

BYLAWS

T- 1 MANAGEMENT COUNCIL

ARTICLE I

Offices

Section 1. Principal Offices. The principal offices of the corporation shall be at AHWATUKEE, Phoenix, Arizona

ARTICLE II

Membership

Membership in the corporation, except for membership of the incorporators and the first Board of Directors, shall be limited to record owners of equitable title (or of legal title if equitable title has merged) of residential units constructed, or planned to be constructed in the T-1 tract within AHWATUKEE, Phoenix, Arizona.

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

The monthly assessment for each member shall be determined by the Board of Directors. Such assessment shall be due and payable in advance on the first day of each and every month. A member must be current in the payment of the monthly assessments to validate the membership and to entitle the member to all rights and privileges of same.

ARTICLE III

Meetings

Section 1. Annual Meetings. Annual meetings of the members of the corporation shall be held on the second Thursday in February of each year. The directors named in the Articles of Incorporation shall serve as the Board of Directors of this corporation until the developer of AHWATUKEE has constructed and sold 90% of the total number of the residential units to be constructed in the T-1 tract within AHWATUKEE. At the first annual meeting after the developer of AHWATUKEE has constructed and sold 90% of the total number of residential units to be constructed in the T-1 tract within AHWATUKEE, the number of directors elected shall be nine (9). Three (3) directors shall be elected for one (1) year, three (3) directors shall be elected to serve for two (2) years, and three (3) directors shall be elected to serve for three (3) years. Thereafter, directors shall be elected by the members at the annual meeting of the corporation. Three (3) directors shall be elected each year to serve a term of three (3) years and shall serve until their successors are elected and qualified. No member may be re-elected or appointed to the Board who has been elected to a three (3) year term or served an elective or appointive term of two (2) or more years. The members may also transact such other business of the corporation as may properly come before them.

Section 2. Notice of Annual Meetings. The President or Secretary shall give or cause to be given notice of the time, place and date of each annual meeting by mailing or hand delivering such notice at least five (5) days prior to such meeting to each member at the respective addresses of said members as they appear on the records of the corporation.

Section 3. Special Meetings. Special meetings of the members for any purpose or purposes other than those regulated by statute may be called by the President as directed by resolution of the Board of Directors, or upon a petition signed by a majority of the members, and such petition shall state the purpose or purposes of such proposed meeting. No business shall be transacted at a special meeting except as stated in the notice unless by consent of three-fourths (3/4) of the members present, either in person or by proxy.

Section 4. Notice of Special Meeting. The President or Secretary or Assistant Secretary shall give or cause to be given notice of the time, place and purpose of holding each special meetings by mailing or hand delivering such notice at least five (5) days prior to such meeting to each member at the respective addresses of said members as they appear on the records of the corporation.

Section 5. Quorum. The presence, either in person or by proxy, of at least fifty-one percent (51%) of the members of record shall constitute a quorum for all purposes unless the representation of a larger group shall be required by law, by the Articles of Incorporation, or by these Bylaws, and in that event representation of the number so required shall constitute a quorum.

Section 6. Voting Rights. Each member being present in person or by proxy shall be entitled to one vote for each residence unit owned by said member.

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

Section 8. Proxies. A member may appoint only his or her spouse or any joint owner of his residence unit or any other member as a proxy. Any proxy must be filed with the Secretary before the appointed time of each meeting or upon the calling of the meeting to order.

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

ARTICLE IV

Directors

Section 1. Number and Qualification. The business, property and affairs of the corporation shall be managed, controlled and conducted by a Board of Directors consisting of those members as set forth in the Articles of Incorporation and in Article III Section 1 of these Bylaws.

Section 2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the corporation, and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the members. The powers of the Board of Directors shall

include, but not be limited to, all of the rights and duties of the Board of Directors as set forth elsewhere in these Bylaws and the Articles of Incorporation, and in the Covenants, Conditions and Restrictions applicable to the property described in Article II above, and shall also include the power to promulgate such rules and regulations pertaining to such rights and duties as may be deemed proper and which are consistent with the foregoing. The Board of Directors may delegate such duties as appear in the best interests of the corporation and to the extent permitted by law.

Section 3. Election and Term of Office. The Board of Directors named in the Articles of Incorporation shall serve until the developer of AHWATUKEE has constructed and sold 90% of the total number of residential units to be constructed in the T-1 tract within AHWATUKEE. At the first annual meeting after the developer of AHWATUKEE has constructed and sold 90% of the total number of residential units to be constructed in the T-1 tract within AHWATUKEE, the number of directors elected shall be nine (9). Three (3) directors shall be elected for one (1) year, three (3) directors shall be elected to serve for two (2) years and three (3) directors shall be elected to serve for three (3) years. Thereafter, directors shall be elected by the members at the annual election meeting of the members to be held each year on the anniversary date of the first annual meeting. Three (3) directors shall be elected each year to serve for a term of three (3) years and shall serve until their successors are elected and qualified, all as prescribed in these Bylaws. No member may be re-elected or appointed to the Board who has been elected to a three (3) year term, served an elective or appointive term of two (2) or more years.

The Directors shall have the power to adopt Bylaws for the corporation which may cover any subject and may supplement and add to the provisions of the Articles of Incorporation so long as they are not in direct conflict with any other provisions herein contained.

These Bylaws may be amended, modified, revised or revoked by the Directors or by the members. In the event of conflict concerning these Bylaws as amended, modified, revised or revoked by the Directors the action of the members shall prevail.

The Directors shall have the power to fill vacancies occurring in the Board or in any office. The Board may appoint from its own number an executive committee and invest such committee with such powers as may be approved by the Directors.

Section 4. Vacancies. Vacancies on the Board of Directors caused by any reason shall be filled by vote of the majority of the remaining directors even though they may consist of less than a quorum and each person so elected shall serve as a director until

the next annual meeting of the corporation when his successor shall be elected by the members.

Section 5. Removal of Directors. At any regular or special meeting of the members, any one or more of the directors may be removed with or without cause at any time by the affirmative vote of seventy-five percent (75%) of the entire membership of record and a successor may then be elected to fill the vacancy thus created. Any director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting.

Section 6. Compensation. No compensation shall be paid to directors for their services as directors. No remuneration shall be paid to a director for services performed by him for the corporation in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken.

Section 7. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held immediately following the Annual Meeting of the Corporation, and no notice shall be necessary to the newly elected directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 8. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for the meeting.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days notice to each director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least fifty percent (50%) of the directors.

Section 10. Waiver of Notice. Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 11. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business, but if at any meeting of the Board there be less than a quorum present, a majority of those present may adjourn the meeting from time to time.

Section 12. Adjournments. The Board of Directors may adjourn any meeting from day to day or for such other time as may be prudent or necessary in the interests of the corporation, provided that no meeting may be adjourned for a period longer than thirty (30) days.

Section 13. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the corporation handling or responsible for corporation funds shall furnish adequate Fidelity Bonds. The premiums on such bonds shall be paid by the corporation.

ARTICLE V

Officers

Section 1. Designation. The principal officers of the corporation shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint an Assistant Secretary and an Assistant Treasurer and such other officers as in their judgment may be necessary. The same person may hold any two offices except that the President may not at the same time hold the office of Vice President or of Secretary.

Section 2. Election of Officers. The officers of the corporation shall be elected annually by the Board of Directors at the first meeting of each new Board.

Section 3. Removal of Officers. Upon an affirmative vote of two-thirds (2/3) of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 4. President. The President shall be the chief executive officer of the corporation. He shall preside at all meetings of the members and of the Board of Directors. He shall have all of the general powers and duties which are normally vested in the office of the President of a corporation, including but not limited to the power to appoint committees from among the members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the corporation.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the corporation; he shall have the custody of the seal of the corporation; he shall have charge of the membership books and such other books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall have the responsibility for corporation funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the corporation. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the corporation in such depositories as may from time to time be designated by the Board of Directors.

Section 8. Compensation. No compensation shall be paid to officers for their services as officers. No remuneration shall be paid to an officer for services performed by him for the corporation in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken.

ARTICLE VI

Powers, Rights and Duties of the Corporation and Members Thereof

The corporation and its members shall have all the powers, rights, duties and obligations set forth in the Articles of Incorporation for the corporation, these Bylaws, rules and regulations pursuant thereto, and recorded Covenants, Conditions and Restrictions on the property, and as any of the same may be duly adopted or amended. No transfers of membership in the corporation shall be made except as provided herein and no such transfer shall be made upon the books of the corporation within ten (10) days next preceding the annual meeting of the members.

The members and Board of Directors, or each of them, shall have the express authorization, right and power to enter into one or more management agreements with third parties in order to manage and maintain the common elements and promote efficiency and cooperation for the full enjoyment thereof by any of the grantees of the units within the T-1 tract, including the real property described in Article II herein, and to accomplish the duties and purposes set forth in the Articles of Incorporation for the corporation and the Covenants, Conditions and Restrictions on the property. The terms of said management agreements shall be as determined by the Board of Directors to be in the best interests of the corporation, and shall be subject to the Articles of Incorporation, these Bylaws and the Declaration of Covenants, Conditions and Restrictions affecting said property.

ARTICLE VII

Corporate Seal

The Board of Directors shall provide a suitable corporate seal containing the name of the corporation, which seal shall be in the custody and control of the Secretary.

The corporate seal shall be in circular form, shall have inscribed thereon the name of the corporation, the year it was organized and the word "Arizona". If and when so directed by the Board of Directors, a duplicate seal may be kept and used by such officer or other person as the Board of Directors shall name.

ARTICLE VIII

Miscellaneous

Section 1. Books and Accounts. Books and accounts of the corporation shall be kept under the direction of the Treasurer and in accordance with the reasonable standards of accounting procedure and prudence.

Section 2. Auditing. At the closing of each fiscal year, the books and records of the corporation shall be audited by a Certified Public Accountant, whose report will be prepared and certified. Based on such reports the corporation will have available for inspection by its members a statement of the income and disbursements of the corporation for each fiscal year.

Section 3. Inspection of Books. Financial reports, such as are required to be furnished, and the membership records of the corporation shall be available at the principal offices of the corporation

for inspection at reasonable times by any members, or interested parties such as any first mortgagee.

Section 4. Execution of Corporation Documents. With the prior authorization of the Board of Directors, all notes, checks and contracts or other obligations shall be executed on behalf of the corporation by any two officers of the corporation.

Section 5. Fiscal Year. The fiscal year of the corporation shall be determined by the Board of Directors and shall be subject to change by the Board of Directors should corporation practice subsequently necessitate such change.

ARTICLE IX

Amendments of the Bylaws

Section 1. Amendment by the Members. These Bylaws may be amended by the affirmative vote of a majority of the members present or represented by proxy at any regular or special meeting, provided, that a quorum as prescribed in Article III, Section 5 herein, is present at any such meeting. Amendments may be proposed by the Board of Directors or by a petition signed by at least fifty-one percent (51%) of the members. A statement of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment shall be voted upon. These bylaws may not be amended insofar as such amendment would be inconsistent with the recorded restrictions on the property.

Section 2. Amendment by the Directors. The Directors of the corporation by the affirmative vote of all of the Directors of the corporation, may amend or alter the Bylaws of the corporation at any regular meeting or at any special meeting provided that no such alteration or amendment by the Board of Directors shall increase the powers of the Board of Directors. The statement of any proposed amendment shall accompany notice of any regular or special meeting at which such proposed amendment shall be voted upon. These Bylaws may not be amended insofar as such amendment would be inconsistent with the recorded restrictions on the property.

I, the undersigned, being the Secretary of T-1 MANAGEMENT COUNCIL, do hereby certify the foregoing to be the Bylaws of said corporation, as adopted at a meeting of the Board of Directors held on the _____ day of _____, 1974.

Secretary