

**BYLAWS
OF
LAVEEN RANCH HOMEOWNERS ASSOCIATION**

1. Name and Location. The name of the corporation is LAVEEN RANCH HOMEOWNERS ASSOCIATION, an Arizona nonprofit corporation, hereinafter referred to as (the "*Association*"). The location of the principal office of the Association shall be as provided in the Articles of Incorporation (the "*Articles*"). Meetings of Members and Directors may be held at the principal office of the Association or at such other places within the State of Arizona as may be designated by the Board of Directors (the "*Board*").

2. Definitions. The words and terms used herein shall be deemed to have the same meanings as are given those words and terms in those certain Declaration of Covenants, Conditions, Restrictions and Easements for Laveen Ranch, dated September 22, 2004 and recorded on _____, 2004, at Instrument No. 2004-_____, of the Official Records of Maricopa County, Arizona (the "*Declaration*"), as the same may be amended from time to time. The term "*Declarant*" shall refer to K. Hovnanian Great Western Homes, LLC, an Arizona limited liability company, and the successors and assigns of Declarant's rights and powers under the Declaration.

3. Membership and Voting.

3.1 Membership. Every Owner shall be a Member of the Association. The terms and provisions set forth in these Bylaws, which are binding upon all Owners, are not exclusive, as Owners shall, in addition, have rights, duties and obligations as set forth in the Declaration, the Articles and the Association Rules to the extent the provisions thereof are not in conflict with these Bylaws. Membership of Owners shall be appurtenant to and shall not be separated from the interest of such Owner in a Lot. Ownership of a Lot shall be the sole qualification for Membership; provided, however, a Member's voting rights or privileges in the Common Area, or both, may be regulated or suspended as provided in the Declaration, these Bylaws and/or the Association Rules. Not more than one Membership shall exist based upon ownership of a single Lot.

3.2 Declarant. The Declarant shall be a Member of the Association for so long as it either (a) holds Class B Membership pursuant to Section 3.3 below or (b) owns any Lot.

3.3 Voting. The Association shall have two (2) classes of voting membership:

3.3.1 Class A: Class A Membership shall be all Memberships excluding 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 to suspend the voting rights of the Owner in accordance with the provisions hereof.

3.3.2 Class B: Class B Memberships shall be held by the Declarant and shall entitle Declarant to three (3) votes for each Lot owned by Declarant. The Class B Memberships shall cease and be converted to Class A Memberships on the happening of the earliest of the following events:

3.3.2.1 When the votes entitled to be cast by Class A Members exceed the votes entitled to be cast by the Class B Members;

3.3.2.2 When Declarant notifies the Association in writing that it relinquishes its Class B Memberships; or

3.3.2.3 On December 31, 2024.

3.4 Right to Vote. No change in the ownership of a Membership shall be effective for voting purposes unless and until the Board is given actual written notice of such change and is provided satisfactory proof thereof. The vote for each such Membership shall be cast as a unit, and fractional votes shall not be allowed. If more than one (1) person or entity owns a Membership and such Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Member casts a vote representing such Owner's Membership, it thereafter shall be conclusively presumed for all purposes that such Member was acting with the authority and consent of all other Owners of the same Membership unless objection thereto is made at the time the vote is cast. If more than one (1) vote is cast for a particular Membership, none of such votes shall be counted and all such votes shall be deemed void.

3.5 Corporate or Trust Membership. If any Lot is owned by a corporation, partnership, trust or other association, the corporation, partnership, trust or association shall be a Member and shall designate in writing at the time of acquisition of the Lot an individual who shall have the power to vote said Membership; and in the absence of such designation and until such designation is made, the chief executive officer, the general partner or trustee, if any, of such corporation, partnership, trust or association, as applicable, shall have the power to vote the Membership, and if there is no chief executive officer, general partner or trustee, then the board of directors or controlling partners or the trust beneficiary of such corporation, trust or association, as applicable, shall designate who shall have the power to vote the Membership.

3.6 Cumulative Voting. Cumulative voting shall not be permitted.

3.7 Suspension of Voting Rights. If any Owner is in arrears in the payment of any assessments or other amounts due under any of the provisions of the Declaration, the Articles, these Bylaws or the Association Rules for a period of thirty (30) days, said Owner's right to vote as a Member of the Association shall be suspended and shall remain suspended until all payments, including, without limitation, accrued interest and attorneys' fees, are brought current. If any Owner is in default of any non-monetary obligation of the Declaration, the Articles, these Bylaws or the Association Rules, and remains in default for more than ten (10) days after notice from the

Association to cure such default, such Member's right to vote shall be suspended for a period not to exceed sixty (60) days.

3.8 Transfer of Membership. The rights and obligations of the Owner of a Lot having Class A Membership in the Association shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership to an Owner's Lot, and then only to the transferee of ownership to the Lot. A transfer of ownership to a Lot may be effected by deed, intestate succession, testamentary disposition, foreclosure of a mortgage of record or such other legal process as now in effect or as may hereafter be established under the laws of the State of Arizona. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership to a Lot shall operate to transfer the Membership appurtenant to such Lot to the new Owner thereof.

4. Meetings of Members.

4.1 Annual Meetings. The first annual meeting of the Members shall be held within one (1) year after the date of incorporation of the Association. An annual meeting of the Members shall be held at least once every twelve (12) months thereafter at such time and place as is determined by the Board.

4.2 Special Meetings. Special meetings of the Members may be called at any time by the President or by a majority of the Directors of the Board, or upon written request of the Members who are entitled to vote at least twenty-five percent (25%) of the total votes in the Association.

4.3 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 hand delivering or mailing a copy of such notice, postage prepaid, or by electronic mail as provided by A.R.S. Section 10-3141, not fewer than ten (10) days nor more than sixty (60) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address, mailing or electronic, 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 time and place of the meeting and, in the case of a special meeting, the purpose of the meeting including the general nature of any proposed amendment to the Declaration, Articles or Bylaws, changes in assessments that require approval of the Members and any proposal to remove a Director or an officer. The failure of any Member to receive actual notice of a meeting of the Members does not affect the validity of any action taken at that meeting. The record date for determining the Members entitled to notice and to vote at meetings shall be on the close of business on the Business Day before the day on which notice is sent.

4.4 Quorum. The presence at the meeting of Members entitled to cast, and/or proxies entitled to cast, ten percent (10%) of the votes entitled to be cast shall constitute a quorum for any action except as otherwise provided in the Declaration, the Articles or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn and reschedule the meeting.

4.5 Proxies. At all meetings of Members, each Member then entitled to vote may vote in person or by proxy. All proxies shall be in writing, dated, shall be filed with the Secretary not fewer than two (2) days prior to the meeting and shall be valid for one year following the date of such proxy unless it specifies a shorter term. Every proxy shall be revocable by actual notice of revocation to the person presiding over the meeting of the association ;and a proxy shall automatically cease upon conveyance by a Member of such Member's Lot.

4.6 Procedure. *Robert's Rules of Order* (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Declaration, the Articles or these Bylaws.

5. Board of Directors.

5.1 Number. The affairs of this Association shall be managed by a Board of Directors, who need not be Members of the Association so long as there is a Class B membership in the Association. The Board shall have the exclusive right of determining the affairs of the Association. The Board shall consist of not fewer than three (3), nor more than seven (7) directors (each a "*Director*"). The Board initially shall consist of the three (3) Directors designated in the Articles.

5.2 Term of Office. The Directors designated in the Articles shall hold office until the first annual election of Directors, which shall take place at the first annual meeting of Members, or until their successors are elected and qualified. At the first annual meeting, the Members shall elect one (1) Director for an initial term of three (3) years, one (1) Director for an initial term of two (2) years, and one (1) Director for an initial term of one (1) year. At each annual meeting thereafter, the Members shall elect Directors to replace those Directors whose terms have expired and all such Directors shall be elected for a term of three (3) years. The Members may modify the length of term of the Directors, and the number of Directors may be increased to a number not more than seven (7) by vote of the Board. If the number of Directors is increased, the Members, at the first annual meeting after the increase, shall designate the term for the new directorships. If the new directorships are created and filled by the Board between annual meetings, the newly elected Directors shall serve until the next annual meeting of the Members.

5.3 Removal and Vacancies. 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, the remaining Directors shall select a successor and such successor shall serve for the unexpired term of the predecessor Director. So long as there is a Class B Membership, and until the first annual meeting of the Members, Declarant shall have the unilateral right to remove and appoint the Directors without seeking the approval of the Members or of the Board.

5.4 Compensation. No Director shall receive compensation for any service he or she may render to the Association in the capacity of Director. However, any Director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties as a

Director and may receive a salary or wages if the Association employs him or her in a capacity in addition to serving as a Director.

5.5 Conflict of Interest. If any contract, decision or other action for compensation taken by or on behalf of the Board would benefit any Director of the Board or any person who is a parent, grandparent, spouse, child or sibling of a Director or a parent or spouse of any of those persons, such Director shall declare a conflict of interest for that issue. Such Director shall declare the conflict in an open meeting of the Board before the Board discusses or takes action on that issue and such Director may then vote on that issue. Any contract entered into in violation of this section is void and unenforceable to the extent allowable by applicable law.

6. Nomination and Election of Directors.

6.1 Nomination. A nominating committee may make nominations for election to the Board. Nominations also may be made from the floor at the annual meeting of the Members. The nominating committee shall consist of a chairperson, who shall be a member of the Board, and two or more persons who are either Members of the Association, officers of a corporate Member, partners in a partnership Member or the trustee of a trust Member. The Board shall appoint the initial nominating committee at least ninety (90) days prior to the first annual meeting and the committee shall serve until the close of the first annual meeting. Thereafter, the Board shall appoint the nominating committee at each annual meeting (commencing with the first annual meeting) to serve from the close of such annual meeting until the close of the next annual meeting. The nominating committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not fewer than the number of vacancies which are to be filled.

6.2 Elections. Election to the Board shall be by secret written ballot. At such election the Members or their proxies may cast, for 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 for the number of open positions.

7. Meeting of Directors.

7.1 Regular Meetings. Regular meetings of the Board may be held not less than quarterly, at such place and time as may be determined from time to time by resolution by the Board. The Board may permit any or all Directors to participate in a regular or special meeting by, or conduct the meeting through, the use of any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

7.2 Special Meetings. Special meetings of the Board shall be held when called by the President of the Association or by any two Directors after no fewer than three (3) days notice to each Director.

7.3 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.

7.4 Notice to Members. Following the termination of the Class B Membership as set forth in the Declaration, written notice of any meeting of the Board shall be given to the Members by the Secretary of the Association not fewer than 48 hours prior to the meeting by newsletter, conspicuous posting, electronic mail or other reasonable means as determined by the Board.

7.5 Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting that they could take at a meeting, by obtaining the written consent of all the Directors. Any action so consented to shall have the same effect as though taken at a meeting of the Directors. A signature on the unanimous consent may be by electronic signature as provided in A.R.S. Section 10-3821(E).

8. Powers and Duties of the Board of Directors.

8.1 Powers. The Board shall have power to:

8.1.1 Adopt and publish rules and regulations governing the use of the Common Area, the personal conduct of the Members, the Residents and their guests and invitees thereon, and any other matters contemplated by the Declaration and the Articles, and to establish monetary penalties for infractions thereof;

8.1.2 Suspend the voting rights of a Member and/or the Member's right to use all or any portion of the Common Area during any period in which such Member shall be in default in the payment of any assessment levied by the Association or for non-monetary infractions of the Declaration or the Association Rules;

8.1.3 Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Members by other provisions of the Declaration, the Articles or these Bylaws;

8.1.4 Declare the office of a Director of the Board to be vacant in the event such Director shall be absent from three (3) consecutive regular meetings of the Board; and

8.1.5 Employ a manager, independent contractors or such other employees as it deems necessary and to prescribe the duties of such persons.

8.2 Duties. It shall be the duty of the Board to:

8.2.1 Manage the affairs of the Association;

8.2.2 Cause to be kept a complete record of all of 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 at least ten percent (10%) of the Class A Members who are entitled to vote;

8.2.3 Supervise all officers, agents and employees of the Association and to see that their duties are properly performed;

8.2.4 As more fully provided in the Declaration, to:

8.2.4.1 Fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual Assessment period;

8.2.4.2 Take such action, as and when the Board deems such action appropriate, but after notice as provided in the Declaration, to foreclose the lien against any Lot for which assessments are not paid and/or to bring an action at law against the Member personally obligated to pay the same;

8.2.4.3 Issue or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. The Board may make a reasonable charge for the issuance of such certificate. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment, as against any bona fide purchaser of, or lender on, the Lot in question;

8.2.4.4 Procure and maintain commercially reasonable liability and hazard insurance on the Common Area;

8.2.4.5 Cause all officers or employees having fiscal responsibilities to be bonded, as the Board may deem appropriate; and

8.2.4.6 Cause the maintenance responsibilities of the Association set forth in the Declaration to be performed.

9. Officers and Their Duties.

9.1 Enumeration of Officers. The officers of the Association shall be a president, who shall at all times be a member of the Board, vice president, secretary and treasurer, and such other officers as the Board may from time to time create by resolution. No person may hold, at any time, more than one of such offices, except that the same person may hold the offices of secretary and treasurer.

9.2 Election of Officers. The initial officers of the Association shall be appointed by the Board upon the filing of the Articles, and thereafter the Board shall elect the officers at the Board meeting following each Annual Meeting of the Members.

9.3 Term. The officers of the Association shall take office immediately upon their election, and shall serve for a term of one (1) year or until their successors are duly elected. Officers are eligible for re-election. Vacancies in any office may be filled for the balance of the term by the Board.

9.4 Special Offices. The Board may elect such other officers as the affairs of the Association may require, each of whom shall (a) hold office for such period, (b) have such authority, and (c) perform such duties as the Board may from time to time determine.

9.5 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.

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

9.7 Multiple Offices. The same person may hold the offices of Secretary and Treasurer. Other than for these two (2) offices, no person shall simultaneously hold more than one (1) office except in the case of special offices created pursuant to Section 9.4 of this Article.

9.8 Duties. The duties of the officers are as follows:

9.8.1 President. The President shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, promissory notes and other written instruments;

9.8.2 Vice President. The Vice President shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

9.8.3 Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; 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 perform such other duties as required by the Board.

9.8.4 Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds directed by resolution of the Board; shall keep proper books of account; shall cause an annual audit of the Association's books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual

budget and statement of income and expenditures to be presented to the Membership at its regular annual meeting and delivered to the Members.

9.8.5 Delegation. The Board may delegate the duties listed above or other duties to a manager or managing agent or other person; however, such delegation shall not relieve any member of the Board of responsibility for such duties.

10. Indemnification. The Association shall indemnify all of its Directors, officers, incorporators, members of the Architectural Committee, employees, agents and its former Directors and officers, to the maximum extent authorized by law, against reasonable expenses incurred by them, including, without limitation, legal fees, and judgments and penalties rendered or levied against them or any of them in any legal action brought against any such persons for actions or omissions alleged to have been committed by any such person while acting within the scope of his or her duties on behalf of, or employment by, the Association, provided that the Board shall determine in good faith that such person did not act, fail to act, or refuse to act willfully or with gross negligence, or with fraudulent or criminal intent in regard to the matter involved in the action, and provided further that no such indemnification shall be available with respect to liabilities under the Securities Act of 1933, and provided further that the Association shall have the right to refuse indemnification in any instance in which the person to whom indemnification would otherwise have been applicable unreasonably shall have refused to permit the Association, at its own expense and through counsel of its own choosing, to defend him or her in any such legal action. Whenever any such person shall report to the President of the Association that he or she has incurred or may incur any such expense, the Board shall, at its next regular meeting, or at a special meeting held within a reasonable time thereafter, determine in good faith whether such person acted, failed to act or refused to act willfully or with gross negligence or with fraudulent or criminal intent in regard to the matter involved in the action. If the Board determines in good faith that such person did not act, fail to act or refuse to act willfully or with gross negligence or with fraudulent or criminal intent in regard to the matter involved in the action, indemnification shall be mandatory and automatically shall be extended as specified herein, except as otherwise provided above.

11. Committees. The Board shall appoint such committees as it deems appropriate in carrying out the purposes of the Association.

12. Books and Records. The books, records and papers of the Association shall at all times, during reasonable business hours, be available for inspection by any Member. The Declaration, the Articles 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 reasonable cost.

13. Assessments. As more fully provided in the Declaration, each Member is obligated to pay to the Association Annual Assessments, Special Assessments and supplemental assessments that are secured by a continuing lien upon the Lot against which the Assessment is made. Any Assessments that are not paid when due shall be delinquent. If the Assessment is not paid on the due date, the Assessment shall bear interest, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot, as provided in the

Declaration and under applicable law. Interest, costs and reasonable attorneys' fees for any such action shall be added to the amount of such Assessment. No Owner may waive or otherwise escape liability for the Assessments provided for herein by virtue of non-use of the Common Area by such Owner or abandonment of such Owner's residence.

14. Amendments.

14.1 Amendment by Vote of Members. Subject to the requirements of applicable law, these Bylaws may be repealed, altered or amended, or substitute Bylaws may be adopted, in a manner not inconsistent with the Declaration and the Articles, only in accordance with the procedures set forth in the Articles, provided, however, that any matter stated herein to be or which is in fact governed by the Declaration or by the Articles may not be amended except through a properly adopted amendment to the Declaration or the Articles, as applicable.

14.2 Amendment If Required by Outside Agencies. The Board reserves the right to amend all or any part of these Bylaws to such an extent and with such language as may be requested by any federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of the Bylaws or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Lot. It is the desire of the Declarant to retain control of the Association and its activities through the Board during the anticipated period of planning and development of the Property until Declarant has sold seventy five percent (75%) of the total Lots within the Property to Owners. If any amendment requested pursuant to the provisions of this Section deletes, diminishes or alters such control, the Board shall have the right to prepare, provide for and adopt as an amendment hereto, other and different control provisions.

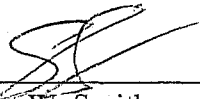
15. Interpretation. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

16. 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 each year, except that the first fiscal year shall begin on the date of incorporation of the Association.


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The foregoing Bylaws were adopted by the Board, effective as of _____, 2004.

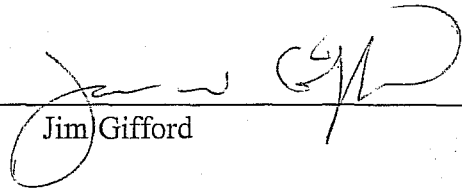
BOARD OF DIRECTORS:



Scott W. Smith



Shelly Hendricks

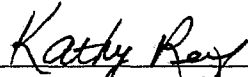


Jim Gifford

CERTIFICATION

I, Kathy Reif, the duly elected, qualified and acting Secretary/Treasurer of Laveen Ranch Homeowners Association, an Arizona nonprofit corporation, do hereby certify that: (a) the foregoing are the Bylaws of this corporation, duly and regularly adopted by the Board of Directors by unanimous written consent effective as of SEP. 22, 2004; and (b) such Bylaws do now constitute the Bylaws of the corporation.

Dated: SEP. 22, 2004.



Kathy Reif
Secretary/Treasurer