

BYLAWS OF PEBBLECREEK GOLF RESORT
HOMEOWNERS ASSOCIATION NO. 1, INC.

ARTICLE I

Identity

Section 1. Name. The name of the corporation is PebbleCreek Golf Resort Homeowners Association No. 1, Inc. (the "Corporation"). The Corporation is an Arizona nonprofit corporation.

Section 2. Terms. Capitalized terms used but not defined in these Bylaws shall have the meanings specified for such terms in the Declaration of Covenants, Conditions and Restrictions of PebbleCreek Golf Resort recorded in the Official Records of Maricopa County, Arizona, as Instrument No. 92-0525619

Section 3. Principal Office. The principal office of the Corporation shall be located initially at 25612 E. J. Robson Boulevard, Sun. Lakes, Arizona.

Section 4. Seal. The Board may obtain a seal for the Corporation that shall set forth the name of the Corporation, the word "nonprofit" and such other information as the Board may direct.

ARTICLE II Meetings
of Members

Section 1. Meetings. Meetings of Members shall be held at such times and places as may be designated by the Board. The first annual meeting of the Members shall be held within sixty (60) days after the Transition Date, or at such earlier time as the Board shall designate. Thereafter, annual meetings of the Owners shall be held on the first Monday of February of each year beginning at 7:00 P.M. Special meetings of the Members may be called by the President of the Corporation, by a majority of the Board or, after the Transition Date, by Members having at least ten percent (10%) of the votes entitled to be cast at such meeting. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting, except as stated in the notice, unless by consent of the Members holding two-thirds of the votes represented, either in person or by proxy, at the meeting.

Section 2. Voting. The voting rights of the Members shall be as provided in the Declaration and Articles.

Section 3. Notice. Notice of all meetings of the Members stating the time, the place and the objects for which the meeting is called shall be given by an officer of the Corporation unless notice is waived in writing. Such notice may be given by publishing the same once in any newspaper in general circulation within the Property or the City of Goodyear. Notice of meetings may be waived before, during or after the meeting.

Section 4. Quorum. A quorum of Members for any meeting shall be constituted by Members represented in person or by proxy, holding ten percent of the votes entitled to be cast at the meeting. Unless the vote of a greater number is required by these Bylaws, the Articles, the Declaration or Arizona law, the affirmative vote of a majority of the votes represented at a meeting and entitled to vote shall be binding as the act of the Members.

Section 5. Adjourned Meetings. If any meeting of Members cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may adjourn the meeting to a time not more than 48 hours from the time the original meeting was called, and for additional 48 hour periods until a quorum is achieved.

ARTICLE III
Board of Directors

Section 1. Number and Qualification. The business, property and affairs of the Corporation shall be managed, controlled and conducted by the Board. The Board shall consist initially of three directors. The number of directors may be altered from time to time by resolution of the Board, but only within the limits prescribed by the Articles. In the event of any increase in the number of directors in advance of the annual meeting, each additional director shall be elected by the then Board of Directors and shall hold office until such director's successor is elected and shall qualify.

Section 2. Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Corporation, and may do all such acts and things as are not by law or otherwise directed to be exercised and done by the Members. The powers of the Board shall include, but not be limited to, all of the rights and duties of the Board as set forth elsewhere in these Bylaws, the Articles, the Declaration, any Tract Declaration and any Subsequent Declaration (as defined in the Articles). To the extent permitted by law, the Board may delegate to one or more committees thereof, and to other persons, such duties and powers, as appears to the Board to be in the best interests of the Corporation.

Section 3. Term of Office. Except for directors appointed by the Declarant prior to the Transition Date, all directors shall serve two-year terms. and shall not serve more than two (2) two-year terms. If the terms of both or all Members-elected directors will expires at the same time, the directors elected at the next election shall serve as follows: If two directors are to be elected, the candidate receiving the greater number of votes of the two elected candidates shall serve a two-year term, the other elected candidate shall serve a one-year term; if three or more directors are to be elected, the two candidates receiving the greatest number of votes of the elected candidates shall each serve a two-year term, the other elected candidate or candidates shall serve a one-year term.

Section 4. Vacancies. Subject to the right of Declarant to appoint and remove directors until the Transition Date, vacancies on the Board of Directors caused by any reason shall be filled by vote of the majority of the remaining directors even though less than a quorum, or by the remaining director if there be only one, and each person so elected shall be a director until his successor is duly elected by the Members of the Corporation and shall qualify.

Section 5. Compensation. No compensation shall be paid to

directors for their services as directors. No remuneration shall be paid to a director for services performed by the director for the Corporation in any other capacity, unless a resolution authorizing such remuneration is adopted by the Board. Directors may in the Board's discretion be reimbursed for any actual expenses incurred in connection with their duties as directors.

Section 6. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the directors, but at least two such meetings (including an organizational meeting within ten days of election of directors) shall be held during each fiscal year. Notice of regularly scheduled meetings need not be given to the Board.

Section 7. Special Meetings. Special meetings of the Board may be called by the President or Secretary on three days' notice to each director, given personally or by mail, telephone or facsimile, which notice shall state the time, place and purpose of the meeting. Upon the request of a majority of the directors, special meetings of the Board shall be called by the President or Secretary in like manner and on like notice.

Section 8. Waiver of Notice. Before, at or after any meeting of the Board, any director may waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be deemed to be a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required, and any business may be transacted at such meeting.

Section 9. Quorum; Proxies. A majority of the Board of Directors shall constitute a quorum for the transaction of business, but if at any meeting of the Board there be less than a quorum present, a majority of those present may adjourn the meeting from time to time. Every act or decision done or made by a majority of the director at a duly held meeting at which a quorum is present shall be regarded as the act of the Board unless the Articles, these Bylaws, the Declaration, any Tract Declaration or any Subsequent Declaration otherwise specifically requires the affirmative vote of a different number of directors on a specific matter. Until the Transition Date, any director may grant his or her proxy to any other director. A director holding a proxy or proxies may employ any number of proxies cast the vote or votes of an absent director or directors as if such absent director or directors were present in person. Any number of proxies may be used to establish the existence of a quorum.

Section 10. 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 of the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

Section 11. Fidelity Bonds. The Board of Directors 'may require, in its discretion, and shall require to the extent required by the Declaration, any Tract Declaration or any Subsequent Declaration, that all officers and employees of the Corporation handling or responsible for the Corporation's funds shall furnish fidelity bonds. In the event such bonds are required upon determination of the Board of Directors, the premiums therefor shall be paid by the Corporation.

Section 12. Committees. The Board of Directors may by

resolution appoint committees of the Board, which committees shall have the powers and authority designated in the resolution or resolutions establishing such committees.

ARTICLE IV

Officers

Section 1. Designation. The principal officers of the Corporation shall be a President, one or more Vice Presidents, a Secretary, and a Treasurer, all of whom shall be appointed by the Board. The Board may appoint an Assistant Secretary and an Assistant Treasurer, and such other officers as in the Board's judgment may be necessary or appropriate. Only a director may hold the office of President. Any one person may hold two or more offices at the same time, except that no one person shall simultaneously hold the office of President and Secretary.

Section 2. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected.

Section 3. Resignation of Officers. 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.

Section 4. Vacancies. A vacancy in any office may be filled by vote of a majority of the Board. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 5. President. The President shall be the chief executive officer of the Corporation. He shall preside at all meetings of the Members of the Corporation and of the Board. The President shall have all of the general powers and duties are normally vested in the office of the President of a corporation.

Section 6. Vice President. The Vice President (or the most senior Vice President, if there shall be more than one) shall take the place of the President and perform the President's duties whenever the President shall be absent or unable to act. If neither the President nor a Vice President is able to act, the Board may appoint some other member of the Board to do so on an interim basis. A Vice President shall also perform such other duties as shall from time to time be imposed upon such officer by the Board.

Section 7. Secretary. The Secretary shall keep the minutes of the meetings of the Board and the minutes of all meetings of the members of the Corporation, shall have custody of the seal of the Corporation and shall, in general, perform all the duties incident to the office of Secretary.

Section 8. Treasurer. The Treasurer shall have the responsibility for the Corporation's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Corporation. The Treasurer shall be responsible for the deposit of all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may from time to time be designated by the Board.

Section 9. Compensation. No compensation shall be paid to officers for their services as officers. No remuneration shall be paid to an officer for services performed by such officer for the Corporation in any other capacity, unless a resolution authorizing such remuneration is adopted by the Board. Officers may in the Board's discretion be reimbursed for any actual expenses incurred in connection with their duties as officers.

ARTICLE V
Miscellaneous

Section 1. Books and Accounts. The Board at all times shall keep or cause to be kept by the Treasurer true and correct records of account in accordance with generally accepted accounting principles.

Section 2. Execution of Corporate Documents. All notes, checks, contracts or other obligations shall be executed on behalf of the Corporation by such officer or officers of the Corporation as the Board shall designate.

Section 3. Fiscal Year. The fiscal year of the Corporation shall be the calendar year, or such other period as the Board may deem appropriate.

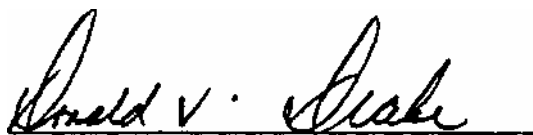
Section 4. Conflict in Documents. In the case of any conflict, the Declaration and the Articles, in that order, shall control over these Bylaws.

ARTICLE VI Amendment of
the Bylaws

These Bylaws may be amended by the affirmative vote of a majority of the Board. These Bylaws may not be amended "insofar as such amendment would be inconsistent with the Declaration, any Tract Declaration, any Subsequent Declaration or the Articles.

Certificate of Adoption

The undersigned Secretary hereby certifies that the foregoing Bylaws were adopted by the Board of Directors of PebbleCreek Golf Resort Homeowners Association No. 1, Inc. on September 21 1992.



Donald V. Drake, Secretary