

**BYLAWS
OF
VINEYARD HILLS ESTATES HOMEOWNERS ASSOCIATION**

ARTICLE I

NAME AND LOCATION

The name of the corporation is VINEYARD HILLS ESTATES HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association." The principal office of the corporation shall be located at 1630 South Stapley Drive, Suite 223, Mesa, Arizona 85204, but meetings of members and directors may be held at such places within the State of Arizona, County of Maricopa, as may be designated by the Board of Directors.

**ARTICLE II
DEFINITIONS**

Section 1. "Association" shall mean and refer to the Vineyard Hills Estates Homeowners Association, its successors and assigns.

Section 2. "Property" shall mean and refer to that certain real property described on Exhibit "A" to the Declaration.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners as defined in the Declaration.

Section 4. "Lot" shall mean and refer to any plot of land shown upon and recorded subdivision plat of all or part of the Property with the exception of the Common Area.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is part of the Property, including contact sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to the party which is named as the Declarant in the Declaration, or any person or entity to whom any part or all of the Declarant's rights are assigned, as provided in the Declaration.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, Restrictions, and Easements applicable to the Property recorded in the Office of the County Recorder of Maricopa County, Arizona.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 o'clock, P.M or at such other reasonable date and time as shall be designated from time to time by the Board of Directors and stated in the Notice of Meeting. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

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

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before the meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of the members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such a quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented. In addition, if a quorum does not exist at any meeting, another meeting may be called for such purpose, subject to the notice requirement of Section 3 above, and the required quorum at the subsequent meeting shall be one-half of the quorum required to initially scheduled meeting. The meeting may be repeatedly rescheduled in this way, with notice, and the required quorum shall continue to decrease by one-half at each meeting until a quorum is present or represented by proxy at a meeting. Each subsequent meeting shall be held within sixty days following the preceding meeting.

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

ARTICLE IV BOARD OF DIRECTORS, SELECTION, TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of not more than seven (7) nor less than three (3) directors, who need not be members of the Association.

Section 2. Term of Office. Each director shall be elected for a term of one (1) year.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his or her successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he or she may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

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

ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for the election of the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nomination Committee shall make as many nominations for the election of the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI MEETINGS OF DIRECTORS

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

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days' notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors

present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

**ARTICLE VII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

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

- (a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing for a period not to exceed 60 days for infraction of published rules and regulations, provided, however, that such rights of a member may be suspended for successive periods thereafter of 60 days each if the infractions in question are not corrected within a given preceding 60 day period;
- (c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;
- (d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- (e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

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

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;
- (b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) as more fully provided in the Declaration , to:
 - (1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;
 - (2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessment are paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

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

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

(g) cause the Common Area to be maintained.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president and vice president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members. Until such time, the initial officers shall be:

Todd Tucker
Scott Hironaka

President/Treasurer
Vice President/Secretary

Section 3. Term. The officers of this Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board of Directors 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 of Directors may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer so replaced.

Section 7. Multiple Offices. The offices of secretary, treasurer and/or vice-president may be held by the same person. Except as provided in the preceding sentence, no person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

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

President

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

Vice-President

(b) The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall sign all leases, mortgages, deeds, as may be required of him by the Board.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

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

ARTICLE IX
COMMITTEES

The Board of Directors shall appoint committees as deemed appropriate in carrying out its purpose.

ARTICLE X
BOOKS AND RECORDS

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

ARTICLE XI
ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessments are made. Any assessments which are not paid when due shall be delinquent. No Owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XII
AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIII
FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year.

IN WITNESS WHEREOF, the undersigned, being the sole Incorporator of the Vineyard Hills Estates Homeowners Association, hereby adopt the foregoing Bylaws in this 16th day of October, 2002, as authorized by the Articles of Incorporation of the Association.

PHOENIX FORTY PROPERTY, LLC, an Arizona
limited liability company

By: Todd Tucker
Name: Todd Tucker
Title: Authorized Agent

FILED

OCT 25 2002

PPR. M. Staley - Castelo
 TERM _____
 DATE: 10-25-02

**ARTICLES OF INCORPORATION
 OF
 VINEYARD HILLS ESTATES HOMEOWNERS ASSOCIATION**

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In compliance with the requirements of the laws of the State of Arizona, the undersigned have this day voluntarily associated themselves together for the purpose of forming a nonprofit corporation and do hereby adopt these Articles of Incorporation.

ARTICLE I

NAME

The name of the corporation is Vineyard Hills Estates Homeowners Association, hereafter called the "Association."

ARTICLE II

PRINCIPAL OFFICE

The principal office of the Association is located at 1630 South Stapley Drive, Suite 223, Mesa, Arizona 85204.

ARTICLE III

STATUTORY AGENT

The statutory agent of the Association is Vineyard Hills Holdings, LLC, whose address is 1630 South Stapley Drive, Suite 223, Mesa, Arizona 85204.

ARTICLE IV

PURPOSE AND POWERS OF THE ASSOCIATION

The Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of the residential lots and common area within the subdivision of real property located in Maricopa County, Arizona, and described as Vineyard Hills Estates (the "property"), and to promote the health, safety, and welfare of the residence within the above described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for this purpose to:

(a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions, Restrictions, Reservations, and Easements (the "Declaration"), applicable to the property and

recorded or to be recorded by the declarant thereof (the "Declarant") in the Office of the County Recorder of Maricopa County, Arizona, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

(b) fix, levy, collect and enforce payments by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(c) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain convey, sell, lease, transfer, dedicate for public use or otherwise dispose of its real or personal property in connection with the affairs of the Association;

(d) borrow money, and with the assent of two-thirds (2/3) of each class of members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) dedicate, sell or transfer all or any part of the common area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by two-thirds (2/3) of the members of each class who are eligible to vote;

(f) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and common area, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of the members of each class who are eligible to vote;

(g) have and to exercise any and all powers, rights privileges which a corporation organized under the Nonprofit Corporation Law of the State of Arizona by law may now or hereafter have or exercise.

ARTICLE V

MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any lot which is subject by covenants of record to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the Association. No stock shall be issued by the Association.

ARTICLE VI

VOTING RIGHTS

The Association shall have two classes of voting membership:

(1) Class A. Class A membership shall be all membership, except the Class B membership held by the Declarant, and each owner shall be entitled to one (1) vote for each Class A membership held by the owner, subject to the authority of the Board of Directors to suspend the voting rights of the owner for the violation of the Declaration in accordance with the provisions thereof;

(2) Class B. Until converted to Class A membership as provided below, each membership owned by Declarant shall be a Class B membership. At the time of any vote by the members of the Association, Declarant shall be entitled to three (3) votes for each Class B membership held by the Declarant. The Class B membership shall be terminated on the first to occur of the following:

(A) The date which is ninety (90) days after the date when the total votes outstanding in the Class A memberships entitled to vote equal the total votes outstanding in the Class B memberships;

(B) The 31st day of December, 2008; or

(C) The date Declarant notifies the Board of Directors in writing that the Declarant is terminating its Class B memberships and converting such memberships to Class A memberships.

ARTICLE VII

BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of Directors of not more than seven (7) nor less than three (3) directors, who need not be members of the Association. The number of directors serving from time to time shall be as determined by the Board of Directors or by the members from time to time. The names and addresses of three persons who are to act in the capacity of directors until the election of their successors are:

<u>Name</u>	<u>Addresses</u>
Todd D. Tucker	1630 South Stapley Drive, Suite 223 Mesa, Arizona 85204
Scott Hironaka	1630 South Stapley Drive, Suite 223 Mesa, Arizona 85204

David Johnson

1630 South Stapley Drive, Suite 223
Mesa, Arizona 85204

ARTICLE VIII

OFFICERS

The affairs of the Corporation shall be administered by officers elected by the Board of Directors at its first meeting, and each successive meeting of the Board of Directors following the annual meeting of the members of the Association, or at other meetings called for such purpose, which officers shall serve at the pleasure of the Board of Directors. The officers shall consist of a President, Vice President, both of whom shall be members of the Board of Directors, and a Secretary and Treasurer. The initial officers of the Corporation shall be:

Todd D. Tucker
Scott HironakaPresident/Treasurer
Vice President/Secretary

who shall serve until their successors are appointed and qualified.

ARTICLE IX

DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of the members of each class who are eligible to vote. Upon the dissolution of this Association, whether resulting from voluntary action on the part of the Board of Directors, court orders, lapse of time, or otherwise, no part of the remaining assets of the Association, after the discharge of all corporate liabilities, shall inure to private profit, benefit or advantage dedicated by the directors in cash or in kind absolutely and without possibility of reversion, as absolute gifts without return consideration, direct or indirect, in such amounts and proportions as the director shall determine, to a public agency or utility or to a non-profit organization to be devoted to purposes similar to those of the Association. The determination of the directors with respect to all such distribution shall be final.

ARTICLE X

DURATION

The corporation shall exist perpetually.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Arizona, the undersigned, constituting the incorporator of this Association, has executed these Articles of Incorporation this 16th day of October, 2002.

PHOENIX FORTY PROPERTY, LLC, an Arizona limited liability company

By: Todd Tucker
Name: Todd Tucker
Title: Authorized Agent

CONSENT TO ACT AS STATUTORY AGENT

The undersigned, having been designated to act as Statutory Agent for VINEYARD HILLS ESTATATES HOMEOWNERS ASSOCIATION, hereby consents to act in that capacity until removal or resignation is submitted in accordance with applicable law.

VINEYARD HILLS HOLDINGS, LLC, an Arizona limited liability company

By: Cornerstone Homes and Development, Inc., its Manager

By: Todd Tucker
Todd Tucker, President