

**AZURE MANOR  
PUBLIC OFFERING STATEMENT**

**ATTACHMENT "D"**

**BYLAWS  
AZURE MANOR/RANCHO DE PAZ HOMEOWNERS ASSOCIATION**

*[to be attached]*

**BYLAWS**  
**OF**  
**AZURE MANOR/RANCHO DE PAZ HOMEOWNERS ASSOCIATION**

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**BYLAWS**  
**OF**  
**AZURE MANOR/RANCHO DE PAZ HOMEOWNERS ASSOCIATION**

**ARTICLE 1**  
**NAME AND LOCATION**

The name of the corporation is AZURE MANOR/RANCHO DE PAZ HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association." The initial registered office of the corporation shall initially be located at 6845 Escondido Street, Building 6, Suite 105, Las Vegas, Nevada 89119, unless and until relocated by Declarants or by action of the Board of Directors ("Board"), but meetings of members ("Members") and directors ("Directors") of the Association may be held at such place within the State of Nevada, County of Clark, as determined by the Board in conformance herewith.

**ARTICLE 2**  
**DEFINITIONS**

Unless otherwise specifically provided herein, the capitalized terms in these Bylaws shall have the same meaning as is given to such terms in the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for AZURE MANOR/RANCHO DE PAZ, recorded or to be recorded in Official Records, Clark County, Nevada, as may be amended or supplemented of record from time to time ("Declaration").

**ARTICLE 3**  
**MEMBERS**

Section 3.1    Voting Rights. Subject to Sections 3.9 and 4.1, below, each Member shall be entitled to cast one vote for each Unit owned. Those Members appearing in the official records of the Association, on the date forty-five (45) days prior to the scheduled date of any meeting of the Members required or permitted to be held under this Article 3, as record Owners of Units, shall be entitled to notice of any meeting of the Members. If there is more than one (1) record Owner of any such Unit ("co-Owners"), any and all of such co-Owners may attend any meeting of the Members, but the vote attributable to the Unit so owned shall not be increased by reason thereof.

Co-Owners owning the majority interest in a Unit shall from time to time designate in writing one (1) of their number to vote. Fractional votes shall not be allowed, and the vote for each Unit shall be exercised, if at all, as a unit. Where no voting co-Owner is designated, or if the designation has been revoked, the vote for the Unit shall be exercised as the co-Owners owning the majority interests in the Unit have mutually agreed. However, no vote shall be cast for any Unit if the co-Owners present in person or by proxy cannot agree to said vote or other action. Unless the Board receives a written objection in advance from a co-Owner, the voting co-Owner shall be conclusively presumed to be acting with the consent of all other co-Owners. Notwithstanding any other provision herein, a Member's right to vote may be suspended by the Board for such time as the Member fails to pay Assessments when due.

Section 3.2 Proxies and Secret Written Ballots. Every Member entitled to attend, vote at, or exercise consents with respect to, any meeting of the Members, may do so either in person, or by a representative, known as a proxy, duly authorized by an instrument in writing, filed with the Board prior to the meeting to which the proxy is applicable, provided, however, that the form of any proxy must be reasonably reviewed and approved by the Board prior to the meeting for which the proxy is being submitted. A Member may give a proxy only to a member of his immediate family, or a tenant of said Member who resides in the Community, or another Member who resides in the Community, or as otherwise may be authorized from time to time by applicable Nevada law. No proxy shall be valid after the conclusion of the meeting (including continuation of such meeting) for which the proxy was executed. Such powers of designation and revocation may be exercised by the legal guardian of any Member or by his conservator, or in the case of a minor having no guardian, by the parent legally entitled to permanent custody, or during the administration of any Member's estate where the interest in the Unit is subject to administration in the estate, by such Member's executor or administrator. Any form of proxy or written ballot shall afford an opportunity therein to specify a choice between approval and disapproval of each matter or group of related matters intended, at the time the written ballot or proxy is distributed, to be acted upon at the meeting for which the proxy or written ballot is solicited, and shall provide, subject to reasonably



specified conditions, that where the person solicited specifies a choice with respect to any such matter, the vote shall be cast in accordance with such specification. Unless applicable Nevada law provides otherwise, a proxy is void if: (a) it is not dated or purports to be revocable without notice; (b) it does not designate the votes that must be cast on behalf of the Member who executed the proxy; or (c) the holder of the proxy does not disclose at the beginning of the meeting (for which the proxy is executed) the number of proxies pursuant to which the proxy holder will be casting votes and the voting instructions received for each proxy. A secret ballot is void if it is not on the form of secret ballot issued by the Association. Should applicable Nevada law prohibit the use of proxies in the election of Directors, then only secret written ballots shall be used in the election of Directors. Said secret ballots may be mailed into the Association prior to the applicable meeting as well as turned in at the meeting itself.

Section 3.3 Vote Appurtenant to Unit. The right to vote may not be severed or separated from the ownership of the Unit to which appurtenant, except that any Member may give a revocable proxy in the manner described above, or may assign, in writing, his or her right to vote to: 1) an immediate family member; 2) a lessee or tenant actually occupying such Member's Unit, for the term of the lease; 3) a mortgagee of the Unit, for the term of the mortgage; or 4) another Member who resides in the Community. Any sale, transfer or conveyance of fee title to such Unit to a new owner shall operate automatically to transfer the appurtenant vote to the new owner, subject to any assignment of the right to vote to a lessee or mortgagee as provided herein.

Section 3.4 Meetings of the Association. Meetings of the Association Members must be held at least once each year (or as otherwise may be required by applicable Nevada law), including the regular annual meeting ("Annual Meeting"), which shall be held within fifteen (15) days of the anniversary of the initial Annual Meeting. The first meeting of the Members (whether regular or special) shall be held not later than the earlier of: (a) forty-five (45) days after close of escrow for the sale of a majority of Units, or (b) the date six (6) months after close of escrow for the sale of the first Unit in the Properties. Thereafter, meetings of the Association shall be held not less frequently than annually (or more frequently, if so required by applicable Nevada law). The

business conducted at each Annual Meeting shall include the election of Directors whose terms are then expiring or otherwise to fill vacancies on the Board, subject to the reserved rights of Declarants during the Declarant Control Period, pursuant to Section 3.7 of the Declaration.

Section 3.5 Notice of Meetings. Meetings of Members shall be held at such convenient location on or near the Properties and within Clark County as may be designated from time to time by the Board. Not less than ten (10) days nor more than sixty (60) days prior to any meeting, the Association Secretary shall cause written notice to be hand delivered or sent postage prepaid by United States mail to the mailing address of each Unit or to any other mailing address designated in writing by any Owner. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including, but not limited to, the general nature of any proposed amendment to the Declaration or Bylaws, any fees or assessments to be imposed or increased by the Association, any matter required to be disclosed as it relates to proposed or pending litigation (under Article 16 of the Declaration and/or applicable Nevada law), any budgetary changes and any proposal to remove any Officer or Director, and all such other matters which the Board, at the time the notice is given, intends to present for action by the Members. The notice must include notification of the right of an Owner to have a copy of the minutes or summary of the minutes of the meeting distributed to him upon written request (and, if required by the Board, upon payment by the requesting Owner to the Association of the cost of making the distribution). The foregoing notwithstanding, the Association shall provide at least twenty-one (21) days advance written notice to each Owner, of any meeting at which an assessment for a capital improvement is to be considered or action is to be taken on such an assessment. If the Association adopts a policy of imposing a fine on an Owner for violation of the Declaration, Bylaws, or Rules and Regulations (if any), the Association Secretary or other authorized Officer shall prepare and cause to be hand-delivered or sent by United States mail, postage prepaid, to the mailing address of each Unit, or to any other mailing address designated in writing by the Owner, a schedule of fines which may be imposed for such violations. Not more than thirty (30) days after any meeting, the Association Secretary or other authorized Officer shall cause the minutes or a summary of the minutes of the



meeting to be made available to the Owners. A copy of the minutes or summary of the minutes must be provided to any requesting Owner, provided that such Owner first pays the Association the cost of providing such copy.

Section 3.6 Meeting Agenda. The agenda shall consist of: (a) a clear and complete statement of the topics scheduled to be considered during the meeting (including, but not necessarily limited to, the general nature of any proposed amendment to the Declaration or Bylaws, any fees or assessments to be imposed or increased by the Association, any budgetary changes, and any proposal to remove an Officer or Director); (b) a list describing the items on which action may be taken, and denoting that action may be taken on such items (provided that, in an emergency (as "emergency" is defined in Section 7.5(c), below), the Owners may take action on an item which is not so set forth in the agenda); and (c) a reasonable period devoted to comments by Owners, and discussion of such comments.

Section 3.7 Special Meetings. A special meeting of the Members may be called at any reasonable time and place by written request made by: (1) a majority of the Board, (2) the President of the Association, or (3) Members representing not less than ten percent (10%) (as such percentage may be subject to change by applicable Nevada law) of the voting power of the Association. To be effective, such written request shall be delivered to either the President, Vice President, or Secretary of the Association. Such Officers shall then cause notice to be given, to Members entitled to vote, that a meeting will be held at a time and place from time to time set by the Board not less than ten (10) days, nor more than thirty (30) days, after receipt of the written request. Notice of special meetings shall comply in all respects with requirements for notice of Member meetings set forth in Section 3.5 above, and shall specify the general nature of the business to be undertaken and that no other business may be transacted.

Section 3.8 Quorum. The presence at the beginning of any meeting, in person or by written proxy, of the Members entitled to vote at least twenty percent (20%) of the total votes of the Association shall constitute a quorum. If any meeting cannot be held because a quorum is not present, the Members present, either in person or by proxy, may, except as otherwise provided by

law, adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the presence, in person or by written proxy, of the Members entitled to vote at least twenty percent (20%) of the total votes of the Association. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting, or, if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular or special meetings, as applicable. The Association President (or, in his absence, Vice President), shall serve as chairman to preside over the meeting and the Association Secretary (or Assistant Secretary) shall serve as a secretary to transcribe minutes of the meeting. Unless otherwise expressly provided, any action authorized hereunder or under the Declaration may be taken at any meeting of such Members upon the affirmative vote of the Members having a majority of a quorum present at such meeting in person, by secret written ballot, or by proxy. Notwithstanding the presence of a sufficient number of Members to constitute a quorum, certain matters, including, without limitation, amendment to the Declaration, require a higher percentage (e.g., 67% or 75%) of votes of the total voting Membership of the Association.

Section 3.9 Suspension of Voting Rights. The Board shall have the authority to suspend the voting rights of any Member to vote at any meeting of the Members, for any period during which the payment of any assessment made pursuant to the Declaration against such Member and his Unit remains delinquent. Any such suspension for nonpayment shall not constitute a waiver or discharge of the Member's obligation to pay the assessments provided for in the Declaration.

Section 3.10 Procedural Rules for Conducting Meetings. All Association meetings shall be conducted pursuant to procedural rules for meetings as set forth in the Declaration and, subject to the foregoing, generally in accordance with Robert's Rules of Order.

Section 3.11 Procedural Rules for Voting. The procedural rules for voting set forth in NRS Chapter 116 are incorporated fully herein by this reference.



**ARTICLE 4**  
**APPOINTMENT/ELECTION OF THE BOARD**

Section 4.1 Appointment of Board by Declarants. Initially, Declarant D.R. HORTON, INC. ("DRH") shall have the exclusive right to appoint and remove two (2) Directors and Declarant U.S. HOME CORPORATION ("USH") shall have the right to appoint and remove one (1) Director.

(a) Not later than sixty (60) days after conveyance by Declarants to Purchasers of an aggregate of twenty-five percent (25%) of the aggregate Units That May Be Created (as said terms are defined in the Declaration) at least one Director (but not less than 25% of the total Board) must be elected by Owners other than Declarants (*i.e.*, "Homeowners"). The Director so elected by the Homeowners shall replace one of the Director(s) previously appointed by Declarant DRH (so that, at such time DRH and USH respectively shall have the right to appoint and remove one (1) each of the two (2) other Directors).

(b) Not later than sixty (60) days after conveyance by Declarants to Purchasers of fifty percent (50%) of the aggregate Units That May Be Created, not less than one-third (1/3) of the total Board must be elected by Owners other than Declarants.

(c) The power reserved to Declarants in this Section 4.1 to appoint or remove a majority of the Board ("Declarant Control Period") shall terminate on the earliest of: (i) sixty (60) days after conveyance by Declarants of an aggregate of seventy-five percent (75%) of the aggregate Units That May Be Created; or (ii) five (5) years after Declarants have ceased to offer any Units for sale in the ordinary course of business; or (iii) five (5) years after any right to annex any portion of the Annexable Area was last exercised by a Declarant.

Section 4.2 Election of Board by Owners. Subject to Section 4.1 above, the Members shall elect all Directors from and after the Declarant Control Period.

Section 4.3 Procedural Rules for Election of Directors. All elections of Directors shall be conducted pursuant to and in accordance with procedural provisions for election of directors as set forth in relevant portion(s) of NRS Chapter 116, as may be amended from time to time, which procedural provisions are incorporated herein by this reference.



**ARTICLE 5**  
**BOARD OF DIRECTORS**

Section 5.1    Number.    Subject to Section 4.1 above, the affairs of the Association shall be managed by a Board of three (3) Directors, all of whom (other than Directors appointed by Declarants) must be Members of the Association. The foregoing, and any other provision herein notwithstanding, until such time as the power reserved to Declarants in Section 4.1 above to appoint or remove a majority of the Board has terminated, Declarants shall have the right and power, in their sole unanimous discretion, to amend the Bylaws from time to time to change the number of Directors on the Board, provided that there shall not be less than any minimum number of Directors from time to time required by applicable Nevada law.

Section 5.2    Term of Office.    Subject to Section 4.1 above and Section 5.3 below, Directors shall serve terms of two (2) years (provided that the terms of Directors shall be set so as to uniformly expire on the same day of the same month, although permissibly in "staggered" years, in order to preclude the need for more than one Membership meeting each year to elect Directors), but in any event until the election of respective successors.

Section 5.3    Removal and Successors.    Subject to Section 4.1 above, any Director may be removed from the Board, with or without cause, as set forth hereunder. Upon receipt of a written petition requesting removal of any Director, signed by such Members as are required for the calling of a special meeting of the Members under Section 3.7 hereof, the Board shall present said petition to the Members for vote. Subject to and in accordance with NRS 116.31036, by a two-thirds vote of all Members present and entitled to vote at any duly noticed meeting of the Members at which a quorum is present, the Members may remove, with or without cause, any Director, other than a Director appointed by a Declarant. Subject to Section 4.1 above, in the event of death, resignation or removal of a Director, the successor Director shall be promptly elected by the Members in the manner set forth in Article 6 hereof, and shall serve for the unexpired term of his predecessor; provided that, until such election by the Members, the Board, by a majority of the voting power thereof, may temporarily fill such Board vacancy.

Section 5.4 Compensation. No Director shall receive compensation for any service he may render to the Association in his capacity as Director.

Section 5.5 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 6** **NOMINATION AND ELECTION OF DIRECTORS**

Election of the Directors by the Members shall be by secret written ballot for so long as so required by applicable Nevada law. Not less than thirty (30) days before the preparation of ballot for the election of Directors, the Secretary shall cause notice to be given to each Unit Owner of the Owner's eligibility to serve as a Director. Each Unit Owner who is qualified and desires to run for the Board may have his or her name placed on the ballot along with the names of nominees selected by the Board or by a nominating committee established by the Board. The Board shall review and approve the form of written ballot prior to mailing, to verify that there is a method in place to reasonably track the Association's receipt of a ballot from each Unit Owner, while at the same time preserving the secrecy of the Unit Owner's vote. The Secretary shall cause the ballot and a return envelope to be sent prepaid by United States mail to the mailing address of each Unit within the Association or to any other mailing address designated in writing by the Unit's Owner and only those ballots on the form issued by the Association shall be valid ballots.

Nominations for election of a Director or Directors, whose respective term(s) of office is or are ending, may also be made from the floor by Members at the Annual Meeting each year (or at any special meeting of the Members at which Directors are to be elected).

Members may mail the ballots to the Association, deliver them in person at the relevant meeting, or fill out the ballot issued by the Association at the meeting. Votes cast for the election of Director(s) must be counted in public (which may be done concurrently with the progress of the meeting) at the meeting of the Members at which the votes were cast (by secret written ballot, for



so long as so required by applicable Nevada law; or by any other method as may be permitted from time to time by applicable Nevada law).

## **ARTICLE 7 MEETINGS OF THE BOARD**

Section 7.1 Organizational Meeting of Board. The first meeting of a newly elected or appointed Board shall be held within ten (10) days of election or appointment, at such place as shall be fixed by the Directors at the meeting at which such Directors were elected.

Section 7.2 Certifications by Directors. Each Director shall, within 90 days after his or her appointment or election, certify in writing that he or she has read and understands NRS Chapter 116 and the Governing Documents of the Association, to the best of his or her ability.

Section 7.3 Regular Meetings of Board. Regular meetings of the Board shall be held at least once every ninety (90) days (or at such intervals as required by applicable Nevada law), at such place and hour as may be fixed from time to time by resolution of the Board. Should any meeting date fall upon a weekend or legal holiday, then that meeting shall be held at the same time on the next business day. The conduct of Directors, as well as Owners, residents, guests, tenants, and invitees present, shall be courteous and respectful toward all persons present. The majority of the Board in their sole discretion, may adjourn the meeting to another date, time and place, should lack of courtesy or respect on the part of any persons present so warrant.

The Board shall review, at Board meetings (at least once every 90 days): (a) a current reconciliation of the operating account of the Association; (b) a current reconciliation of the reserve account of the Association; (c) the actual deposits to and/or withdrawals from the reserve account, compared to the budget for that account for the current year; (d) the latest account statements received from the financial institutions in which the accounts of the Association are maintained; (e) an income and expense statement, prepared on at least a quarterly basis, for the operating and reserve accounts of the Association; and (f) the current status of any civil action or claim submitted to arbitration or mediation in which the Association is a party.

Only those items on the agenda which have been duly noticed shall be addressed by the Board. Parliamentary procedure shall be followed with regard to the conduct of the meeting. The



approved minutes of the Board meeting shall be made available to those Owners who submit a written request to the Board of Directors asking for a copy of the Board meeting minutes. The Association may charge the Owner a reasonable fee to cover the costs of copying (which shall not exceed twenty-five cents (\$.25) per page) and postage.

Section 7.4 Special Meetings of Board. Special meetings of the Board shall be held when called by the Association President, or by any two (2) Directors, after not less than three (3) days' notice to all Directors.

Section 7.5 Quorum for Board Meetings. A quorum is deemed present throughout any meeting of the Board if Directors entitled to cast fifty percent (50%) of the votes on the Board are present at the beginning of the meeting. 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.

Section 7.6 Notice to Owners of Board Meetings.

(a) Non-Emergency. Except in an emergency, the Association Secretary shall (not less than 10 days before the date of a meeting of the Board), cause notice of the Board meeting to be given to the Owners. Such notice must be: (1) sent prepaid by United States mail to the mailing address of each Unit or to any other mailing address designated in writing by the Owner; or (2) published in a newsletter or other similar publication that is circulated to each Owner.

(b) Emergency. In an emergency, the Association Secretary shall, if practicable, cause notice of the Board meeting to be sent prepaid by United States mail to the mailing address of each Unit. If delivery of the notice in this manner is impracticable, the notice must be hand-delivered to each Unit or posted in a prominent place or places within the Common Elements.

(c) Definition of "Emergency". As used in this section, or the following section, "emergency" means occurrences or combination of occurrences that (1) could not have been reasonably foreseen; (2) affect the health, welfare and safety of the Owners; (3) require the immediate attention of, and possible action by, the Board; and (4) make it impracticable to comply with non-emergency notice or agenda provisions.

(d) Contents of Notice. The notice of a Board meeting must state the time and place of the meeting and include a copy of the agenda for the meeting (or the date on which and the locations where copies of the agenda may be conveniently obtained by the Owners). The notice must include notification of the right of an Owner: (1) to have a copy of the minutes or a summary of the minutes of the meeting distributed to him upon request (and, if required by the Board, upon payment by the requesting Owner to the Association of the cost of making the distribution), and (2) to speak to the Board (unless the Board is meeting in "executive session").

Section 7.7 Owners Forum. The Board may establish in advance a reasonable limitation on the amount of time and the number of times individual Owners may address the Board during the Owners Forum portion of Board or Membership meetings, and the Board may set a reasonable time limit for the Owners Forum. In most instances, a reasonable limitation for amount of time during which each individual Owner may speak is two (2) minutes and a reasonable limitation on the number of times an individual Owner may address the Board during the Owners Forum is not to exceed two (2) times during a meeting, provided that all other Owners present and desiring to address the Board have already been given the opportunity to address the Board. Generally, a reasonable aggregate time limit for the entire Owners Forum shall be not less than fifteen (15) minutes nor more than thirty (30) minutes. The President or presiding chairman of the Board shall be allowed to speak as often as may be necessary to conduct the Owners Forum and to maintain order. The President or presiding chairman of the Board may call upon other members of the Board, the Management's representative, or other persons present to respond to Owners' comments, suggestions and questions as often as the President or presiding chairman may deem necessary during the Owners Forum. Directors, and Owners, shall conduct themselves in a manner that is both courteous and respectful. At any time during the Owners Forum, should shouting, profanity, abusive language, threatening physical behavior or threatening language be used by any Director, Owner, tenant, resident or guest, the Owners Forum shall or may be immediately ended in the sole discretion of a majority of the Board.



Section 7.8 Executive Sessions of Board Meetings.

(a) If and to the extent permitted from time to time by applicable Nevada law, the Board of Directors may meet in Executive Session to:

1. consult with the attorney for the Association on matters relating to proposed or pending litigation if the contents of the discussion would otherwise be governed by the privilege set forth in NRS 49.0355 to 49.115, inclusive:

2. discuss matters relating to personnel;

3. discuss a violation of the governing documents of the Association alleged to have been committed by an Owner, including without limitation, the failure to pay an assessment or fine, except as otherwise provided in subsection (d) below; and/or

4. hold a hearing on an alleged violation of the Governing Documents, unless the Owner who allegedly committed the violation (or acting in behalf of the Owner's family member, tenant or guest who allegedly committed the violation) requests in writing that the hearing be conducted by the Board of Directors at an open meeting of the Board of Directors.

(b) Except as otherwise provided in this subsection, any matter discussed in Executive Session must be generally noted in the minutes of the Board meeting. The Board shall maintain minutes of any decision made pursuant to subsection 1(d) above and, upon written request, provide a copy of the decision to the Owner who was the subject of the hearing or to his designated representative.

(c) Except as otherwise provided in subsection 1(d) above, an Owner is not entitled to attend or speak at a meeting of the Board of Directors held in executive session.

Section 7.9 Agenda of Board Meetings. The agenda of a Board meeting must comply with the agenda provisions of Section 3.6 above. The period required to be devoted to comments by Owners and discussion of those comments must be scheduled for the beginning of each Board meeting. In an emergency, the Board may take action on an item which is not listed on the agenda as an item on which action may be taken.



**ARTICLE 8**  
**POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

Section 8.1 Powers and Duties. The Association shall have all of the powers given to such a corporation by law, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Declaration. The Association shall have the power to perform any and all lawful acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers of the Association set forth in the Declaration. The Board may delegate responsibility for the day-to-day operation of the Association to a Manager as provided in the Declaration. Without in any way limiting the foregoing portions of this Article 8, the Board shall comply with the mandatory insurance requirements set forth in the Declaration, and, in the Board's discretion: may obtain insurance against such other hazards and casualties as the Board may deem prudent, and may also insure any other property, whether real or personal, owned by the Association or located within the Properties (including, but not limited to, the Units) (as said terms are defined in the Declaration), against loss or damage by fire and such other hazards as the Board may deem desirable, with Association as owner and beneficiary of such insurance.

**ARTICLE 9**  
**OFFICERS AND THEIR DUTIES**

Section 9.1 Enumeration of Offices. The officers ("Officers") of the Association shall be a President, a Secretary, and a Treasurer, and such other Officers as the Board from time to time by resolution may create. All Association Officers (other than Officers elected by Directors appointed by Declarants during the Declarant Control Period) must be Owners and Members of the Association. Additionally, no person may be elected President, Secretary, or Treasurer, or to any other office, or continue to serve in any such office, unless he or she also is first, and shall at all times remain, concurrently a Director and (after the Declarant Control Period) also a Member in good standing of the Association.

Section 9.2 Election of Officers. Subject to the Declarant Control Period, as set forth in Section 4.1 above, the Association Officers shall be elected annually by the Board. The election

of Officers shall take place at the first meeting of the Board, and, thereafter, at annual intervals, following each Annual Meeting of the Members.

Section 9.3 Term. Each Association Officer shall hold office for one (1) year (or until the election of a successor) unless the Officer sooner shall resign, be removed, or otherwise be disqualified to serve.

Section 9.4 Special Appointments. The Board may appoint a Neighborhood Watch Community Captain, and/or an Inspector of Elections, and/or 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, from time to time, may determine.

Section 9.5 Resignation and Removal. Any Officer may be removed from office by the Board, 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 or at any later time specified therein, and unless otherwise specified there n, the acceptance of such resignation shall not be necessary to make it effective.

Section 9.6 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 replaced.

Section 9.7 Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except for special offices created pursuant to Section 9.4 above.

Section 9.8 Duties. Duties of the Officers are as follows:

(a) PRESIDENT. The President shall preside at all meetings of the Board and of the Members; shall see that orders and resolutions of the Board are carried out; shall execute all documents and may co-sign all checks and promissory notes; and shall cause to be prepared, executed, certified and recorded, all properly adopted amendments to the Declaration on behalf of the Association.



(b) VICE PRESIDENT. In the President's absence: the Vice President shall: 1) preside at all meetings of the Board and of Members, and Owner Forums; 2) see that actions and resolutions of the Board are reasonably carried out; and 3) carry out such other duties of the President as may be reasonably necessary for the orderly conduct of the Association during the President's absence.

(c) SECRETARY. The Secretary shall record the votes and cause to be kept the minutes of all meetings and proceedings of the Board and of the Members; shall keep the corporate seal of the Association and affix the seal on all papers required to be sealed; shall cause to be served notices of meetings of the Board and of the Members; shall cause to be kept appropriate current records showing the Members and their addresses; and shall perform such other duties as required by the Board. The Secretary may co-sign checks in the absence of either one of (but not both of) the President or Treasurer in the event that either one is not reasonably available.

(d) TREASURER. The Treasurer shall cause to be received and deposited in appropriate bank accounts all monies of the Association and shall cause to be disbursed such funds as directed by Board resolution; may co-sign checks and promissory notes of the Association; shall cause to be kept proper books of account; shall cause an annual review of the Association books to be made by a public accountant at the completion of each fiscal year; and shall submit to the Board a proposed annual operating budget and statement of income and expenditures, to be presented to the Members at the Annual Meeting or any duly held special meeting of the Members.

(e) NEIGHBORHOOD WATCH COMMUNITY CAPTAIN. The Neighborhood Watch Community Captain, if any, shall make every effort to facilitate an active Neighborhood Watch crime prevention program within the Community by: 1) attending a Metropolitan Police Department's Neighborhood Watch Block Captain training session; 2) recruiting a Neighborhood Watch Community Co-Captain and appropriate number of Block Captains necessary to create an active Neighborhood Watch crime prevention program within the community; 3) preparing,



organizing and facilitating training session(s) for Board, Community Co-Captain and Block Captains; 4) seeing to the on-going distribution of Metropolitan Police Department's crime prevention information to the Board and Association Members. The Neighborhood Watch Community Captain shall also perform other duties as required by the Board.

Section 9.9 Authority to Sign. Any other provision herein notwithstanding: each and every Association check, promissory note, contract, and other obligation, must be signed by not less than two (2) Officers as follows: (1) the President, and (2) the Treasurer (provided that the Secretary shall be authorized to co-sign checks in place of either (but not both at the same time) of the President or Treasurer, in the event that either is not reasonably available), and (b) in case of bona fide emergency, the President, Treasurer, or Secretary, acting alone, may disburse funds, and later be entitled to prompt reimbursement from the Association, provided that the amount thereof shall not exceed an aggregate of Five Hundred Dollars (\$500.00) during any thirty (30) day period, and provided that any such disbursement shall be promptly disclosed to the entire Board, and the Board, by written consent of a majority thereof, shall have the power and authority to terminate or suspend the future operation of the preceding portion of this sentence. Without limiting any other provision of these Bylaws, each of the President, Treasurer, and Secretary must first be and at all times remain a Director and (after the Declarant Control Period) also a Member of the Association in good standing.

#### **ARTICLE 10** **COMMITTEES**

The Board by resolution may, but shall not be required to, appoint committees (including, but not limited to, advisory Neighborhood Committees) and rules therefor, as deemed necessary or appropriate in carrying out the purposes of the Association. Also, the Board may, by resolution, delegate any portion of its authority permitted by law to an Executive Committee consisting of the Association President, Vice-President, Secretary and Treasurer.

**ARTICLE 11**  
**BOOKS AND RECORDS**

The Board shall cause to be kept a complete record of all of its acts and corporate affairs. The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and these Bylaws shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

**ARTICLE 12**  
**ASSESSMENTS**

As more fully provided in the Declaration, the Owner of each Unit is obligated to pay to the Association certain Assessments which are or may be secured by a continuing lien upon the Unit against which the assessment is made.

**ARTICLE 13**  
**CORPORATE SEAL**

The Association may have a seal in circular form having within its circumference the words:  
"AZURE MANOR/RANCHO DE PAZ HOMEOWNERS ASSOCIATION"

**ARTICLE 14**  
**NOTICE AND HEARING PROCEDURE**

Before undertaking any action for which Notice and Hearing are provided for under the Declaration, the Board first shall cause written notice of such proposed action to be delivered to all Owners affected thereby and to the Unit address. The notice shall describe the action proposed to be taken, and shall set the date of a hearing on the matter, which date shall be not less than ten (10) days nor more than thirty (30) days after delivery of the notice. Each affected Owner may be heard in person, or by counsel at the Owner's expense, at a hearing before a quorum of Directors. Should the notice and hearing also affect tenant(s) and/or resident(s) residing in the Owner's Unit and the tenant(s) and/or resident(s) is or are also subject to fines, then each affected tenant and/or resident may be heard in person, or by counsel at the tenant's expense, at that same hearing before a quorum of Directors. The Board, at its sole discretion, shall set the date, time and place of the hearing. The Board may adjourn and continue the hearing from time to time as it deems



necessary for the purpose of obtaining additional evidence or information. The Board shall issue its written ruling on the matter within forty-five (45) days after the conclusion of the hearing, which ruling shall be binding and conclusive as to all matters presented therein. To provide privacy for the Owner, resident or tenant subject to hearing, said hearings shall be conducted in Executive Sessions of Board meetings, provided that said hearings shall be conducted in regular Board meetings, if the Owner, resident or tenant submits a written request to have the hearing held at the regular Board meeting. The conduct of the Board and all those participating in the hearing, or observing the hearing, shall be courteous and respectful to all persons present. Witnesses shall be present only while testifying. The Board shall have the power and authority, in its business judgment, to appoint a Hearing Committee, of not less than three (3) committee members, pursuant to and in accordance with NRS 116.31031.6.

**ARTICLE 15**  
**AMENDMENTS AND OTHER DOCUMENTS:**

Section 15.1 Amendment. These Bylaws may be amended, added to, or altered, by both: (a) affirmative vote or written consent of not less than sixty-seven percent (67%) of the total voting power of the Association, and (b) affirmative vote or written consent of not less than a majority of the total voting power of the Board. Any amendment which will adversely affect the rights of any Eligible Holder (as defined in the Declaration) shall require the prior written approval of at least sixty-seven percent (67%) of said Eligible Holders, pursuant to the Declaration. Notwithstanding any of the foregoing: (a) Declarants shall have the power from time to time to unilaterally amend the Bylaws, to correct any scrivener's errors, to clarify any ambiguous provision, and otherwise to ensure that the Bylaws conform with the Declaration and with requirements of applicable law or governmental body, and (b) any amendment which will adversely affect the rights of Declarants or either of them shall require the prior written approval of such Declarant(s) so affected, and (c) this provision may not be amended without the prior written approval of Declarants. In the event that, and for so long as, the United States Department of Veterans Affairs ("VA") or the Federal Housing Administration ("FHA") is insuring or guaranteeing loans (or has agreed to insure or guarantee loans) on any portion of the Properties with respect to the initial sale by a Declarant to a Purchaser



of any Unit, any amendment to these Bylaws, during the Declarant Control Period, shall require the prior written approval of VA or FHA, but only if the applicable VA or FHA (as may be applicable) office with jurisdiction at such time normally and regularly requires and issues such written approvals under the circumstances.

Section 15.2 Other Documents; Inconsistencies. The Articles of Incorporation and the Declaration are, by this reference, incorporated herein as if set forth in full. In the case of any irreconcilable conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any irreconcilable conflict between the Declaration and the Articles or these Bylaws, the Declaration shall control.

Section 15.3 Conformity with Applicable Law. The Board (and/or a Declarant, for so long as such Declarant owns a Lot in the Community) shall have the right and power, but not the obligation, from time to time to unilaterally amend these Bylaws, to correct any scrivener's errors, to reasonably clarify any ambiguous provision, and otherwise to ensure that these Bylaws conform with the requirements of applicable law as may be amended from time to time.

## **ARTICLE 16 MISCELLANEOUS**

Section 16.1 Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 16.2 Notices. Any notice permitted or required hereunder shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered two (2) business days after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any person or entity at the address given by such person or entity to the Association for the purpose of service of such notice, or to the residence of such person or entity if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association.

Section 16.3 HUD/VA. HUD/VA has the right to veto amendments to these Bylaws as long as there is a Class B membership. The Association shall not have a Class B membership.

Section 16.4 NRS Chapter 116. Notwithstanding any other provision herein, it is the intent of the Declarants and the Board that these Bylaws and the Community shall be in all respects consistent with, and not in violation of, applicable provisions of NRS Chapter 116, as may be amended from time to time. Pursuant to NRS 116.1206, in the event any provision of these Bylaws is found to irreconcilably conflict with or violate an applicable provision of NRS Chapter 116, such offending provision in these Bylaws shall be automatically deemed modified or severed herefrom, to the minimum extent necessary to remove the irreconcilable conflict with or violation of the applicable provision of NRS Chapter 116.

**ARTICLE 17**  
**BUSINESS JUDGMENT; INDEMNIFICATION**

Section 17.1 Claims Related to Breach of Duty. The Officers, Directors, and committee members of the Association shall be subject to the reasonable business judgment rule, and shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The Officers and Directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such Officers or Directors are also Members of the Association).

Section 17.2 Exclusion from Liability for Other Tortious Acts. Volunteer Directors, Officers, and committee members of the Association shall not be personally liable in excess of the coverage of insurance specified in subparagraph (d) below, to any person who suffers injury, including but not limited to, bodily injury, emotional distress, wrongful death, or property damage or loss as a result of their tortious act or omission as long as the following requirements are met by the volunteer Directors, Officers, or committee members and the Association: (a) the act or omission of the Director, Officer, or committee member, was performed within the scope of his or her duties; (b) the act or omission of the Director, Officer, or committee member, was performed in good faith; (c) the act or omission of the Director, Officer, or committee member, was not willful, wanton, or grossly negligent; and (d) the Association maintained and had in effect (at the time of the act or omission of the Director, Officer, or committee member, and at the time a claim was made) one



or more insurance policies which included coverage for general liability of the Association and individual liability of Directors, Officers, and committee members, for negligent acts or omissions in that capacity, both in the amount of at least \$2,000,000.00. The payment for actual expenses incurred in the execution of his or her duties shall not affect the status of an Officer or Director as a volunteer under this section.

Section 17.3 Indemnification. The Association shall indemnify every Officer, Director, and committee member of the Association against all damages and expenses, including attorneys fees and costs, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an Officer, Director, or committee member; provided that such obligation to indemnify shall be limited to those actions for which liability is limited under the Declaration, the Articles of Incorporation and Bylaws of the Association, and applicable Nevada law.

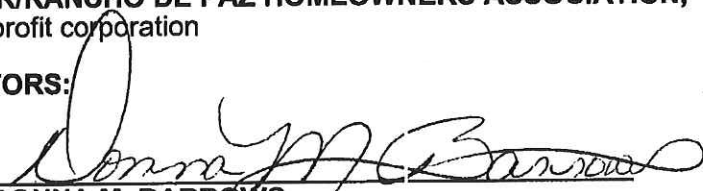
**KNOW ALL MEN BY THESE PRESENTS:**

That we, the undersigned, being the Directors and/or Members of the above-named Association, do hereby respectively acknowledge and adopt the foregoing Bylaws as and for the Bylaws of the Association.

**IN WITNESS WHEREOF**, we have hereunto set our hands this 23 day of August, 2004.

**AZURE MANOR/RANCHO DE PAZ HOMEOWNERS ASSOCIATION,**  
a Nevada non-profit corporation

**DIRECTORS:**

  
\_\_\_\_\_  
**DONNA M. BARROWS**

  
\_\_\_\_\_  
**SCOTT PARTLOW**

  
\_\_\_\_\_  
**LARRY BACH**