

BYLAWS
OF
STONECREEK HOMEOWNERS ASSOCIATION

ARTICLE I
NAME AND LOCATION

The name of the corporation is STONECREEK HOMEOWNERS ASSOCIATION hereinafter referred to as the "Association." The principal office of the corporation shall be located at Tempe, Arizona, but meetings of Members and Directors may be held at such places within the State of Arizona, County of Maricopa, as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to the STONECREEK HOMEOWNERS ASSOCIATION, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

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

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties 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 a part of the properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Developer" shall mean and refer to GENERAL HOMES - ARIZONA, INC. a Delaware corporation, or any successor to all or substantially all of the interest of said corporation in the Properties.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions, applicable to the properties recorded in the books and records of the County of Maricopa, Arizona, in Book 300 of Maps, Page 41.

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

Section 9. "Declarant" shall mean and refer to GENERAL HOMES - ARIZONA, INC., including its successors and assigns if such successors and assigns should acquire more than one undeveloped Lot from the Declarant for purpose of Development.

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 meetings of the Members shall be held during the same month of each year thereafter at a date and time to be set by the President. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

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

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least thirty (30) days before such meeting to each Member entitled to vote, addressed to the Member's address last appearing on the books of the Association, or supplied by each 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 of the meeting of Members entitled to cast, or of proxies entitled to cast, one tenth (1/10) of the votes of each class of membership shall constitute a quorum for any section except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

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

ARTICLE IV
BOARD OF DIRECTORS - SELECTION - TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of not less than three (3) nor more than nine (9) Directors, who need not be Members of the Association. The initial Board to be elected at the first annual meeting shall consist of three (3) Members for the terms as specified in Section 2 below. The number of Board Members may be adjusted to a minimum of three (3) up to a maximum of nine (9) by a majority vote of Members eligible to vote at a meeting of Members called for this purpose or at any annual or special meeting of Members provided that the intent of such a vote is contained in the notice for such meetings.

Section 2. Term of Office. At the first annual meeting, 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 (1) year. At each annual meeting thereafter, the Members shall elect Directors to replace those whose terms expire on the date of the annual meeting, each for a term of three (3) years. After the third annual meeting, all terms of office shall be for three (3) years. For the purpose of determining the term of office, a year is interpreted to be a period of time beginning immediately at the adjournment of a regular annual meeting of the Association through until the completion of the next annual meeting even though the day of the month and/or the time of the day of the annual meetings may not be the same.

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 the death, resignation or removal of a Director, his successor shall be selected by the remaining Members of the Board and shall serve the unexpired term of his predecessor.

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

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

ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by 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 (2) 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 Nominating Committee shall make as many nominations for election to 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 each 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 shall 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 (2) 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 heard 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 the 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 rights to the 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 sixty (60) days for infraction of published rules and regulations;
- (c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these 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;
- (e) Employ a manager, an independent contractor or such other employees as they deem necessary and to prescribe their duties; and
- (f) Exercise such other rights and powers granted to it under the Declaration, the Articles of Incorporation, or these Bylaws.

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 at least ten (10) days prior to the annual meeting or special meeting;

(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;

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

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

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

(g) Cause the Common Area to be maintained.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. 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.

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

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. Authority to Sign Checks. The Board, from time to time, may authorize any person or persons, who need not be officers or directors of the Association, to sign checks of the Association. Such agents may be authorized to sign singly or jointly, as the Board in its discretion may decide. The Board may at any time rescind and revoke such authority granted to any person.

Section 6. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 8. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 9. 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. The President may authorize an operating fund as required to expedite the daily business activity and may delegate an employee or management agent to utilize such funds without the requirement for co-signing of checks for such a fund providing that all employees or management agents who have access to such funds are bonded or insured with a fidelity policy for an amount equal to or higher than the maximum amount allowed by the President to be deposited in such a fund.

VICE PRESIDENT

(b) The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

SECRETARY

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

TREASURER

(d) The Treasurer is responsible for the receipt and deposit in appropriate bank accounts all monies of the Association and shall cause such funds to be disbursed as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association, except checks drawn on an operating fund established by the President as described in Section 8 (a) above; keep proper books

of account; cause an annual audit of the Association books to be made by 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 Association shall appoint an Architectural Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other 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 time, 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 assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waiver or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

ARTICLE XII CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: STONECREEK HOMEOWNERS ASSOCIATION, INC.

ARTICLE XIII 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, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is a Class B membership.

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 XIV
MISCELLANEOUS

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

ARTICLE XV
ARCHITECTURAL CONTROL COMMITTEE

These Bylaws recognize the establishment by the Association of an Architectural Control Committee. The term of each Architectural Committee member appointed shall be for a period of one year or until the appointment of that member's successor. Any new member appointed to replace a member who has resigned or been removed shall serve such member's unexpired term. The Architectural Control Committee shall be composed of Doug Barnes, Randall P. Birdwell and R. Barry Tull whose official address is 1400 E. Southern, Suite 600, Tempe, Arizona 85282, until General Homes - Arizona, Inc. is no longer a title holder of any lots in the subdivision described herein, provided, however the General Homes - Arizona, Inc. shall have the right at any time during such period to remove any member of such Committee and to appoint a successor to said Committee, which appointment shall be evidenced by a recorded certificate. At such time as General Homes - Arizona, Inc. is no longer a title holder to any of such lots, General Homes - Arizona, Inc. shall make a reasonable effort to find three (3) of the then lot owners who are willing to be members of the Architectural Control Committee and shall appoint and designate these three (3) lot owners to be members of the Architectural Control Committee as soon as they have accepted the appointment and designation, and General Homes - Arizona, Inc. shall cause at that time a statement to be recorded in the records of Maricopa County, Arizona, setting forth the names and official address or addresses of the Architectural Control Committee thus appointed; provided, however, that any lot owner of the then lot owners shall have the right and power by a written majority vote of the then lot owners, to appoint and designate new members, for the Architectural Control Committee not to exceed three (3) in number, to replace any or all of the committee members at any time after General Homes - Arizona, Inc. is no longer a lot owner, and a statement setting forth the names and official address or addresses of the Architectural Control Committee thus appointed by the vote of the then lot owners shall be recorded in the records of Maricopa County, Arizona. Failure to record statements concerning new appointments to the Architectural Control Committee as provided in this Article shall not vitiate or otherwise impair the effectiveness of such appointments.

IN WITNESS WHEREOF, we, being all the Directors of the STONECREEK HOMEOWNERS ASSOCIATION, have hereunto set our hands this _____ day of _____, 1987.

R. Barry Tull

R. Barry Tull

Alan Marks

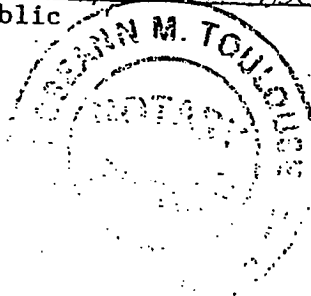
Patricia L. Sneed

Patricia L. Sneed

STATE OF ARIZONA)
) ss:
COUNTY OF MARICOPA)

The foregoing Bylaws of STONECREEK HOMEOWNERS ASSOCIATION were
acknowledged before me this 23rd day of January, 1987
R. Barry Tull.

Roseann M. Toulouze
Notary Public



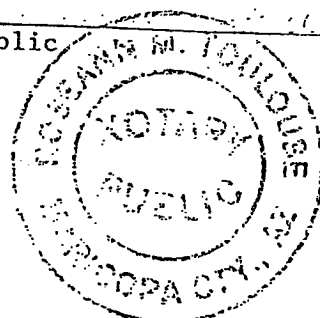
My Commission Expires:

7-9-88

STATE OF ARIZONA)
) ss:
COUNTY OF MARICOPA)

The foregoing Bylaws of STONECREEK HOMEOWNERS ASSOCIATION were
acknowledged before me this _____ day of _____, 1987
Alan Marks.

Notary Public



My Commission Expires:

STATE OF ARIZONA)
) ss:
COUNTY OF MARICOPA)

The foregoing Bylaws of STONECREEK HOMEOWNERS ASSOCIATION were
acknowledged before me this _____ day of _____, 1987
Patricia L. Sneed.

Notary Public



My Commission Expires:
