

STONEGATE COMMUNITY ASSOCIATION, INC.
AMENDED AND RESTATED BYLAWS
ADOPTED - MARCH 27, 2001

ARTICLE 1
GENERAL PROVISIONS

1.1. Principal Office. The principal office of this corporation shall be located at the place as is designated in the Articles of Incorporation or such other place as the Association may designate from time to time in accordance with the Arizona statutes governing nonprofit corporations, but meetings of members and directors may be held at such other place within the State of Arizona as may be designated by the Board of Directors.

1.2. Defined Terms. Capitalized terms used in these Bylaws without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions and Restrictions for Stonegate recorded with the County Recorder of Maricopa County, Arizona as Instrument No. 89-150855.

1.3. Conflicting Provisions. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

1.4. Corporate Seal. The Association may, but is not required to, have a seal in a form approved by the Board.

1.5. Designation of Fiscal Year. The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year, except that the first fiscal year began on May 12, 1988, the date of incorporation of the Association.

1.6. Books and Records. The books, records and papers of the Association required by Arizona law to be open to inspection by the Members shall be available for inspection by any Member during reasonable business hours. The Project Documents shall be available for inspection by any Member during reasonable business hours at the principal office of the Association, where copies may be purchased at reasonable cost.

1.7. Amendment.

1.7.1. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of the members having more than fifty percent (50%) of the votes entitled to be cast by the Members present in person or by proxy.

1.7.2. The Board, without a vote of the Members and without the consent of any First Mortgagee, Eligible Mortgage or First Guarantor, may amend these Bylaws in order to conform these Bylaws to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing

Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project, the Plat, or the Project Documents is required by law.

1.8. Indemnification. To the extent it has the power to do so under the Arizona Nonprofit Corporation Act, A.R.S. 10-1001, et seq., the Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Association, by reason of the fact that he or she is or was a director, officer, member of a committee, employee or agent of the Association or is or was serving at the request of the Association as a member, director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise affiliated with the Association, against expenses, including attorneys' fees, and against judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted, or failed to act, in the course and scope of his or her duties or responsibilities to the Association, and was acting in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interest of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Indemnification of any such person shall be made in accordance with the procedures set forth in the Arizona Nonprofit Corporation Act.

END OF ARTICLE 1

ARTICLE 2

MEETINGS OF MEMBERS

2.1. Annual Meeting. An annual meeting of the Members shall be held at least once every twelve (12) months, in the month of March or as otherwise determined by the Board.

2.2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board or upon written request signed by Members having at least one-fourth (1/4) of the total authorized votes in the Association.

2.3. 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 each notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote at the meeting, 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. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place of the meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Association may transact any business, which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each member entitled to vote at the meeting. By attending a meeting, a Member waives any right he or she may have had to object to the meeting on the basis that the proper notice of the meeting was not given in accordance with these Bylaws or the statutes of the State of Arizona.

2.4. Quorum. Except as otherwise provided in the Articles, the Declaration or these Bylaws, the presence in person or by proxy of Members entitled to cast one-tenth (1/10) of the total authorized votes in the Association shall constitute a quorum at all meetings of the Members. If a quorum shall not be present at any meeting, the Members entitled to vote shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

2.5. Proxies. At all meetings of the Members a vote may be cast in person or by mail if an issue is presented to the membership by mail. A proxy may be granted by any Member in favor of the Secretary of the Association or the Secretary's designee for quorum purposes only. A proxy shall be duly executed in writing and it shall be valid only for the particular meeting designated in the proxy. All proxies must be filed with the Secretary prior to the commencement of the meeting for which the proxy is given. The proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of a notice of revocation signed by the Member who granted the proxy. No proxy shall be valid after twenty-five (25) months from the date of its execution.

2.6. Record Date. For any meeting of the Members, the Board of Directors may fix in advance a date, not more than sixty (60) days nor less than twenty-one (21) days before the date of the meeting, as the record date for the determination of the Members entitled to notice of, and to vote at, such meeting. The Members entitled to vote at any meeting of the Members will be determined as of the applicable record date as established by the Board of Directors, or if no record date is fixed for the meeting by the Board of Directors, as of the time the meeting is convened.

2.7 Member Ballot Issues. The Board may place any issue before the Membership for a vote at any annual or special meeting of the Members. In the event a Member wishes to place an issue before the Membership for a vote, the Member shall file a written request with the Nomination and Election Committee within the time limit established by it. Such committee's decision pertaining to such issue shall be final; provided, however, that if it fails to approve such issue for placement on the ballot, it shall so advise the Member making the request and furnish such Member with a form of petition which shall include the purpose of the petition, a general description of the issue item, the exact language the Member sought to be placed on the ballot, the reason for the committee's denial, and space for signatures, addresses and dates. In the event signatures of one hundred twenty-five (125) Lot Owners are obtained and such petition is filed with the Nomination and Election Committee within fifteen (15) days of receiving the petition form from such committee, the issue shall be included on the ballot. The Nomination and Election Committee shall notify the Board in writing of all issue items approved by it or by petition and the Board and/or any directors may, on the ballot, in reasonable length, express it and/or their opinion(s) as to such items. The language of all issue items to be voted upon by the Members at any meeting, and any comments relating thereto by the Board and/or any directors, shall be furnished to the Membership with the notice of the meeting.

END OF ARTICLE 2

ARTICLE 3

BOARD OF DIRECTORS

3.1. Number. A board of seven (7) directors shall initially manage the affairs of this Association. The Board may increase or decrease the number of directors on the Board, from time to time, but the number of directors must always be an odd number and shall not be less than three (3), nor more than seven (7). Directors appointed or elected must be Members of the Association and must have maintained his or her principal place of residence in Stonegate for at least one (1) year immediately prior to the date of his or her election.

3.2 Election and Term of Office.

3.2.1 The directors of the Association shall be elected at the annual meeting of the Members. Commencing with the election of directors at the annual meeting of the Members in 1996, directors were divided into two (2) classes with staggered terms of office. Four (4) directors were elected for a term of two (2) years, and three (3) directors were elected for a term of one (1) year. The directors elected by the Members in the election of directors at the annual meeting of the Members in 1996 were assigned to one of the two classes of directors based upon the number of votes being assigned to the class with the longest term. In each election of directors after 1996, directors shall be elected for a term of two (2) years, except as otherwise provided in these Bylaws. No person may serve more than two (2) consecutive elected two (2) year terms on the Board of Directors. Cumulative voting for directors shall not be permitted.

3.2.2. The Board of Directors shall appoint seven (7) members to a Nomination and Election Committee which, acting pursuant to rules and regulations adopted by the Board of Directors, shall nominate a slate of candidates for the director positions which will expire at the next annual meeting, which slate, at the discretion of such committee, need not conform to the exact number of such positions. Such committee shall also perform such other duties as the Board of Directors may from time to time direct. At least three (3) members shall be appointed within sixty (60) days following each annual meeting and the remaining members shall be appointed not less than one hundred twenty (120) days prior to the next succeeding annual meeting.

3.2.3 All Members of the Nomination and Election Committee must have maintained their principal places of residence in Stonegate for at least one year immediately prior to their appointment. A director may not be a member even though his or her term may expire at the end of the next annual meeting. Members shall be appointed for terms which will expire at the end of the next annual meeting or until their successors are duly appointed. No member shall serve more than two (2) successive terms. Meetings of the Nomination and Election Committee shall be closed and no non-committee member may attend without invitation.

- 3.2.4 No member of the Nomination and Election Committee, his or her spouse, or any person residing in such member's Stonegate residence may be a candidate for election to the Board of Directors.
- 3.2.5 Any person who wants to be a candidate for election to the Board of Directors must submit an application to the Nomination and Election Committee prior to the deadline date to be established by it, and acknowledge in writing that he or she is aware of the election rules and regulations, and including the fact that violations thereof can result in the sanctions and/or removal from the ballot, and agrees to comply with, and be bound by, them. At least ninety (90) days prior to the annual meeting, the Nomination and Election Committee shall notify the Board of Directors of the candidates nominated by the Nomination and Election Committee.
- 3.2.6 Within fifteen (15) days after receipt of the slate of nominees from the Nomination and Election Committee, the Board of Directors shall cause each Member of the Association to be notified of the candidates comprising such slate, and shall cause each person who submitted an application to the Nomination and Election Committee and abided by its rules and regulations but was not slated to be advised that he or she can be nominated by a written petition signed by Members representing at least seventy-five (75) votes in the Association, such petition to be received by the Association not less than forty-five (45) days prior to the next annual meeting. Persons failing to submit an application to such committee or who otherwise fails to abide by its rules and regulations cannot be nominated by petition. In order for a Member to have his or her name placed on the ballot for election as a director, such Member must either be nominated and slated by the Nomination and Election Committee or nominated by petition as aforesaid. The ballot may distinguish between candidates nominated and slated by the Nomination and Election Committee and those nominated by petition.
- 3.3. **Removal.** At any annual or special meeting of the Members duly called, any one or more of the members of the Board may be removed from the Board with or without cause by Members having more than fifty percent (50%) of the votes entitled to be cast by the Members present in person or by proxy at the meeting, and a successor may then and there be elected to fill the vacancy thereby created.
- 3.4. **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 or her actual expenses incurred in the performance of his or her duties.
- 3.5. **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 consent of all directors. Any such written consent shall be filed with the minutes of the proceedings of the Board.

3.6 Vacancies

- 3.6.1. Except as otherwise provided in Section 3.6.2 below, the Members shall fill any vacancy occurring on the Board. For each vacancy, which is to be filled by the Members, the Board shall call a special meeting of the Members for the purpose of filling the vacancy, unless the vacancy was created by the removal of a director and the vacancy was filled by the Members at the meeting at which the director was removed. The special meeting shall be held within one hundred twenty (120) days following the occurrence of the vacancy. Within ten (10) days after the occurrence of the vacancy, the Nomination and Election Committee shall send a notice to all Members soliciting candidates to fill the vacancy. Within forty-five (45) days after the occurrence of the vacancy, the Nomination and Election Committee shall nominate candidates for the vacancy or vacancies to be filled. The term of a director elected by the Members to fill a vacancy expires at the end of the un-expired term that director is filling. In any election held to fill a vacancy, the candidates receiving the greatest number of votes up to the number of positions to be filled shall be elected.
- 3.6.2 If a vacancy on the Board occurs more than four (4) months after the last annual meeting of the Members, then the vacancy shall be filled by the remaining directors, although less than a quorum, and any director so chosen shall serve until the next election of directors. If at any time within four (4) months after the last annual meeting of the Members the number of vacancies on the Board results in the remaining directors not constituting a quorum, the vacancies may be filled by the remaining directors, but the directors so chosen shall serve only until the special meeting of the Members called pursuant to Section 3.6.1. to fill the vacancies.

3.7. Meetings.

- 3.7.1. Meetings of the Board, regular or special, shall be held at least annually and may be held by means of conference telephone or other similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation at such meeting shall constitute presence in person at the meeting.
- 3.7.2. 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.
- 3.7.3. Special meetings of the Board may be called by the President on three (3) business days notice to each director, given in writing, by hand delivery, mail, fax, or electronic mail, provided all directors have the appropriate equipment to receive such notice, which notice shall state the time, place, and purpose of the meeting. Special meetings of the Board shall be called by the president or secretary in like manner and on like notice on the written request of at least two (2) directors.

3.7.4. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except when a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

3.8. **Quorum.** 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 or decision of the Board.

3.9. **Powers and Duties.** The Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things, which are not by the Project Documents required to be exercised or done by the Members. In addition to the duties imposed by these Bylaws or by any resolution of the Members that may hereafter be adopted, the Board shall have the following powers and duties:

3.9.1. Open bank accounts on behalf of the Association and designate the signatories thereon;

3.9.2. Make, or contract for the making, of repairs to, additions to, improvements to, or other alterations of the Common Area, in accordance with the Project Documents, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

3.9.3. In the exercise of its discretion enforce by legal means the provisions of the Project Documents;

3.9.4 Provide for the operation, care, upkeep and maintenance of all the Common Area and borrow money on behalf of the Association when required in connection with the operation, upkeep and maintenance for the Common Area; provided, however, the consent of Members having at least two-thirds (2/3) of the total votes in the Association shall be obtained either in writing or at a meeting called and held for such purpose in accordance with the provisions of these Bylaws in order for the Association to borrow in excess of \$5,000 in any one instance;

3.9.5 Prepare and adopt an annual budget for the Association prior to the commencement of each fiscal year;

3.9.6 Adopt and publish rules and regulations governing the use of the Common Area and facilities and the personal conduct of the Members and their family members, guests, lessees and invitees thereon, and establish penalties for the infraction thereof;

3.9.7 Suspend the voting rights and the right to use of the Common Area of a Member during any period in which such Member shall be in default in the payment of any Assessment or other amounts due under the terms of the Project Documents for a period of fifteen (15) days and for a period not to exceed sixty (60) days for any other infraction of the Project Documents;

- 3.9.8 Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of the Project Documents;
- 3.9.9 Declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board.
- 3.9.10 Employ, hire and dismiss such employees as it deems necessary and to prescribe their duties and their compensation;
- 3.9.11 Cause to be kept a complete record of all its acts and corporate affairs and present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when any Member requests such statement in writing entitled to vote;
- 3.9.12 Supervise all officers, agents and employees of the Association and see that their duties are properly performed;
- 3.9.13 Levy, collect and enforce the payment of assessments in accordance with the provisions of the Declaration;
- 3.9.14 Issue, or cause an appropriate officer to issue upon demand to any person, a certificate setting forth whether or not any Assessment has been paid. The Board may make a reasonable charge for the issuance of these certificates. If a certificate states an Assessment has been paid, such certificate shall be conclusive evidence of such payment;
- 3.9.15 Procure and maintain adequate property, liability and other insurance as required by the Declaration.
- 3.9.16 Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and as prudent business practices would dictate.
- 3.9.17 Cause the Common Area to be maintained, as more fully set forth in the Declaration.

3.10 Capital Expenditures. The consent of Members having at least a majority of the total votes in the Association shall be obtained either in writing, or at a meeting called and held for such purpose in accordance with the provisions of these Bylaws in order for the Association to undertake any capital project of any duration, which shall be defined as any project or item with a useful life of more than one (1) year, reasonably estimated to cost in excess of one hundred thousand dollars (\$100,000.00), unless the project, or item, is provided for and paid by reserve funds. The Association shall, prior to requesting such consent, inform the Membership of the details relating to the proposed capital project, including the estimated financial impact it would have on the Operating and Reserve budgets.

3.10.1 Notwithstanding the foregoing, the Board may, by a vote of seventy five percent (75%) of the entire Board, expend a sum in excess of one hundred thousand dollars (\$100,000.00) without the consent of the Membership for health, emergency, and safety reasons.

3.11 Managing Agent. The Board may employ for the Association and the Project a "Managing Agent" at a compensation established by the Board. The Managing Agent shall perform such duties and services as the Board shall authorize, including, but not limited to, all of the duties listed in the Project Documents, except for such duties and services that under the Project Documents may not be delegated to the Managing Agent. The Board may delegate to the Managing Agent all of the powers granted to the Board or the officers of the Association by the Project Documents other than the power (i) to adopt the annual budget, any amendment thereto, or to levy Assessments; (ii) to adopt, repeal or amend Association Rules; (iii) to designate signatories on Association bank accounts; or (iv) to borrow money on behalf of the Association.

END OF ARTICLE 3

ARTICLE 4

OFFICERS AND THEIR DUTIES

4.0. Conflict. In the event of any conflict or inconsistencies between these Amended and Restated Bylaws and the original Bylaws or any amendment thereto, these Amended and Restated Bylaws shall control.

4.1. Enumeration of Officers. The principal officers of the Association shall be the president, the vice-president, the secretary, and the treasurer, all of whom shall be elected by the Board. All officers must be members of the Board.

4.2. Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

4.3. Term. The Board shall elect the officers of the Association annually and each shall hold office for one (1) year or until the appointment of a successor, unless he or she shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

4.4. 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.

4.5. 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. 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.

4.6. 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 he or she replaces.

4.7. Multiple Offices. Any two or more offices may be held simultaneously by the same person except the offices of President and Secretary.

4.8. Powers and Duties. To the extent such powers and duties are not assigned or delegated to in a manner pursuant to Section 3.9 of these Bylaws, the powers and duties of the officers shall be as follows:

4.8.1. President - The president shall be the Chief Executive Officer of the Association; shall preside at all meetings of the Board or the Members; shall see that orders and resolutions of the Board are carried into effect; and have general and active management of the business of the Association;

- 4.8.2. Vice-President - The vice-president shall act in the place and stead of the president in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board.
- 4.8.3. Secretary - 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.
- 4.8.4. Treasurer - The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds for appropriate Association purposes as set fourth in the Project Documents; keep proper books of accounts; and 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; and in general, perform all the duties incident to the office of treasurer.

END OF ARTICLE 4

ARTICLE 5

FINES

5.1. Power of Board to Impose Fines. The Board shall have the right to impose reasonable fines against an Owner for a violation of any provision of the Project Documents by the Owner, his or her family, tenants or guests.

5.2. Notice of Violation.

5.2.1. The Board, or any person designated by the Board, may serve a "Notice of Violation" against an Owner for a violation of any provision of the Project Documents by the Owner, his or her family, tenants or guests. A Notice of Violation shall contain: (i) a description of the violation, (ii) the approximate time and place at which the violation was observed, (iii) the amount of the fine to be paid by the Owner for such violation, (iv) the name of the person issuing the Notice of Violation, and (v) a statement advising the Owner of the Owner's right to request a hearing pursuant to Section 5.2.4. of the Bylaws.

5.2.2. A Notice of Violation shall be deemed to have been served if delivered personally to the Owner named in the Notice of Violation or sent to the Owner by registered or certified United States mail, return receipt requested, postage prepaid. A notice of Violation served by mail shall be deemed to have been received by the Owner to whom the notice was addressed on the earlier of the date the notice is actually received or three (3) days after the notice is deposited in the United States mail. A Notice of Violation given by mail shall be addressed to the Owner at the address of the Owner as shown on the records of the Association. If a Lot is owned by more than one person or entity, a Notice of Violation to one of the Owners shall constitute notice to all of the Owners.

5.2.3. The Owner shall pay the fine set forth in the Notice of Violation to the Association within ten (10) days after the Notice of Violation is served on the Owner unless prior to that time the Owner requests a hearing on the violation pursuant to Section 5.2.4. of the Bylaws.

5.2.4. Any Owner served with a Notice of Violation may request a hearing on the violation. The request for a hearing must be addressed to the secretary of the Association and must be actually received by the Association within ten (10) days after the service of the Notice of Violation. Upon receipt of a request for a hearing pursuant to this Section, the president or any other officer of the Association shall schedule a hearing on the violation before the Board or before a hearing officer or a committee appointed by the Board and shall notify the Owner requesting the hearing of the date, time and place of the hearing. The notice of the hearing shall also advise the Owner of his or her right to produce statements, evidence and witnesses on his or her behalf and to be represented at the hearing by an attorney. If the hearing on the violation is before the Board, then the minutes of the meeting of the Board at which the hearing is held shall reflect the fact that the hearing on the violation was held and the action taken by the Board on the violation. If the hearing is held before a hearing officer or a committee appointed by the Board, then

the hearing officer or the committee conducting the hearing shall, within ten (10) days after the conclusion of the hearing, make a written recommendation to the Board as to what action the Board should take with respect to the violation. Upon receipt of the recommendation from the hearing officer or the committee, the Board shall act upon the recommendation. Any fine, which is imposed by the Board following a hearing pursuant to this Section, shall be paid by the offending Owner within ten (10) days after a notice of the action of the Board is served upon the Owner. Service of the notice from the Board shall be made in the same manner as service of a Notice of Violation pursuant to Section 5.2.2 of the Bylaws.

- 5.2.5. Any fine imposed pursuant to this Article 5 shall be joint and several liability of all of the Owners of a Lot. Any such fine shall be secured by an Assessment Lien, and the Association shall have the right to enforce collection of such fine in the same manner and to the same extent as provided in the Declaration for the collection of Assessments.

END OF ARTICLE 5

ARTICLE 6

ARCHITECTURAL COMMITTEE

- 6.1. **Committee Composition.** The Architectural Committee shall consist of at least three (3) members. None of such members shall be required to be an architect or to meet any other particular qualifications for membership. A member need not be, but may be, a member of the Board or an officer of the Association. The Board may increase the number of members on the Architectural Committee but the number of members must always be an odd number.
- 6.2. **Terms of Office.** The term of office for members of the Architectural Committee shall be a period of one year, or until the appointment of a successor. Any new member appointed to replace a member who has resigned or been removed shall serve such member's un-expired term. Members who have resigned, been removed or whose terms have expired may be re-appointed.
- 6.3. **Appointment and Removal.** The Board shall appoint and remove all members of the Architectural Committee, except that no member may be removed from the Architectural Committee by the Board unless the removal is approved by the vote or written consent of more than fifty percent (50%) of all of the members of the Board.
- 6.4. **Resignations.** Any member of the Architectural Committee may at any time resign from the Committee by giving written notice thereof to the Board.
- 6.5. **Vacancies.** The Board shall fill vacancies on the Architectural Committee, however caused. A vacancy, or vacancies, on the Architectural Committee shall be deemed to exist in case of the death, resignation or removal of any member.
- 6.6. **Duties.** It shall be the duty of the Architectural Committee to consider and act upon any and all proposals or plans submitted to it pursuant to the terms of the Declaration, to adopt Architectural Committee Rules, to perform other duties delegated to it by the Board, and to carry out all other duties imposed upon it by the Declaration.
- 6.7. **Meetings and Compensation.** The Architectural Committee shall meet from time to time as necessary to perform its duties. The vote or written consent of a majority of the members of the committee, at a meeting or otherwise, shall constitute the act of the committee unless the unanimous decision of the committee is required by any other provision of the Declaration. The committee shall keep and maintain a written record of all actions taken by it at such meeting or otherwise. Members of the Architectural Committee shall not be entitled to compensation for their services.

6.8. Architectural Committee Rules. The Architectural Committee may adopt, amend and repeal, by unanimous vote or written consent, rules and regulations. Said rules shall interpret and implement the Declaration by setting forth the standards and procedures for Architectural Committee review and the guidelines for architectural design, placement of buildings, landscaping, color schemes, exterior finishes, materials and similar features which are required to be used within the property.

6.9. Waiver. The approval by the Architectural Committee of any plans, drawings, or specifications for any work, done or proposed, or for any other matter requiring the approval of the Architectural Committee under the Declaration, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification, or other matter subsequently submitted for approval.

END OF ARTICLE 6

**ARTICLES OF INCORPORATION
OF
STONEGATE MASTER ASSOCIATION, INC.**

KNOW ALL THESE MEN BY THESE PRESENTS:

That we, the undersigned, have this day associated ourselves together for the purpose of forming a non-profit corporation under and pursuant to the laws of the State of Arizona and the Internal Revenue Service Code of 1954, as amended, and for that purpose do hereby adopt these Articles of Incorporation.

ARTICLE I

NAME: The name of the corporation shall be STONEGATE MASTER ASSOCIATION, INC.

ARTICLE II

The principal place of business shall be 7373 East Doubletree Ranch Road, Suite 220, Scottsdale, Maricopa County, Arizona 85258.

ARTICLE III

PURPOSE: The purpose for which this corporation is organized is for the transaction of any or all lawful business for which corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time.

ARTICLE IV

INITIAL BUSINESS: Said Corporation is organized and operated exclusively for the business of management of Stonegate.

ARTICLE V

LIMITATION OF POWERS. This Corporation shall have no power or authority to conduct or carry on any activities not permitted to be conducted or carried on by an organization exempt under Section 501 (C) (3) of the Internal Revenue Code and its regulations as they now exist or as they may hereafter be amended, or by an organization, contributions to which are deductible under Section 170 (C) (2) of such Code and regulations as they now exist or they may hereafter exist.

ARTICLE VI

NON-PROFIT CORPORATION. This Corporation shall be a non-profit corporation and shall have no capital stock. No part of the net earning of the Corporation shall inure to the benefit of, or be distributable to its members, directors,

officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Articles II and III.

ARTICLE VII

MEMBERS. This Corporation shall be composed of members rather than shareholders. The authorized number and qualification of the members of this Corporation, the different classes of members, if any, and the rights, duties and voting privileges of each class of members, shall be as set forth in the Bylaws.

ARTICLE VIII

STATUTORY AGENT. The name and address of the initial statutory agent of the Corporation is:

JEKEL & HOWARD
4323 North Brown Avenue, Suite E
Scottsdale, Arizona 85251

ARTICLE IX

BOARD OF DIRECTORS. The election for the initial Board of Directors was held on April 1, 1988 at 7373 East Doubletree Ranch Road, Suite 220, Scottsdale, Arizona 85258. They are:

Barry L. Talley, 16 Driver Lane
 Littleton, CO 80123

Scott A. Kusy, 8425 La Senda
 Scottsdale, Arizona 85255

Norman Kitzmiller, 7590 East Gray Road
 Scottsdale, Arizona 85260

ARTICLE X

NUMBER OF DIRECTORS. The number of persons to serve on the Board of Directors shall be not less than three (3) nor more than seven (7).

ARTICLE XI

MANAGEMENT. The business and affairs of the Corporation shall be managed by the Board of Directors.

ARTICLE XII

DIRECTORS' COMPENSATION. The Board of Directors shall not have the authority to fix compensation of Directors for services in any capacity.

ARTICLE XIII

VACANCIES IN BOARD OF DIRECTORS. No Director who has submitted his or her resignation from the Board of Directors effective at a future time shall be permitted to vote upon the filling of any vacancy or vacancies on the Board of Directors, including the vacancy to be created by his or her resignation.

ARTICLE XIV

QUORUM. A quorum at a meeting of the Board of Directors shall consist of a majority of the Directors.

ARTICLE XV

VOTING REQUIRED. The affirmative vote of a majority of the Directors present and voting at a meeting at which a quorum is present shall be required for any act of the Directors.

ARTICLE XVI

NO ACTION WITHOUT MEETING. No action required by law or these Articles of Incorporation to be taken by the Board is to be taken by the Board of Directors at a meeting may be taken without a meeting duly called in accordance with the requirements of the Bylaws and actually held.

ARTICLE XVII

INCORPORATORS. The Incorporators of the Corporation are:

BARRY L. TALLEY
16 Driver Lane
Littleton, CO 80123

SCOTT A. KUSY
8425 La Senda
Scottsdale, Az 85255

NORMAN KITZMILLER
7590 East Gray Rd.
Scottsdale, AZ 85260

All powers, duties and responsibilities of the Incorporators shall cease at the time of delivery of these Articles of Incorporation to the Arizona Corporation Commission for filing.

ARTICLE XVIII

INDEMNIFICATION. The Corporation shall indemnify each person identified in Subsections A and B of Section 10-005, Arizona Revised Statutes, to the fullest extent permissible under those Subsections or the indemnification provisions of any successor or amended statute or as provided in the Bylaws of the Corporation or by agreement.

ARTICLE XIX

DIRECTOR LIABILITY. A Director of this Corporation shall not be personally liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a Director. This Article shall not eliminate or limit the liability of a Director for any conduct described in Clause (a) through (e) of Section 10.054.A.9, Arizona Revised Statutes, as amended, by the 1987 Arizona Sessions Laws, First Regular Session, Chapter 129. If the Arizona Corporation Law is amended to authorize further elimination or limitation of the liability of a Director, then the liability of a Director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Arizona Corporation Law as so amended. Any repeal or modification of this Article shall not increase the liability of a Director of the Corporation arising out of acts or omissions occurring before the repeal or modification becomes effective. This Article shall become effective upon effectiveness of the 1987 Arizona Sessions Laws, First Regular Session, Chapter 129.

ARTICLE XX

DISSOLUTION. Upon the dissolution of the Corporation, the Board of Directors shall, after paying or making provision for payment of all of the liabilities of the Corporation, dispose of all of the assets of the Corporation exclusively for the purposes of the Corporation in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational, religious or scientific purposes as shall, at the time, qualify as an exempt organization or organizations under Section 501 (C) (3), of the Internal Revenue Code of 1954 or the corresponding provisions of any future United States Internal Revenue Law, as the Board of Directors shall determine. Any such assets not disposed of shall be disposed of by the Superior Court of Arizona in the County in which the principal office is then located, exclusively for such purposes, or to such organization or organizations as said Court shall determine, which are organized and operated for such purposes.

These Articles were adopted on May 12th, 1988 by the following:

Barry L. Talley, Incorporator
Scott A. Kusy, Incorporator
Norman Kitzmiller, Incorporator

Notarized by: Margaret Barnes Leof
Notary Public
Commission Expires: September 16, 1988

**ARTICLES OF INCORPORATION
OF
STONEGATE MASTER ASSOCIATION, INC.**

KNOW ALL THESE MEN BY THESE PRESENTS:

That we, the undersigned, have this day associated ourselves together for the purpose of forming a non-profit corporation under and pursuant to the laws of the State of Arizona and the Internal Revenue Service Code of 1954, as amended, and for that purpose do hereby adopt these Articles of Incorporation.

ARTICLE I

NAME: The name of the corporation shall be STONEGATE MASTER ASSOCIATION, INC.

ARTICLE II

The principal place of business shall be 7373 East Doubletree Ranch Road, Suite 220, Scottsdale, Maricopa County, Arizona 85258.

ARTICLE III

PURPOSE: The purpose for which this corporation is organized is for the transaction of any or all lawful business for which corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time.

ARTICLE IV

INITIAL BUSINESS: Said Corporation is organized and operated exclusively for the business of management of Stonegate.

ARTICLE V

LIMITATION OF POWERS. This Corporation shall have no power or authority to conduct or carry on any activities not permitted to be conducted or carried on by an organization exempt under Section 501 (C) (3) of the Internal Revenue Code and its regulations as they now exist or as they may hereafter be amended, or by an organization, contributions to which are deductible under Section 170 (C) (2) of such Code and regulations as they now exist or they may hereafter exist.

ARTICLE VI

NON-PROFIT CORPORATION. This Corporation shall be a non-profit corporation and shall have no capital stock. No part of the net earning of the Corporation shall inure to the benefit of, or be distributable to its members, directors,

officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Articles II and III.

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ARTICLE XVIII

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ARTICLE XX

DISSOLUTION. Upon the dissolution of the Corporation, the Board of Directors shall, after paying or making provision for payment of all of the liabilities of the Corporation, dispose of all of the assets of the Corporation exclusively for the purposes of the Corporation in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational, religious or scientific purposes as shall, at the time, qualify as an exempt organization or organizations under Section 501 (C) (3), of the Internal Revenue Code of 1954 or the corresponding provisions of any future United States Internal Revenue Law, as the Board of Directors shall determine. Any such assets not disposed of shall be disposed of by the Superior Court of Arizona in the County in which the principal office is then located, exclusively for such purposes, or to such organization or organizations as said Court shall determine, which are organized and operated for such purposes.

These Articles were adopted on May 12th, 1988 by the following:

Barry L. Talley, Incorporator
Scott A. Kusy, Incorporator
Norman Kitzmiller, Incorporator

Notarized by: Margaret Barnes Leof
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