of the Board by any director may be cause for immediate removal, effective as of the conclusion of the last missed meeting. In the event that a director ceases to be an Owner of a Lot or have an interest therein, the directorship shall immediately and automatically terminate. No director shall continue to serve on the Board if such director is more than thirty (30) days delinquent in the payment of an Assessment or in violation of Declaration or Architectural Guidelines and said delinquency or violation shall automatically constitute a resignation effective when the Board of Directors accepts such resignation.

5. Regular Meetings. The Board shall establish a schedule of regular meetings to be held at such time and place as the Board may designate. Notice of regular meetings shall nevertheless be given to each director personally, or by mail, telephone or facsimile, at least five (5) days prior to the day named for the meeting.

6. Special Meetings. Special meetings of the Board may be called by the President of the Association, or by any two (2) directors, after not less than three (3) days notice to each director, given personally or by mail, telephone or facsimile. Notice shall state the time, place and purpose of the meeting. Any member of the Board may participate in any regular or special meeting of the Board by means of a conference telephone or similar communications equipment whereby all members participating in the meeting can hear one another. Participation by conference telephone

or similar equipment shall constitute attendance in person, unless stated otherwise in Section 8 of this Article.

7. Notice. Until termination of the Class B Membership, regular meetings of the Board may be held with or without notice at such time and place as is determined from time to time by the Board. For meetings of the Board held after the termination of Declarant control of the Association, notice to Owners of meetings of the Board shall be by newsletter, conspicuous posting or any other reasonable means as determined by the Board. Notice to Owners of meetings of the Board of Directors is not required if emergency circumstances require action by the Board before notice can be given. Any notice of a Board meeting shall state the time and place of the meeting.

8. Waiver of Notice. Before or at any meeting of the Board, any director may, in writing, waive the requirement of prior notice of the meeting. Waiver of notice shall be deemed equivalent to the receipt of required notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him, except when a director attends for the express purpose of objecting to lack of notice. If all the directors are present at any meeting of the Board, no notice shall be required, and any business may be transacted at the meeting.

9. Quorum. At all meetings of the Board, a majority of the 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. If there is less than a quorum present at any meeting of the Board, the majority of those present may adjourn the meeting from time to time. At any adjourned meeting, any business that might have been transacted at the original meeting may be transacted without further notice.

10. Informal Action. Any action required to be taken at a meeting of the directors, or any other action which may be taken at such meeting, may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all the directors.

ARTICLE IV OFFICERS

1. Enumeration and Election of Officers. The principal officers of the Association shall be a president, a vice-president, a secretary and a treasurer. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members. The same individual may simultaneously hold more than one office in the Association.

2. Term. The Board shall elect the officers of the Association annually and each officer shall hold office for one (1) year unless the officer shall sooner resign, be removed or otherwise disqualified to serve. If the office of any officer becomes vacant for any reason, the Board shall fill the vacancy. The officer appointed to fill a vacancy shall serve for the remainder of the term of the officer replaced.

3. 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 determine from time to time.

4. Resignation and Removal. The Board may remove any officer from office with or without cause. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. A resignation shall take effect on the date of receipt of the resignation 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.

5. The President. The president shall be the chief executive officer of the Association; shall preside at all meetings of the Members and of the Board; shall have executive powers and general supervision over the affairs of the Association; 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.

6. The Vice President. The vice president shall perform all of the duties of the president in the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him from time to time by the Board.

7. The Secretary. 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.

8. The Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all funds of the Association and shall disburse such funds as directed by resolution of the Board; shall co-sign all promissory notes of the Association; shall keep proper books of account; shall cause audits of the Association books to be made from time to time as directed by resolution of the Board; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular meeting, and deliver a copy to each of the Members. The treasurer shall be allowed to delegate the collection, deposit and disbursement of funds by establishing a reasonable method of accounting that shall be periodically reviewed by the Board.

ARTICLE V FISCAL MANAGEMENT

1. Depositories. The funds of the Association shall be deposited in such banks and depositories as may be determined by the Board from time to time, upon resolutions approved by the Board, and shall be withdrawn only upon checks and demands for money signed by an officer or officers of the Association or persons or entities delegated such authority by resolution of the Board.

2. Records and Statements of Account. The Board, under the direction of the treasurer, shall cause detailed and accurate records to be kept, in accordance with generally accepted accounting practice. To the extent required under the Declaration and Arizona law, the records of the Association shall be available for examination by the Members at convenient hours designated by the Board. The Board shall, within ten (10) days after receipt by it of a written request from an Owner, furnish to such requesting Owner a statement of the Owner's account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner. A reasonable

fee may be charged by the Association to the requesting Owner to cover administrative costs for such statement.

3. Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board.

4. Contracts. Unless otherwise provided by the Board, all contracts shall be executed on behalf of the Association by either the president or vice president.

ARTICLE VI CONSTRUCTION

1. Conflicts. In the case of any conflict between these Bylaws and the Articles, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. If any provision of these Bylaws is less restrictive than the Declaration or the Articles when dealing with the same subject, the more restrictive provisions of the Declaration or Articles (as the case may be) shall be applicable in the same manner as if included in the provisions of these Bylaws. Notwithstanding anything to the contrary herein, to the extent that these Bylaws shall be contrary to or inconsistent with provisions, rules and/or regulations of the Federal National Mortgage Association, the Federal Housing Administration and the Veterans Administration, if any may be applicable to the Association, these Bylaws shall be considered superseded by such provisions, rules and/or regulations.

2. Disputes. In the event of any dispute or disagreement between any Owners relating to the property that is the subject of the Declaration, or any questions, or interpretation of the application of the provisions of the Articles, Declaration, or these Bylaws, the determination thereof by the Board shall be final and binding on all Owners. If the Board cannot reach a decision, such matter shall be decided as set forth in the Declaration.

ARTICLE VII AMENDMENT OF THE BYLAWS

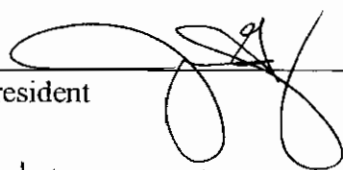
These Bylaws may be amended by the affirmative vote of a majority of the Board. These Bylaws shall not be amended to contain any provisions that would be contrary to or inconsistent with the Declaration or the Articles, and any provisions or purported amendment or modification to these Bylaws that is contrary to or inconsistent with the Declaration or the Articles shall be void to the extent of the inconsistency. The Federal Housing Administration and the Veterans Administration shall have the right to veto any amendments while there is a Class "B" Membership. Whenever the approval of the Federal Housing Administration or the Veterans Administration is required under this Article, such approval shall be deemed given unless a disapproval or statement requesting additional time is issued by such agency to the Association within thirty (30) days following submission to such agency.

ARTICLE VIII
LIABILITY SURVIVES TERMINATION OF MEMBERSHIP

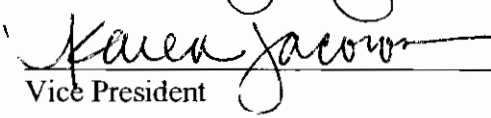
The termination of ownership of a Lot shall not relieve or release any former Owner or Member from any liabilities or obligations incurred under or in any way connected with the Property and/or Association, during the period of ownership and membership, or impair any rights or remedies which the Association may have against the former Owner and/or Member arising out of or in any way connected with ownership and membership, and the duties and obligations incident thereto.

Certificate of Adoption

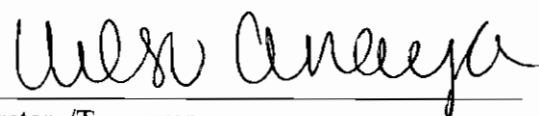
ADOPTED by the Board of Directors of the DESERT PEAK HOMEOWNERS ASSOCIATION,
at Scottsdale, Arizona, this 25 day of August, 2006.



President



Vice President



Secretary/Treasurer