

**BYLAWS OF
SALT CREEK OWNERS' ASSOCIATION**

Prepared by:

Douglas R. Malan, Esq.
Deaner, Deaner, Scann, Malan & Larsen
720 South Fourth Street, Suite 300
Las Vegas, Nevada 89101
(702) 382-6911

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BYLAWS OF SALT CREEK OWNERS' ASSOCIATION

ARTICLE I

OFFICE

The office of this corporation shall be located in the Clark County, Nevada.

ARTICLE II

DEFINITIONS

Section 2.1 **Arbitration** means the requirement under NRS Chapter 38 that certain claims regarding the Declaration and the Association must be submitted to Arbitration or mediation.

Section 2.2 **Association** means and refers to SALT CREEK OWNERS' ASSOCIATION, a Nevada Non-Profit Corporation, its successors and assigns.

Section 2.3 **Bylaws** means and refers to these Bylaws and any amendments to these Bylaws.

Section 2.4 **Declarant** means and refers to Salt Creek Associates, L.P., a California limited partnership, its successors and assigns.

Section 2.5 **Declarant's Rights** means and refers to the rights granted to the Declarant by law and pursuant to the Declaration, including without limitation, the Declarant's right to:

- (a) add Phases to the Property;
- (b) create Lots and Common Elements within the Phases;
- (c) complete the improvements as indicated on the Plat;
- (d) maintain on the Property sales offices, models, management offices, and signs;

(e) use of easements through the Common Elements for the purpose of making improvements in the Project;

(f) appoint or remove officers of the Association and any members of the Executive Board during the Declarant's Control Period as described in Section 3.2 of the Declaration; and

(g) statutory rights and those rights described in Section 3.3 of the Declaration and as otherwise reserved in the Declaration.

Section 2.6 Declaration shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Property.

Section 2.7 Delinquent Assessment means assessments not paid within thirty (30) days of the Due Date.

Section 2.8 Due Date means the first day on which any assessment or installment is payable.

Section 2.9 Eligible Voter means a Lot Owner who is not disqualified under Section 5.2 (Suspension and Fines) of these Bylaws.

Section 2.10 Emergency means any occurrence or combination of occurrences that:

- (a) Could not have been reasonably foreseen;
- (b) Affects the health, welfare and safety of the Lot Owners of the Association;
- (c) Requires the immediate attention of, and possible action by, the Executive Board;

and

(d) Makes it impracticable to comply with the provisions of subsection 2 or 3 of NRS §116.3108.

Section 2.11 **Executive Board** sometimes Board of Directors, shall mean and refer to the governing body of the Association.

Section 2.12 **Manager** shall mean the person or entity designated by the Board to manage the affairs of the Association and to perform various other duties assigned to it by the Board as set forth in the Declaration and these Bylaws.

Section 2.13 **Member of Association** shall mean and refer to an Owner as defined in Section 2.14 of this Article II.

Section 2.14 **Owner**, sometimes Lot Owner, shall mean and refer to the record Owner, whether one (1) or more persons or entities, of fee simple title to any Lot which is part of the Property (as defined in the Declaration) including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 2.15 **Voting Power** means the total number of Eligible Voters in the Association, each Lot having one (1) vote. If the Declaration or Bylaw requires a majority of the Voting Power of the Association for action, that would mean, in the case of the Association, 41 Lot Owners' votes out of a total of 80 Lot Owners (assuming all Lots are eligible to vote).

The definitions in Article 1 of the Declaration not set forth above are incorporated and made a part hereof.

ARTICLE III - MEMBERSHIP

Membership in the Association is as provided in the Articles of the Association and in Article III of the Declaration.

ARTICLE IV

MEMBERSHIP ASSESSMENTS AND LIEN RIGHTS

Section 4.1 Annual Assessments. The Board shall, per Section 10.18 of these Bylaws, fix and determine from time to time the annual assessments to be paid by each Owner for the purposes of operating, maintaining and repairing the Association Property and Common Elements, and paying the expenses of the Association as provided in these Bylaws and the Declaration. The annual assessments shall include an adequate reserve fund for the periodic maintenance, repair, and replacement of the Common Elements and Association Property as set forth in the Declaration.

Section 4.2 Special Assessments. In addition to the annual assessments authorized above, the Board may levy special assessments:

(a) for the purpose of defraying, in whole or in part, the cost of any capital improvement to the Association Property and Common Elements, including the cost of major repair or rebuilding; and

(b) to reimburse the Association for costs and expenses incurred in enforcing compliance by any Owner with the provisions of the Declaration, the Articles of Incorporation, Bylaws and Rules and Regulations adopted from time to time by the Board.

Section 4.3 Lien Rights. As provided in the Declaration, the Association shall have a lien against the interest of each Owner in the Project to secure prompt payment of all assessments levied by the Association in compliance with the Declaration and these Bylaws. In the event of default by any Owner, the Owner's interest may be foreclosed by the Association in the same manner as a real property mortgage or may be enforced by sale pursuant to NRS

§§116.33162 through 116.31164 and any amendments and substitutions thereof, and to that end, a power of sale is hereby conferred upon the Association.

Assessments imposed to reimburse the Association for costs incurred in bringing a Member or Member's Lot into compliance with the provisions of the Declaration, these Bylaws, any amendments thereto, the Articles or Association Rules and Regulations, shall not be liens on the other Lots.

Any assessment installment not paid within thirty (30) days after the Due Date shall be delinquent (the "Delinquent Assessment"), and bear interest at the rate of eighteen percent (18%) per annum from the Due Date until paid in full. The Association may bring an action at law against the Member personally obligated to pay the same and, in addition thereto or in lieu thereof, may foreclose the assessment lien. Interest, late charges, costs and reasonable attorney's fees incurred in any action shall be added to the amount of such assessments. No Member may waive or avoid liability for the assessments provided for hereby by non-use of the Common Elements or abandonment of the Lot.

Section 4.4 Payment of Assessments by Declarant. The Declarant shall pay, except as deferred in Section 4.8 of the Declaration, all assessments levied by the Association against any Lot owned by it at the same time, in the same manner and in the same amounts as a non-Declarant Owner.

Section 4.5 Date of Commencement of Annual Assessments. The annual assessments provided for in the Declaration shall commence as to all Lots in each Phase of the Project on the first day of the month following the conveyance of the first Lot to an Owner in each Phase. Each installment shall be payable in advance on the first day of each month quarter (the "Due

Date").

ARTICLE V

MEMBERSHIP RIGHTS, PRIVILEGES AND PENALTIES

Section 5.1 Membership Rights and Privileges. No Member shall have the right, without the prior approval of the Board, to exercise any of the powers or to perform any of the acts under these Bylaws delegated to the Board in Article X herein. Unless otherwise provided in the Declaration and subject to the Rules and Regulations adopted by the Board, each Member of the Association, their immediate family, guests and tenants shall have the right to use and enjoy the Association Property and Common Elements other than those portions thereof for which the exclusive right to use has been granted to specific Owners. If a Lot has been rented, the tenant shall have the Member's rights and obligations to use and enjoy the portion of the Association Property and Common Areas which is appurtenant to that Lot.

Section 5.2 Suspensions. The membership rights and privileges, including a Member's right to vote and to use the Common Elements and Association Property may be suspended by the Board: (a) for any period of time during which the assessment on Owner's Lot remains unpaid for a period of thirty (30) days or more; and (b) after written notice and an opportunity for a hearing before the Board, for a period not to exceed thirty (30) days for other violations of the Declaration, Bylaws, and the Rules and Regulations of the Association.

Section 5.3 Fines. The Board may adopt Rules and Regulations which provide for reasonable fines for each violation of or noncompliance with the Declaration, Bylaws, and the Rules and Regulations of the Association. Should the Board believe grounds exist for a suspension or imposition of monetary penalties, the Board shall (except in any emergency) give to the

Member believed to be in violation or non-compliance, notice and opportunity to be heard as provided in Article XII (Notice and Hearing Procedure).

The Board may require an Owner, or the tenant or guest of the Owner, to pay a fine for each failure to comply that does not threaten the health and welfare of the Association. The fine must be commensurate with the severity of the violation, but must not exceed, unless otherwise provided by law, \$100 for each violation or a total amount of \$500, whichever is less. If a fine is imposed pursuant to this Section and the violation is not cured within fourteen (14) days, or such longer period as may be adopted in Rules and Regulations by the Board, the violation shall be deemed a continuing violation. Thereafter, the Board may impose an additional fine for the violation for each seven (7) day period or portion thereof that the violation is not cured. Any additional fine may be imposed without notice and an opportunity to be heard. In the event NRS §116.31031 is amended to increase the maximum fine amount or the total amount of fines, these Bylaws shall be deemed amended to reflect such increase.

If the Board adopts Rules and/or Regulations imposing fines for violation of the Declaration, these Bylaws or other Rules and Regulations established by the Association, the Secretary shall prepare and cause to be hand-delivered or sent prepaid by United States mail to the mailing address of each Unit Owner or to any other address designated in writing by a Unit Owner, a schedule of fines that may be imposed for those violations. Any Rules and/or Regulations shall not become operational until thirty (30) days after the Owners have received written notice of same as set forth above.

ARTICLE VI

MEETINGS OF MEMBERS

Section 6.1 Place of Meeting. All meetings of Members shall be held at the Property or at such other location in Clark County, Nevada, in reasonable proximity to the Property, as may be designated in the Notice of Meeting.

Section 6.2 Annual Meetings of Members. The first annual meeting of Members shall be held within forty-five (45) days after close of the escrow by Declarant of fifty-one percent (51%) of the Lots for sale in the first Phase; but in no event shall the meeting be held later than six (6) months after the close of sale of the first Lot in the Project. Subsequent annual meetings of Members shall be held on or near the annual anniversary of the initial annual meeting of Members. Should any annual meeting day fall upon a legal holiday, then the annual meeting of Members shall be held at the same time and place on the first day thereafter which is not a legal holiday. The election of directors shall be held at the annual meeting of the Members.

Section 6.3 Special Meetings. Special meetings of the Members may be called for any lawful purpose by the Board, the president, or by written request signed by Members representing at least five percent (5%) of the total voting power of the Association. A special meeting called by Members (other than the Board) as provided above shall be made by a written request specifying the general nature of the business to be transacted to the president, any vice president, or secretary of the Association. The officer receiving the notice shall promptly cause notice to be given to the Members in the manner required by Section 6.4 that a meeting will be held at a date, time, and place fixed by the Board, which meeting shall be held not less than ten (10) days nor more than sixty (60) days after receipt of the request. If the notice is not given

within twenty (20) days after the receipt of the request, the person or persons requesting the meeting may give the notice.

Section 6.4 Notice of Meetings.¹ Notice of all Members' meetings, annual or special, shall be given to each Member not less than ten (10) nor more than sixty (60) days before the date of the meeting to each Member and to any Eligible Security Interest who has requested in writing to receive such notice. Said Security Interest or its designated representative shall be entitled to attend any such meeting, but shall not be entitled to vote at the meeting. The notice shall either be: (a) published in a newsletter or other similar publication that is circulated to each Owner; (b) hand delivered; or (c) mailed by first-class mail addressed to the Member or Security Interest at the address of such Member and Security Interest, if applicable, as appears on the books of the Association, or as given in writing by the Member or Security Interest to the Association for purpose of notice. If no address appears or is given for any Member or Security Interest, notice shall be deemed to have been given to each Member or Security Interest if mailed to the address of the Lot owned by such Member and/or Security Interest on that Lot.

The notice shall state the place, date, and time of the meeting, and include either a copy of the agenda for the meeting, or the date on which and the location where copies of the agenda may be conveniently obtained by the Members. The notice must include notification of the right of a Unit's Owner to:

- (a) Have a copy of the minutes or a summary of the minutes of the meeting distributed

¹Notice of a meeting to consider an assessment for capital improvements or for the commencement of a civil action must be given at least twenty-one (21) calendar days before the meeting (NRS §116.3115-9).

to the Owner upon request and upon payment to the Association the cost of making the distribution, if payment of costs is required by the Board.

(b) Speak to the Association or Executive Board, unless the Executive Board is meeting in executive session.

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

The agenda for the meeting must consist of:

(a) A clear and complete statement of the topics scheduled to be considered during the meeting, including, without limitation, 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 member of the Executive Board;

(b) A list describing the items on which action may be taken and clearly denoting that action may be taken on those items.

(c) A period scheduled for the beginning of each meeting devoted to comments by Units' Owners and discussion of those comments. Except in emergencies, no action may be taken upon a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken pursuant to Paragraph (b) above.

Section 6.5 Minutes. Notice of the meetings shall include a notification of the right

of an Owner within thirty (30) days after any meeting to have a copy of the Minutes or a summary of Minutes of the meeting distributed to that Owner upon request, if the Owner pays the Association for the cost of making the distribution. The Secretary or other officer specified in the Bylaws shall cause the Minutes or a summary of the Minutes of the meeting to be made available to the Lot Owners. A copy of the Minutes or summary of the Minutes must be provided to any Lot Owner who pays the Association the cost of providing a copy to that Owner.

Section 6.6 Waiver of Notice or Consent. The transactions of any meeting of Members, however called or noticed, and wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if

(a) a quorum is present either in person or by proxy², and made at the meeting.

(b) either before or not later than sixty (60) days after the meeting, each Member entitled to vote, not present in person or by proxy, signs a written waiver of notice, consent to the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice, consent, or approval should also specify approval or disapproval of the matter considered by the members at the meeting. All such waivers, consents, or approvals shall be filed with the Association's records or made a part of the minutes of the meeting.

Attendance of a Member at a meeting shall also constitute a waiver of notice of and presence at that meeting, unless the Member objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Also, attendance at a meeting is not a waiver of any right to object to the consideration of matters

²Proxies may not be used to determine a quorum or as a vote for election of any member of the Executive Committee.

required to be included in the notice of the meeting but not so included, if that objection is expressly made at the meeting.

Section 6.7 Proof of Membership and Record Date. No person shall exercise the rights of membership in the Association until satisfactory proof of membership has been furnished to the Association. Such proof may consist of either a duly executed and acknowledged grant deed or title insurance policy showing that the person has an ownership interest in a Lot that would entitle the person to membership in the Association as provided in Article III of the Declaration. Such deed or policy shall be deemed conclusive proof of the person's membership in the absence of a conflicting claim based on a later deed or policy.

For the purpose of determining the Members entitled to notice of any meeting, to vote, or to exercise any other rights in respect of any lawful action, the Board may fix, in advance, a record date as follows:

(a) the record date for notices shall be not more than sixty (60) nor less than ten (10) days before the date of the meeting,

(b) the record date for voting shall not be more than sixty (60) days nor less than five (5) days before the date of the meeting,

(c) the record date for any other action shall not be more than sixty (60) days before the date of such action. A person holding a membership as of the close of business on the record date shall be a Member of record.

Section 6.8 Quorum. The presence at any meeting in person or by proxy³ of at least

³See Footnote 2 on page 11.

thirty-three and one-third percent (33 1/3 %) of the total votes of the Voting Power shall constitute a quorum. Any Members' meeting, whether or not a quorum is present, may be adjourned from time to time for any reason by a vote of the majority of Owners present either in person or by proxy at the meeting (each Lot having one vote) to another time not less than five (5) days nor more than thirty (30) days from the date of the original meeting.

If the time and place of the adjourned meeting is announced at the original meeting, no notice of the adjourned meeting is required. If a new date is fixed for the adjourned meeting after the adjournment of the original meeting, notice of the date, time, and place of the adjourned meeting shall be given to Members in the manner prescribed in Bylaw Section 6.4.

Any business that might have been transacted at the original meeting may be transacted at the adjourned meeting. The quorum requirement at the adjourned meeting shall be twenty percent (20%) of the total Voting Power of the Members. In the absence of a quorum, no business may be transacted at the meeting other than to adjourn the meeting to another time.

The Members present at any duly called or held meeting at which a quorum is initially present may continue to transact business until adjournment notwithstanding loss of the quorum, if any action taken (other than adjournment) is approved by at least a majority of the Members present prior to loss of the quorum. Only a vote cast in person, by secret ballot or by proxy (where applicable) may be counted.

The quorum requirement in this Section 6.8 does not override or change provisions in the Declaration, Bylaws or Articles of Incorporation which require, for certain actions, a higher percentage of Voting Power of the Members.

Section 6.9 Proxies. Each Eligible Voter shall have the right to vote, except for

elections to the Executive Board, either in person or by one or more persons authorized by a written proxy, signed by the person, and filed with the Secretary of the Association. An Eligible Voter may give a proxy only to a member of his/her immediate family, a tenant of the Eligible Voter who resides in the Association, or another Unit Owner who resides in the Association. A proxy shall be deemed signed if the Member's name is placed on the proxy (whether by manual signature, typewriting, electronic transmission, or otherwise) by a Member or the Member's attorney in fact. Any form of proxy or written ballot distributed by any person to the membership of the Association shall provide for a choice between approval and disapproval of each matter or group of matters to be acted on. The proxy or written ballot shall provide that, when the Member specifies a choice, the vote shall be cast in accordance with that choice. The proxy shall also identify the person who is authorized to exercise the proxy. 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 Unit's Owner 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 he/she will be casting votes and the voting instructions received for each proxy.

A proxy terminates immediately after the conclusion of the meeting for which it was executed. A vote may not be cast pursuant to a proxy for the election of a member of the Association's Executive Board.

Notwithstanding any of the foregoing, all proxies shall be revocable and shall automatically terminate when the Member's membership in the Association terminates as provided in Article

III of the Declaration. The suspension of any Member's voting rights by the Association shall automatically suspend any proxy executed by that Member.

Section 6.10 Order of Business. The order of business of all meetings of the Members shall be as follows:

- (a) roll call;
- (b) proof or notice of meeting or waiver of notice;
- (c) reading of minutes of preceding meeting;
- (d) Member comment period;
- (e) reports of board and officers
- (f) election of directors, if any are to be elected;
- (g) unfinished business; and
- (h) new business.

Section 6.11 Parliamentary Procedure. All questions of parliamentary procedure shall be decided in accordance with Roberts' Rules of Order.

Section 6.12 Action Without Meeting. Any action which may be taken at a meeting of Members, except the election of directors where cumulative voting is a requirement, may be taken without a meeting if all Members consent in writing to the action.

Section 6.13 Action by Written Ballot. Any action that may be taken at any meeting of the Members may be taken by written ballot if the following requirements are satisfied:

- (a) The Association distributes a written ballot to each Member entitled to vote in the matter. The ballot shall be given personally, or by first class mail addressed to the Member at the address of such Member appearing on the books of the Association or given by the Member

to the Association for purpose of notice. The ballot shall provide a reasonable time within which to return.

(b) Each ballot shall set forth:

- (i) the proposed action;
- (ii) an opportunity to accept or reject any proposal;
- (iii) the time by which the ballot must be received by the Association in order to be counted, and the date, time, and place the ballots will be opened and counted in public;
- (iv) the number of responses needed to meet the quorum requirement, and
- (v) the percentage of approvals necessary to approve the proposed action.

(c) The proposed action shall be considered approved by written ballot if:

- (i) within the time period specified the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and
- (ii) the number of approvals equals or exceeds the number of votes that would be required for approval at a meeting for the proposed action.

(d) A written ballot may not be revoked.

Section 6.14 Title. In an emergency, as defined in NRS §116.3108, the members may take action on an item which is not listed on the agenda as an item on which action may be taken. Notice of such emergency meeting shall be delivered to the members as set forth in Section 6.4 of these Bylaws. The other requirements pertaining to quorum and proxy as set forth in this Article shall apply to any emergency members' meeting.

ARTICLE VII

DIRECTORS/MEETINGS

Section 7.1⁴ **Powers and Duties.** The directors shall have the powers and duties set forth herein.

Section 7.2 **Number and Qualifications of Directors.** The Board shall consist of no less than three (3) or more than five (5) directors until changed by amendment of this Section of the Bylaws. Directors shall be Members of the Association. Each director within thirty (30) days after his/her appointment or election to the Board shall certify in writing that he/she has read and understands the Association's governing documents and the provisions of NRS Chapter 116 to the best of his/her ability.

Section 7.3 **Nomination.** Nominations for other than the initial directors shall be made by a nominating committee consisting of three (3) persons. The nominating committee shall consist of a chairman, who shall be a director, and two (2) other persons who are Members of the Association, but not directors. Each Member of the nominating committee shall be appointed by the Board to serve for a period of one (1) year, and vacancies thereon shall be filled by the Board. The nominating committee may make as many nominations as it desires, but not less than the number of positions to be filled. Nominations may be made only from among Eligible Members. Not less than thirty (30) days before the preparation of a ballot for the election of members of the Executive Board, the Secretary of the Association shall cause notice to be given to each Owner

⁴All provisions of this Article are subject, during the Declarant's Control Period (see Section 3.2 of the Declaration), to the right of the Declarant to appoint and remove Declarant members to the Board.

of his/her eligibility to serve as a member of the Executive Board. Each Eligible Member may have his/her name placed on the ballot along with the names of the nominees selected by the nominating committee.

Section 7.4 Election and Term of Office. At the first meeting of Members, at least two (2) directors shall be elected for a term of one (1) year and the number of directors required to fill the remaining positions for a term of two (2) years. Thereafter, directors shall be elected at the annual meeting of Members to fill the vacancies of those directors whose term then expires and the term of each such director so elected shall be two (2) years. The term of office of a director may not exceed two (2) years; however, a director may be re-elected to succeed himself/herself for additional terms. If any annual meeting is not held or the directors are not elected thereafter, the directors may be elected at any special meeting of Members held for that purpose. After the expiration of the Declarant's Control Period, the elections of members to the Board shall be held during the month of October of each year. All directors shall hold office until their successors are elected.

The election of any member of the Executive Board must be conducted by secret, written ballot. For the purpose of determining whether a quorum is present for the election of any member of the Executive Board, only the secret, written ballots that are returned to the Association may be counted. The Secretary of the Association shall cause to be sent prepaid by United States mail to the mailing address of each Unit within the Project or to any other mailing address designated in writing by the Unit's Owner, a secret ballot and return envelope.

Votes cast for the election of a member of the Executive Board must be counted in public. A vote may not be cast pursuant to a proxy for the election of a member of the Executive Board.

Section 7.5 Directors, Removal. Other than Declarant's directors, unless the entire Board is removed from office by the vote of the Members, an individual director shall not be removed prior to the expiration of his/her term of office if the number of votes cast against his/her removal would be sufficient to elect the director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of directors authorized at the time of the most recent election of directors were then being elected.

Any director elected to office solely by the votes of Members other than Declarant, as provided below, may be removed from office with or without cause prior to the expiration of his/her term upon the two-thirds (2/3rds) vote of all persons present and entitled to vote at any meeting of the Owners at which a quorum is present.

Section 7.6 Vacancies. Other than Declarant vacancies, vacancies in the Board created by death or resignation may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so chosen shall hold office for the unexpired term or until his successor is elected. Declarant vacancies on the Board shall be filled by the Declarant, and in absence of such designation, the remaining Board Members may fill the vacancy.

Vacancies created by the removal of any director by the Members may be filled only by the vote of the Members.

The Members may at any time elect directors to fill any vacancy not filled by the directors, and may elect additional directors at a meeting at which an amendment of the Bylaws is voted upon, authorizing an increase in the number of directors.

No reduction of the number of directors shall have the effect of removing any director

prior to the expiration of the term of that director.

Section 7.7 Place of Meeting. All meetings of the Board shall be held within the Property, or at such other location in Clark County, Nevada, in reasonable proximity to the Property, as may be designated in the Notice of Meeting.

Section 7.8 Organization Meeting. Immediately following the annual meeting of the Members, the Board shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice of such meeting is hereby dispensed with.

Section 7.9 Regular Meetings. Regular meetings of the Board shall be held not less than once every ninety (90) days and at such time as the Board may determine. Notice of all regular and special meetings of the Board shall be given in the same manner and with the same materials as provided for in the notice of meetings to the Members in Section 6.4 of these Bylaws. At least once every ninety (90) days the Board shall review at one of its meetings:

- (a) A reconciliation of the operating account of the Association;
- (b) A current reconciliation of the reserve account of the Association;
- (c) Actual revenues and expenses for the reserve account, compared to the budget for that account for the current year;
- (d) The latest account statements prepared by 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.

Section 7.10 Special Meetings/Emergency Meetings. Special meetings of the Board may be called by the Chairman of the Board or the President or any Vice-President or the Secretary or any two (2) directors. Written notice of the time and place of special meetings shall be given in the same manner as provided for in Section 6.4 of these Bylaws. 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. As used herein, the definition of "emergency" shall be as set forth in NRS §116.3108. Written notice of the time and place of any emergency meeting shall be given, if practicable, in the same manner as provided for in Section 6.4 of these Bylaws. The quorum requirements and other voting requirements shall be the same for an emergency meeting as in any regular or special meeting of the Board.

Section 7.11 Waiver of Notice. Notice of the regular and special meetings need not be given to any director who has signed a waiver of notice or a written consent to the holding of the meeting, or any approval of the minutes thereof, whether before or after the meeting. Failure of a director present at the meeting to protest prior to its commencement shall constitute a waiver of notice from such director. All such waivers, consents and approvals shall be filed with the Association's records or made a part of the minutes of the meetings.

Section 7.12 Compensation and Fees. Neither the directors nor the officers of the Association shall receive any monetary compensation for their services performed in the conduct of the business of the Association, except with the vote or written consent of a majority of the voting power of each class of Members of the Association. After expiration of the Declarant's Control Period, approval of compensation for performed services shall require the vote or written consent of fifty-one percent (51 %) of the total Voting Power of Members of the Association.

Nothing contained in this Section shall preclude any director or officer from serving the Association in any other capacity as an agent, employee or otherwise and receiving compensation therefor. Directors and officers of the Association may be reimbursed for reasonable expenses incurred in carrying on the business of the Association.

Section 7.13 Attendance at Meetings and Executive Sessions. Regular and special meetings of the Board shall be open to all Members of the Association. Members who are not on the Board may not participate in any deliberation or discussion unless expressly authorized by the vote of a majority of a quorum of the Board. The Board may, upon the vote of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved and other matters of business of a similar nature. Only Members of the Board shall be entitled to attend executive sessions. The nature of any and all business to be considered in executive session shall first be announced in open session.

The Executive Board shall maintain minutes of any decision made in Executive Session and, upon request, provide a copy of the decision to the Lot's Owner who was the subject of the hearing or to his/her designated representative.

Section 7.14 Quorum. A majority of the directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every decision made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board.

Section 7.15 Adjournment. A quorum of the directors may adjourn any directors' meeting to meet again at a stated time and hour; provided, however, that in the absence of a

quorum, a majority of directors present at any directors' meeting, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 7.16 Notice of Adjournment. Notice of any adjournment of any directors' meeting, either regular or special, to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

Section 7.17 Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though effected at a meeting to be held after regular call and notice if a quorum be present, and if either before or after the meeting, each of the directors not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Nothing contained herein shall remove the obligation to post the notice of all directors' meetings on the Common Elements.

ARTICLE VIII

DECLARANT'S CONTROL PERIOD, TERMINATION

Section 8.1 Within thirty (30) days after Owners other than the Declarant may elect a majority of the members of the Executive Board, the Declarant shall deliver to the Association all property of the Owners and of the Association held or controlled by the Declarant, including:

(a) The original or a certified copy of the recorded Declaration as amended, the Association's Articles of Incorporation, Bylaws, minute books and other books and records, and any Rules or Regulations which may have been adopted.

(b) An accounting for money of the Association and financial statements from the date

the Association received money to the date that the Declarant's Control Period ends. The financial statements must fully and accurately report the Association's financial condition prepared in accordance with generally accepted accounting principles.

(c) A complete study of reserves of the Association, conducted by a person qualified by training and experience to conduct such a study. The Declarant shall also deliver to the Association a reserve account that contains the Declarant's share of the amounts then due, and control of the account. The Declarant shall also disclose, in writing, the amounts by which the Declarant has subsidized the Association's dues on a per Lot basis.

(d) The Association's money or control thereof.

(e) All of the Declarant's tangible personal property that has been represented by the Declarant as property of the Association or, unless the Declarant has disclosed in the public offering statement that all such personal property used in the Project will remain the Declarant's property, all of the Declarant's tangible personal property that is necessary for, and has been used exclusively in, the operation and enjoyment of the Common Elements, and inventories of these properties.

(f) A copy of any plans and specifications used in the construction of the Common Elements in the Project.

(g) All insurance policies then in force, in which the Owners, the Association, or its directors and officers are named as insured persons.

(h) Copies of any certificates of occupancy that may have been issued with respect to any improvements comprising the Project.

(i) Any other permits and approvals issued by governmental bodies applicable to the

Project which are in force or which were issued within one (1) year before the date on which Lot Owners other than the Declarant took control of the Association.

(j) Written warranties of the contractor, subcontractors, suppliers, and manufacturers that are still effective.

(k) A roster of Owners and mortgagees of Lots and their addresses and telephone numbers, if known, as shown in the Declarant's records.

(l) Contracts of employment in which the Association is a contracting party.

(m) Any contract for service in which the Association is a contracting party or in which the Association or the Owners have any obligation to pay a fee to the persons performing the services.

ARTICLE IX

OFFICERS

Section 9.1 **Officers.** The officers of the Association, shall be a President, a Vice-President, a Secretary, and a Treasurer. The Association may also have, at the discretion of the Board, one (1) or more Assistant Secretaries, one (1) or more Assistant Treasurers and such other officers as may be appointed in accordance with the provisions of Section 9.3 of this Article. Officers other than the President and Vice President need not be directors. One (1) person may hold two (2) or more offices, except those of President and Secretary.

Section 9.2 **Election.** The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 9.3 or Section 9.5 of this Article shall be chosen annually by the Board, and each shall hold his/her office until resignation or removal or is otherwise disqualified to serve, or a successor is elected.

Section 9.3 Subordinate Officers. The Board may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws or as the Board may from time to time determine.

Section 9.4 Removal and Resignation. Any officer may be removed, either with or without cause, by a majority of the directors at the time, at any regular or special meeting of the Board or, except in case of an officer chosen by the Board, by any other officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by written notice to any director or officer. 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 9.5 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled by a majority vote of the Board.

Section 9.6 President. The President shall be the Chief Executive Officer of the Association, and subject to the control of the Board, have general supervision, direction and control of the business and officers of the Association. He/she shall preside at all meetings of the Members and at all meetings of the Board. The President shall be ex-officio member of all standing committees, including the Executive Committee, if any, and shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by the Board or by the Bylaws. The President shall sign all leases, promissory notes, mortgages, deeds and other written instruments

and may co-sign all checks of the Association. The President shall execute, certify and record amendments to the Declaration of the Association.

Section 9.7 Vice-President. In the absence or disability of the President, the Vice-President shall perform all the duties of the President, and when so acting shall have all powers of and be subject to all restrictions upon the President. The Vice-President is authorized to co-sign all Association checks and shall have such other powers and perform such other duties as from time to time may be prescribed for him/her by the Board or these Bylaws.

Section 9.8 Secretary. The Secretary shall keep a book of minutes at the principal office or such other place as the Board may order of all meetings of directors and Members, with the time and place of the meeting, whether regular or special, how authorized, the notice thereof given, the names of those present at the directors' meetings, the number of memberships present or represented at Members' meetings and the proceedings thereof.

The Secretary shall give, or cause to be given, notice of all the meetings of the Members and of the Board required by the Bylaws or by law to be given, and, in addition to being authorized to co-sign Association checks, shall perform such other duties as may be prescribed for him/her by the Board or these Bylaws.

Section 9.9 Treasurer. The Treasurer shall keep and maintain adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and surplus. The books of account shall at all reasonable times be open to inspection by any director.

The Treasurer shall either with one of the other officers or with an authorized agent of any management company hired by the Board to manage the Association sign all checks and, with the

President, all promissory notes of the Association and shall deposit all monies and other valuables in the name of the Association with such depositories as may be ordered by the Board. All checks shall be co-signed either by two officers or by an officer and an authorized agent of the Association's manager. The Treasurer shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and directors, whenever they request, an account of all of his/her transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed for him/her by the Board or these Bylaws.

ARTICLE X

POWERS AND DUTIES OF THE ASSOCIATION

Subject to the Declaration, the Articles of Incorporation, and the Nevada Common Interest Ownership Act, the Board of Directors shall have the following powers and duties.

Section 10.1 Selection of Officers. To select and remove all the officers, agents and employees of the Association, prescribe such powers and duties for them not inconsistent with law, the Articles of Incorporation, these Bylaws or the Declaration, and, subject to the provisions of Section 7.12 of these Bylaws, fix their compensation.

Section 10.2 Management of Business. To conduct, manage or control the affairs and business of the Association, and to adopt reasonable Rules and Regulations not inconsistent with law, the Articles of Incorporation, these Bylaws or the Declaration as they deem best, including Rules and Regulations for the operation of the Common Elements owned or managed by the Association.

Section 10.3 Borrowing of Money. To sell Association real and personal property,

and to borrow money and incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes or other evidences of debt, secured, if necessary, by deeds of trusts or security agreements, on the real or personal property. Pursuant to NRS §116.3112, the conveyance or encumbrance of the Association Real Property will require the vote or written assent of a majority of the Voting Power of the Members of the Association, including a majority of the votes allocated to Lots not owned by the Declarant.

Section 10.4 Insurance. To contract and pay for fire, casualty, liability, flood insurance (if the Project is in a special flood hazard area), fidelity and other insurance adequately insuring the Association and Owners with respect to the Association Property and the Common Elements and the affairs of the Association, which shall include bonding of the Members of any management body.

The Board shall obtain a fidelity bond covering the Members of the Board, officers, and employees of the Association and employees of any manager or managing agent, whether or not such persons are compensated for their services, naming the Association as insured and written in an amount equal to at least the estimated maximum funds, including reserves in the custody of the Association or a management agent at any given time during the term of the bond. However, the bond shall not be less than a sum equal to three (3) months aggregate assessments on all Lots. Workmen's compensation insurance covering any employees of the Association shall also be carried.

Section 10.5 Payment of Common Element Utilities. To pay all charges for water, electricity, gas, and other utility services for the Association Property and Common Elements to

the extent not separately metered or charged to an Owner's Lot.

Section 10.6 Management of Common Elements and Association Property. To manage, operate, maintain, and repair (or employ a Manager to do so) the Common Elements and Association Property and all improvements located thereon, including any parking and drainage facilities; and, to restore and replace any of the buildings, structures and improvements which are part of the Common Elements and Association Property at any time as the Board may determine necessary; and to make capital expenditures for and on behalf of the Association with the vote or written assent of a majority of the Voting Power of each class of Members of the Association; provided however, that after expiration of Declarant's Control Period, capital expenditures shall require the vote or written assent of fifty-one percent (51%) of the total Voting Power of the Members of the Association.

Section 10.7 Right to Enforce. To enforce the provisions of the Declaration, the Articles of Incorporation, Bylaws, and the Rules and Regulations adopted by the Board and the provisions of any agreement to which the Association is a party.

Section 10.8 Right to Contract. To contract and pay for goods and services relating to the Association Property and Common Elements and to employ personnel necessary for the operation and maintenance of the same, including legal and accounting services. Notwithstanding anything to the contrary:

(a) The term of any contract with third persons for supplying goods or services to the Association's Common Elements, or for the Association shall not exceed a term of one (1) year unless a longer term is approved by a majority of the Voting Power of each class of Members of the Association, unless such longer term is approved by (i) fifty-one percent (51%) of the total

Voting Power of Members of the Association, and (ii) at least fifty-one percent (51%) of the total

Voting Power of Members of the Association other than Declarant, with the following exceptions:

(i) a contract with a public utility company for materials or services, the rates for which are regulated by the Public Utilities Commission, may exceed a term of one (1) year so long as it does not exceed the shortest term for which the public utility will contract at the regulated rate;

(ii) a contract for prepaid casualty and/or liability insurance policies may be for a term not to exceed three (3) years, provided that the policy permits short rate cancellation by the Association.

(b) Any agreement for management of the Project and any other contract providing for services by Declarant shall be terminable for cause upon thirty (30) days written notice, and without cause or payment of a termination fee upon not more than sixty (60) days written notice. Such agreements shall be renewable with the consent of the Board and the management agent.

(c) No contract with the Association negotiated by Declarant shall exceed a term of one (1) year.

(d) To authorize any officer or agent to enter into any contract or execute any instrument in the name and on behalf of the Association. Such authority may be general or confined to specific instances, and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 10.9 Payment of Taxes on Association and Common Elements. To pay any taxes and governmental special assessments which are or could become a lien on the

Association Property and on Common Elements not assessed to Lot Owners.

Section 10.10 **Right to Suspend.** To suspend the voting rights and right to use the recreational facilities of a Member as provided in Article V of these Bylaws.

Section 10.11 **Notification to Security Interest.** Upon written request to the Association, identifying (a) the name and address of the Eligible Security Interest, Eligible Insurer, or Guarantor, and (b) the applicable Lot number or address, any Eligible Security Holder, Eligible Insurer, or Guarantor will be entitled to timely written notice of any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to a First Security Interest held, insured or guaranteed by such Eligible Security Interest, Eligible Insurer, or Guarantor, which remains uncured for a period of sixty (60) days.

Section 10.12 **Right to Litigate.** To prosecute or defend, in the name of the Association, any action affecting or relating to the property owned by the Association, and any action in which all or substantially all of the Owners have an interest. Notwithstanding the foregoing, the Board's right to litigate on behalf of the Association shall be governed by NRS §116.3115, as amended, and the requirements set forth thereunder pertaining to notice, meeting, voting, and the written agreement of a majority of Unit Owners to prosecute any such litigation or arbitration.

Section 10.13 **Right to Delegate.** To delegate any of its powers hereunder to others, including committees, officers, employees, and management.

Section 10.14 **Right to Sell.** As permitted in the Declaration, to sell the Project for the benefit of all of the Owners and their Security Interest (excepting the Administrator of the VA), as their interests may then appear, at such price and upon such terms as the Board

may determine reasonable.

Section 10.15

Duty to Make Records Available for Inspection. To keep

in its principal office, which can be the office of a property manager for the transaction of business, or at such place within the Project as the Board shall prescribe the current copies of the Declaration, Bylaws, Articles of Incorporation, and Rules and Regulations, as amended, a membership register, financial records, and copies of minutes of all Members, Board, and committee meetings, all of which shall, upon written request of a Unit Owner, be made available for inspection and copying, at reasonable expense, by any Member of the Association, or by any Member's duly appointed representative in writing and by all Eligible Security Interests, and for a purpose reasonably related to his or her interest as a Member or Security Holder. The Board shall establish reasonable rules with respect to:

- (a) Notice to be given to the custodian of the records by the Member or Security Holder who requests the inspection;
- (b) Hours and days of the week when such an inspection may be made; and
- (c) Payment of the costs of reproducing copies of documents requested.

Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association. The right of inspection by a director shall include the right, at his or her expense, to make extracts and copies of documents.

In addition to the above, the Board shall maintain and make available for review at the Association's principal office or other location designated by the Board:

- (a) The financial statements of the Association;
- (b) The budgets of the Association; and

- (c) The reserve study of the Association.

The Board shall provide a copy of any of the foregoing records to Owners within fourteen (14) days after receiving a written request therefor. The Board may establish fees to cover the actual cost of preparing a copy, not to exceed the amount set forth in the Nevada Common Interest Ownership Act.

Section 10.16 **Use of Common Elements/Association Property.** To permit utility suppliers to use portions of the Common Elements reasonably necessary to the ongoing development and operation of the Project.

Section 10.17 **Financial Statement.** To prepare:

(a) An annual report consisting of the following to be distributed within one hundred twenty (120) days after close of the Association's fiscal year:

- (i) a balance sheet as of the end of the fiscal year;
- (ii) an income and expense statement for the fiscal year;
- (iii) a statement of changes in financial position for the fiscal year;
- (iv) any information required to be reported under Nevada law.

(b) The annual report referred to above shall be prepared by an independent public accountant for each fiscal year.

Section 10.18 **Budgets and Reserves.** To prepare the budget for the daily operation of the Association, which budget must include, without limitation, the estimated annual revenue and expenditures of the Association and any contributions to be made to the reserve account of the Association. In order to accomplish the foregoing, the Board shall:

- (a) Fix and determine from time to time the annual assessments to be paid by each

Owner for the purpose of operation, maintenance, repair, and replacement of the Association Property and Common Elements, and to pay the necessary expenditures of the Association as provided in these Bylaws and the Declaration. The annual assessments shall include an adequate reserve, funded on a reasonable basis, for the periodic maintenance, repair, replacement, and restoration of the Common Elements and Association Property as set forth in the Declaration.

(b) Cause to be prepared a proposed budget which will include a reserve for the replacement and repair to major components of Common Elements and Association Property for the Association for the second and each succeeding fiscal year of the Association, including, without limitation:

(i) the current estimated replacement cost, estimated remaining life, and estimated useful life of each major component of the Common Elements;

(ii) as of the end of the fiscal year for which the budget is prepared, the current estimate of the amount of cash reserves that are necessary, and the current amount of accumulated cash reserves that are set aside, to repair, replace or restore the major components of the Common Elements;

(iii) a statement as to whether the Board has determined or anticipates the levy of one or more special assessments will be required to repair, replace, or restore any major component of the Common Elements, or to provide adequate reserves for that purpose; and

(iv) a general statement describing the procedures used for the estimation and accumulation of cash reserves pursuant to Subsection (ii) above, including, without limitation, the qualifications of the person responsible for the preparation of the study required under Subsection (b) of Section 10.18.

Within thirty (30) days after adoption by the Board of any proposed budget for the Project, the Board shall provide a summary of the budget to all Owners, and include a notice which shall set a date for the meeting of the Board to consider ratification of the budget not less than ten (10) nor more than sixty (60) days after mailing of the summary. Unless at that meeting a majority of the Members present reject the proposed budget, the proposed budget shall be ratified, whether or not a quorum is present. If the proposed budget is rejected, the periodic budget last ratified by the Members must be continued until such time as the Members ratify a subsequent budget proposed by the Board. A summary of the adopted budget (or last ratified budget in the event the proposed budget is not adopted) shall be prepared and a copy of same distributed to each Member not less than thirty (30) days, nor more than sixty (60) days before the beginning of the Association's fiscal year. A written notice that the budgets are available for review at the Association's business office or other suitable location and that copies of the budgets will be provided upon request shall accompany the summary.

(d) The Board shall cause to be conducted at least once every five (5) years a study of the reserves required to repair, replace, and restore the major components of the Common Elements; review the results of that study at least annually to determine if those reserves are sufficient; and make any adjustments it deems necessary to maintain the required reserves.

(i) The study required under this Subsection must be conducted by a person qualified by training and experience to conduct such a study, which person may be a member of the Board, a Unit Owner, or the Manager, if they are so qualified.

(ii) The study must include, without limitation:

(aa) A summary of an inspection of the major components of the

Common Elements the Association is obligated to repair, replace, or restore;

(bb) An identification of the major components of the Common Elements that the Association is obligated to repair, replace, or restore which have a remaining useful life of less than thirty (30) years;

(cc) An estimate of the remaining useful life of each major component identified pursuant to Subsection (bb) above;

(dd) An estimate of the cost of repair, replacement, or restoration of each major component identified pursuant to Subsection (bb) above during and at the end of its useful life; and

(ee) An estimate of the total annual assessment that may be required to cover the cost of repairing, replacing, or restoring of the major components identified pursuant to Subsection (bb) above, after subtracting the reserves of the Association as of the date of this study.

(e) Money from the reserve account of the Association may not be withdrawn without signatures of at least two (2) Members of the Board, or the signatures of at least one (1) member of the Board and one (1) officer of the Association who is not a member of the Board.

ARTICLE XI - AMENDMENTS

New Bylaws may be adopted, or these Bylaws may be amended or repealed by the vote of a majority or more of the Voting Power of the Members of the Association.

During the Declarant's Control Period, these Bylaws may be augmented, amended, or repealed by the Declarant without the consent of the non-declarant Members to correct technical errors, for clarification or to conform these Bylaws to the requirements for planned communities

then in effect by the VA, FHA, Fannie Mae, GNMA, FHLMC, the State of Nevada, or any county, city, or applicable agency which has jurisdiction over the Project.

In the event these Bylaws are amended, as provided herein, the Secretary of the Association shall, within thirty (30) days of the adoption of such amendment, prepare a copy of the amendment that was made and cause it to be hand-delivered or sent prepaid, by United States mail to the mailing address of each Residence, or to any other mailing address designated in writing by a Unit Owner.

ARTICLE XII

NOTICE AND HEARING PROCEDURE

Section 12.1 **Suspension of Privileges.** In the event of an alleged violation of the Declaration, these Bylaws or the Rules and Regulations of the Association, and after written notice of such alleged violation (which includes a form and a schedule of fines that may be imposed for a violation, if applicable) is delivered in the manner prescribed in Section 12.3 hereof to the Member or any agent of the Member ("Respondent") alleged to be in default, the Board of Directors shall have the right, after affording the respondent an opportunity for a hearing as hereinafter provided, and upon an affirmative vote of a majority of all directors on the Board, to take any one or more of the following actions ("Sanctions"):

- (a) levy a fine and/or Special Assessment as provided in the Declaration;
- (b) suspend or condition the right of the Respondent to use any recreational facilities owned, operated or maintained by the Association;
- (c) suspend the Respondent's voting privileges as a Member;
- (d) enter upon the Respondent's Lot to make necessary repairs, or to perform

maintenance which, according to the Declaration, is the responsibility of the Owner thereof (the Respondent's); or

- (e) record a notice of noncompliance encumbering the Respondent's Lot.

Any such suspension shall be for a period of not more than thirty (30) days for any non-continuing infraction, but in the case of a continuing infraction (including nonpayment of any assessment after it becomes delinquent) a suspension may be imposed for so long as the violation continues.

The failure of the Board to enforce the Rules and Regulations of the Association, these Bylaws or the Declaration shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth above and otherwise provided by these Bylaws shall be cumulative and none shall be exclusive. However, any individual Member must exhaust all available internal remedies of the Association prescribed by these Bylaws, or by the Rules and Regulations of the Association before that Member may resort to arbitration or to a court of law for relief with respect to any alleged violation of the Declaration, these Bylaws or the Rules and Regulations of the Association, provided that the foregoing limitation pertaining to exhausting administrative remedies shall not apply to the Board or to any Member where the complaint alleges nonpayment of assessments.

Section 12.2 Written Complaint. A hearing to determine whether a right or privilege of the Respondent under the Declaration or these Bylaws should be suspended or conditioned, or whether a Special Lot Assessment should be levied, shall be initiated by the filing of a written complaint by any Member or by any officer or Board member with the President of the Association or other presiding member of the Board. The complaint shall contain a written

statement of charges including, if applicable, a schedule of fines and/or Sanctions that may be imposed, a statement setting forth in ordinary and concise language the acts or omissions with which the Respondent is charged, and a reference to the specific provisions of the Declaration, these Bylaws or the Rules and Regulations of the Association which the Respondent is alleged to have violated. A copy of the complaint shall be delivered to the Respondent in accordance with the notice procedures set forth in Section 12.3 hereof, together with a statement which shall be substantially in the following form:

"Unless a written request for a hearing signed by or on behalf of the person named as Respondent in the accompanying complaint is delivered or mailed to the Board of Directors within thirty (30) days after the complaint, the Board of Directors may proceed upon the complaint without a hearing, and you will have thus waived your right to a hearing. The request for a hearing may be made by delivering or mailing the enclosed form entitled 'Notice of Defense' to the Board of Directors at the following address:

_____. You may, but need not, be represented by counsel at any or all stages of these proceedings. If you desire the names and addresses of witnesses or an opportunity to inspect any relevant writings or items on file in connection with this matter in the possession, custody, or control of the Board of Directors, you may contact _____."

The Respondent shall be entitled to a hearing on the merits of the matter if the Notice of Defense is timely filed with the Board of Directors. The Respondent may file a separate statement by way of mitigation, even if he/she does not file a Notice of Defense.

Section 12.3

Service of Notice. Any notice permitted or required to be delivered

as provided in the Declaration, these Bylaws or the Rules and Regulations, shall be in writing and may be delivered either personally or my 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 at the address given by such person to the Association for the purpose of service of such notice, or to the residence of such person 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 12.4 Notice of Hearing. If the Notice of Defense is timely filed, the Board shall serve a notice of hearing, as provided herein, on all parties at least ten (10) days prior to the hearing, if such hearing is requested by the Respondent. The hearing shall be held no sooner than thirty-one (31) days after the complaint is mailed or delivered to the Respondent as provided in Section 12.2. The notice to the Respondent shall be substantially in the following form, but may include other information:

"You are hereby notified that a hearing will be held before the Board of Directors of SALT CREEK OWNERS' ASSOCIATION at _____ Las Vegas, Nevada, on the _____ day of _____, 20__, at the hour of _____, upon the charges made in the complaint served upon you. You may be present at the hearing, and may, but need not be represented by counsel, present any relevant evidence, and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to request the attendance of witnesses and the production of books, documents, or other items by applying to the Board of Directors of the Association."

Section 12.5 Hearing. If the Notice of Defense is timely filed, the hearing shall

be held before the Board, or by a forum of Members appointed by the Board, in executive session on the date specified in the Notice of Hearing delivered to the Respondent. If the Notice of Defense is not timely filed, the Respondent's right to a hearing shall be deemed waived, and the Board, in executive session, may proceed upon the complaint without a hearing. Prior to the effectiveness of any Sanction hereunder, proof of notice, and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer or director who mailed or delivered such notice. The notice requirement shall be deemed satisfied if a Respondent appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the Sanctions, if any, imposed.

Section 12.6 Arbitration/Mediation. Neither a Member, the Board, nor the Association may commence an action in any court unless it has, as a precondition, complied with the provisions of the Arbitration/Mediation provisions of Nevada Revised Statutes Chapter 38.

CERTIFICATE OF SECRETARY


I, the undersigned, do hereby certify that:

I. I am the duly elected and acting Secretary of SALT CREEK OWNERS' ASSOCIATION, a Nevada non-profit corporation; and

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2. The foregoing Bylaws, comprising 42 pages, including this page, constitute the Bylaws of the Association duly adopted by majority vote at a special meeting of the Members of the Association held on December 16, 1999.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the Association this 16th day of December, 1999.



Its Secretary

