

BYLAWS
OF
ELDORADO NEIGHBORHOOD SECOND HOMEOWNERS ASSOCIATION

ARTICLE 1

NAME AND LOCATION

The name of the corporation is ELDORADO NEIGHBORHOOD SECOND HOMEOWNERS ASSOCIATION (the "Association"). The principal office of the corporation shall be located in the County of Clark, State of Nevada, but meetings of Members and Directors may be held at such places within the State of Nevada, County of Clark, as may be designated by the Board of Directors.

ARTICLE 2

DEFINITIONS

Unless the context otherwise specifies or requires, the terms defined in this Article 2, for purposes of these Bylaws, shall have the meanings herein specified. Capitalized terms which are not otherwise defined shall have the meaning given such terms in the Declaration.

2.1 "Articles" means the Articles of Incorporation of the Association as they may from time to time be amended.

2.2 "Association" means the ELDORADO NEIGHBORHOOD SECOND HOMEOWNERS ASSOCIATION, a Nevada nonprofit mutual benefit corporation, its successors and assigns.

2.3 "Board" or "Board of Directors" means the governing body of the Association.

2.4 "Bylaws" means these Bylaws as amended from time to time.

2.5 "Common Area" means all real and personal property now or hereafter owned by the Association or otherwise held for the common use, where a right to use has been granted, and enjoyment of the Owners.

2.6 "Declarant" means Pardee Construction Company of Nevada, a Nevada corporation, its successors and assigns, if such successors or assigns should acquire more than one undeveloped lot in the Real Property from the Declarant for the purposes of development, and who is designated as such in a recorded instrument executed by Declarant.

2.7 "Declaration" means the Declaration of Covenants, Conditions and Restrictions of Eldorado Neighborhood Second Homeowners Association recorded with the Clark County, Nevada

Recorder, as amended, changed or modified from time to time by subsequent recorded documents.

2.8 "Eligible Insurer or Guarantor" means an insurer or governmental guarantor of a first Mortgage on a Subdivision Interest who has requested notice of certain matters in accordance with Article 8 of the Declaration.

2.9 "Eligible Mortgage Holder" or "Eligible Holder" means a holder of a first Mortgage on a Subdivision Interest thereof who has requested notice of certain matters from the Association in accordance with Article 8 of the Declaration.

2.10 "Fiscal Year" means the fiscal year of the Association as established by the Board from time to time pursuant to these Bylaws.

2.11 "Governing Documents" means the Declaration, the Articles and the Bylaws, as they may be amended from time to time, and any exhibits thereto; and the Rules as established from time to time by the Board pursuant to the Declaration.

2.12 "Member" means a person entitled to membership in the Association as provided herein. A "Member in Good Standing" means a Member whose voting rights have not been suspended in accordance with Section 14.2 hereof.

2.13 "Mortgage" means a deed of trust as well as a mortgage encumbering a Subdivision Interest.

2.14 "Mortgagee" means a beneficiary under or holder of a deed of trust as well as a mortgagee of a Mortgage encumbering a Subdivision Interest.

2.15 "Owner" means the record owners, whether one (1) or more persons or entities, of fee simple title to any Subdivision Interest which is a part of the Real Property, including contract buyers, but excluding those having such interest merely as security for the performance of an obligation.

2.16 "Project" means the Real Property and any additional real property that may be annexed under Article 13 of the Declaration, including all Improvements erected or to be erected thereon.

2.17 "Real Property" means that real property located in the City of North Las Vegas, Clark County, Nevada described as:

Lot 1 in Block One (1); Lots 1 through 7, inclusive, in Block Two (2); Lots 1 through 6 and 22 through 27, inclusive, in Block Three (3); Lots 25 through 31, inclusive, in Block Five (5); Lots 1 through 5, inclusive, in Block Six (6); Lots 8 through 18 in Block Two (2); Lots 7 through 21, inclusive, in Block Three (3); Lots 1 through 5, inclusive, in Block Four (4); Lot

1 in Block Five (5); Lots 15 and 16 in Block Eight (8) in Eldorado No. 5 - R1 - 60 No. 2, as shown by map thereof recorded March 11, 1994 on file in Book 60 of Plats, page 87, in the Office of the County Recorder of Clark County, Nevada;

and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

2.18 "Record" and "Recordation" shall mean, with respect to any document, the recordation of said document in the Office of the County Recorder of the County of Clark, State of Nevada.

2.19 "Rules" shall mean the rules and regulations adopted by the Board pursuant to the Declaration for the use of the Common Area, as they may be amended from time to time.

2.20 "State" shall mean the State of Nevada.

2.21 "Subdivision Interest" means a portion of the Real Property intended for use and occupancy as a single family residence and shall, unless otherwise specified, include within its meaning (by way of illustration, but not limitation) patio or zero lot line homes, and single family houses on separately platted lots, as may be developed, used and defined as herein provided or as provided in Subsequent Amendments covering all or a part of the Real Property.

2.22 "Subsequent Amendment" means an amendment to the Declaration which adds additional property to that covered by the Declaration. The Subsequent Amendment may, but is not required to, impose, expressly or by reference, additional restrictions and obligations on the land submitted by that Amendment to the provisions of the Declaration.

2.23 "Subsidy Agreement" means an agreement of the type described in Section 3.17 of the Declaration.

ARTICLE 3

MEMBERS

3.1 Qualifications.

(a) Each Owner of a Subdivision Interest (including Declarant if, and so long as, it is the Owner of one or more of a Subdivision Interest), by virtue of being such an Owner and for so long as he or she is such an Owner, shall become a Member of the Association, and, in the event of its dissolution, of the unincorporated association succeeding thereto pursuant to Article VIII of the Articles, upon acquiring title to a Subdivision Interest and shall be entitled to exercise the rights of a Member upon the delivery to the Association of the proof of ownership of

such a Subdivision Interest which is prescribed in Section 3.1(b) hereof.

(b) No person shall exercise the rights or privileges of membership in the Association until satisfactory proof of ownership has been furnished to the Board. Proof of ownership of a Subdivision Interest may consist of a copy of a duly executed and acknowledged grant, bargain, sale deed, or a title insurance policy showing that person to be the Owner of a Subdivision Interest, or such documentary or other proof as the Board, in its discretion, shall deem to be satisfactory. The decision of the Board as to qualification for membership shall be final and conclusive for all purposes.

(c) The Board may but need not provide for the issuance of certificates, in a form which it shall determine, evidencing membership in the Association. Such certificates shall be consecutively numbered and contain the name and address of the Member. The date of issuance of the certificate shall be entered in the records of the Association by the Secretary. If any certificate is lost, mutilated or destroyed, a new certificate may be issued upon such terms and conditions as the Board may direct.

3.2 Voting. This Association shall have one (1) class of voting membership as set forth in the Articles and in the Declaration.

ARTICLE 4

MEETINGS OF MEMBERS

4.1 Annual Meetings. The first annual meeting of Members shall be held within six (6) months after the close of escrow for the sale of the first Subdivision Interest by Declarant, or within forty-five (45) days after close of escrow for the sale by Declarant of twenty-five percent (25%) of the Subdivision Interests, which ever shall first occur. Subsequent annual meetings of Members shall be held annually thereafter on a date and time specified by the Board. 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 next day thereafter ensuing which is not a legal holiday.

4.2 Special Meetings. Special meetings of Members for any purpose or purposes may be called by the President, a majority of the Board or upon receipt of a written request for a special meeting signed by Members representing at least five percent (5%) of the total voting power of the Association.

4.3 Notices. Written notice of annual and special meetings of the Association shall be given to the Members and, upon written request therefor, to all Eligible Mortgage Holders either personally or by sending a copy of the notice through the mail or by telefax to the address of such Member or Mortgagee appearing on

the books of the Association or supplied in writing by such Member or Mortgagee to the Association for the purpose of notice. If no address is supplied, notice shall be deemed to have been given if mailed to the address of the Subdivision Interest owned by a Member or encumbered by the first Mortgagee, or published at least once in some newspaper of general circulation in Clark County, Nevada. Notices shall be given not less than ten (10) days and not more than sixty (60) days before each meeting; provided, however, if notice is given by mail and the notice is not mailed by first-class, registered or certified mail, then notice shall be given not less than twenty (20) days before the meeting. Such notices shall specify:

(a) the place, the date, and the hour of the annual or special meeting;

(b) those matters which the Board, at the time the notice is given, intends to present for action by the Members, including the general nature of any proposed amendment to the Declaration or they Bylaws, any budget changes and any proposal to remove an officer of the Association or a Director; and

(c) if Directors are to be elected, the names of nominees intended at the time of the notice to be presented for election.

Notice of meetings or ballot polls shall specify the place, date and hour. In the case of a ballot poll, the notice shall include the matter(s) to be voted on.

4.4 Quorum. The presence in person or by proxy in accordance with the Governing Documents of thirty-three percent (33%) of the voting power entitled to vote at any meeting shall constitute a quorum for the transaction of business. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough voting power to leave less than a quorum. In the event any meeting of Members cannot be held because a quorum is not present, the Members present, either in person or by proxy in accordance with the Governing Documents, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time of the original meeting date, at which meeting the quorum requirement shall be twenty percent (20%) of the voting power of the membership of the Association; provided, however, that the only matters which may be voted upon at any adjourned meeting actually attended, in person or by proxy in accordance with the Governing Documents, by less than thirty-three and one-third percent (33-1/3%) of the voting power of the membership of the Association, are matters notice of the general nature of which was duly given.

4.5 Adjourned Meetings and Notice Thereof. Any membership meeting, annual or special, whether or not a quorum is present may be adjourned from time to time by the vote of a majority of the

voting power present in person, by proxy or represented by a Delegate in accordance with the Governing Documents, but in the absence of a quorum no other business may be transacted at any such meeting.

Unless a meeting is adjourned for more than thirty (30) days, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting other than by an announcement at the meeting at which such adjournment is taken of the time and place of the adjourned meeting. When any membership meeting, either annual or special, is adjourned for more than thirty (30) days, notice of the adjourned meeting shall be given as in the case of an original meeting. If a time and place for the adjourned meeting is not announced 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 in Section 4.3 hereof.

4.6 Record Date for Notice. Only those Members and Eligible Mortgage Holders appearing, in the official records of the Association on the date sixty (60) days prior to the scheduled date of any meeting of the Members required or permitted to be held under the Bylaws or the Declaration, as record Owners or Mortgagees, respectively, shall be entitled to notice of any such meeting.

4.7 Proxies. 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 Secretary of the Association prior to the meeting to which it is applicable, provided, however, that if the proxy is a Member, the proxy must be a Member in Good Standing. Any proxy may be revoked at any time by actual notice to the Board or by attendance in person by such Member at the meeting for which such proxy was given. A proxy is void if it is not dated or purports to be revocable without notice. In any event, no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy, except that the maximum term of any proxy shall be one (1) year from the date of execution of the proxy. Such powers of designation and revocation may be exercised by the guardian of a Member's estate or by his or her conservator, or in the case of a minor having no guardian, by the parent entitled to his or her custody, or during the administration of a Member's estate, by his or her executor or administrator where the latter's interest in such property is subject to administration in his or her estate. 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 reasonable 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.

4.8 Members in Good Standing. Notwithstanding any other provision contained in the Governing Documents, only those Members in Good Standing shall be entitled to vote, whether in person, by proxy or ballot.

4.9 Place of Meetings. Members' meetings shall be held within Clark County, Nevada either within the Project or at a meeting place reasonably convenient to the Owners.

4.10 Membership Approval. Except as otherwise provided in Article 13 or any other applicable provision of the Declaration, if there are any provisions in these Bylaws or the Declaration calling for membership approval of action to be taken by the Association then such approval shall be by the prescribed percentage of the membership.

4.11 Mortgagee Representation. First Mortgagees shall have the right to attend all membership meetings through a representative designated in writing and delivered to the Board.

4.12 Waiver of Notice. The transactions of any meeting of Members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy and if, either before or after the meeting, each of the Members entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

4.13 Method of Voting and Actions without Meeting. Elections or questions (including advisory questions) to be submitted to all or any part of the membership of the Association may be decided at a meeting (by viva voice or by ballot), by mail or at polling places designated by the Board. Unless otherwise approved by the Board, all elections for Directors shall be by secret written ballot. The Board shall determine the method of voting by resolution and give notice thereof as provided in Section 4.3 hereof. Without limiting the foregoing, except as limited by NRS 78.320 (as now or hereafter in effect), any action which may be taken by the vote of Members at an annual or special meeting, may be taken without a meeting.

4.14. Vote Appurtenant to Subdivision Interest. The right to vote may not be severed or separated from the ownership of the Subdivision Interest to which it is appurtenant, except that any Member may give a revocable proxy in the manner described above, or may assign his or her right to vote to a lessee or tenant actually occupying his Subdivision Interest or Mortgagee of the Subdivision Interest concerned, for the term of the lease or Mortgage, and any

sale, transfer or conveyance of such Subdivision Interest to a new Owner or Owners 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.

ARTICLE 5

BOARD OF DIRECTORS: ELECTION AND TERM OF OFFICE

5.1 Number. The affairs of this Association shall initially be managed by a Board consisting of five (5) persons appointed by Declarant. During the period of Declarant's control of the Association as set forth in Section 2.2 of the Declaration, the number of Directors shall be expanded to seven (7) Directors at such time or times as the Declarant deems advisable. Following the termination of the Declarant's control of the Association under Section 2.2 of the Declaration, a majority of the Directors must be Members of the Association. The Declarant shall gradually transfer control of the Board of Directors to the Members as set forth in Section 2.2 of the Declaration: within sixty (60) days after the conveyance of twenty-five percent (25%) of the Subdivision Interests to Owners other than Declarant, at least one Director shall be elected by Owners other than Declarant; within sixty (60) days after the conveyance of fifty percent (50%) of the Subdivision Interests to Owners other than Declarant, no less than thirty-three and one-third percent (33 1/3%) of the Directors must be elected by Owners other than Declarant; and within sixty (60) days after conveyance of 75 percent of the Subdivision Interests that may be created to Owners all Directors shall be elected by the Members.

5.2 Term of Office. In accordance with Section 2.2 of the Declaration, upon termination of the Declarant's control, the Members shall elect seven (7) Directors as follows: three (3) Directors for a term of one year and four (4) Directors for a term of two (2) years; and at each annual meeting thereafter the Members shall elect the appropriate number (3 or 4) Directors for a term of two (2) years.

5.3 Vacancies. Vacancies in the Board, except for a vacancy created by the removal of a Director, may be filled by a majority of the remaining Directors, though less than a quorum, and each Director so elected shall hold office until his successor is elected at an annual meeting of Members or at a special meeting called for that purpose.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any Director, or if the Members shall increase the authorized number of Directors but shall fail at the meeting at which such increase is authorized, or at any adjournment thereof, to elect the additional Directors so provided for, or in case the Members fail at any time to elect the full number of authorized Directors.

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

If any Director tenders his or her resignation to the Board, the Board shall have power to elect a successor to take and complete the term of that office at such time as the resignation shall become effective. No reduction of the number of Directors shall have the effect of removing any Director prior to the expiration of his term of office.

ARTICLE 6

NOMINATION AND ELECTION OF DIRECTORS

6.1 Nomination. Nomination for election to the Board shall be made by the Board or by a nominating committee appointed by the Board. Nominations may also be made from the floor at the annual meeting of the Members. A nominating committee may be appointed by the Board prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, in which case such appointment shall be announced at each annual meeting. The Board or the nominating committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Nominations may be made from among Members or nonmembers.

6.2 Cumulative Voting. Members shall be entitled to cumulate their votes for one or more candidates for the Board, if the candidate's name has been placed in nomination prior to the voting, and if any Member has given notice at the meeting prior to the voting of his or her intention to cumulate votes at any election for Directors. If cumulative voting is in effect, each Member in Good Standing may give one (1) candidate a number of votes equal to the number of Directors to be elected multiplied by the number of votes to which the Member is entitled, or may distribute the Member's votes on the same principle among as many candidates as the Member thinks fit. The candidates receiving the highest number of votes up to the number of Directors to be elected shall be elected.

6.3 Removal of Directors. Unless the entire Board is removed from office by the vote of Members, an individual Director shall not be removed prior to the expiration of his or her term of office if the number of votes cast against his or her removal or not consenting in writing to his or her removal would be sufficient to elect him or her 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 the governing Board member 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 prior to the

expiration of his or her term only upon the vote of a simple majority of the voting power of Members other than Declarant.

ARTICLE 7

MEETINGS OF DIRECTORS

7.1 Annual Organizational Meeting. An annual meeting of the Board for the purpose of organization, election of officers and the transaction of other business shall be held immediately following the adjournment of the annual meeting of the Members. Notice of such meeting is hereby dispensed with.

7.2 Regular Meetings and Notice Thereof. At each annual organizational meeting, the Board shall adopt a schedule setting forth the time, date and place of other regular meetings of the Board to be held at least monthly during the forthcoming year; unless the business to be transacted by the Board does not require such frequent meetings, in which case the Board may meet as infrequently as once every six (6) months. Notice of the time, date and place of a regular meeting shall be communicated to the Directors not less than five (5) days prior to such meeting; provided, however, that notice of a regular meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

7.3 Special Meetings and Notice Thereof. Special meetings of the Board may be called at any time by the President or, if he or she is unable or refuses to act, by the Vice-President or by any two (2) Directors. Written notice of the time and place of special meetings and the nature of any special business to be considered shall be sent to all Directors by first-class mail not less than four (4) days prior to the scheduled time of the meeting, or delivered personally or by telephone or telefax not less than seventy-two (72) hours prior to the scheduled time of the meeting; provided, however, that notice of a special meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

7.4. Quorum. A majority of the authorized number of Directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be the act of the Board; unless the law, the Articles, the Declaration or the Bylaws require a greater number.

7.5 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 the Directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

7.6 Entry of Notice. Whenever any Director has been absent from any special meeting of the Board, an entry in the minutes to the effect that notice has been duly given shall constitute a rebuttable presumption that due notice of such special meeting was given to such Director as required by law and these Bylaws.

7.7 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 present at the time of the adjournment.

7.8 Meeting Place. All regular and special meetings of the Board shall be held within Clark County, Nevada in a location reasonably convenient to all Members.

7.9 Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though had 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.

7.10 Open Meetings. Regular and special meetings of the Board shall be open to all Members; provided, however, that Members who are not on the Board may not participate in any deliberations or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board.

7.11 Executive Sessions. The Board may, with the approval of a majority of a quorum of the Directors adjourn a meeting and reconvene in executive session to discuss and act upon matters described in Section 8.4, personnel matters, litigation in which the Association is or may become involved and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session. Only Directors shall be entitled to attend Executive Sessions.

7.12 Action Without Meeting. The Board may take action without a meeting if all of its members consent in writing to the actions to be taken. If the Board resolves by unanimous written consent to take an action, an explanation of the action to be taken shall be given by the Board to the Members of the Association within three (3) days after all written consents have been obtained in the manner provided in Section 7.2 hereof for the giving of notice of regular meetings of the Board.

7.13 Telephonic Meetings. Unless otherwise restricted by the Articles or Bylaws, Directors or Members of any committee designated by the Board, may participate in a meeting of the Board or committee by means of a conference telephone network or a

similar communications method by which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section 7.13 constitutes presence in person at such meeting. Each person participating in the meeting shall sign the minutes thereof. The minutes may be signed in counterparts.

ARTICLE 8

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

8.1 Powers. The Board shall have power to:

(a) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles, or the Declaration, which powers, duties and authority so vested or delegated shall not be inconsistent with law;

(b) employ a manager, an independent contractor, or such other employees as it deems necessary, and to prescribe the duties of such employees or agents; and

(c) contract for goods and services for the Common Area.

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

(a) cause to be kept a complete record of all its acts and corporate affairs, the records to include but not be limited to a membership register, books of account and minutes of meetings of the Members, and of the Board, and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members in Good Standing who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Subdivision Interest;

(2) send written notice of each assessment to every Owner subject thereto; and

(3) foreclose the lien against any property for which assessments are not paid or bring an action at law against the Owner personally obligated to pay the same.

(d) furnish or cause an appropriate officer or officers to furnish, upon demand by any person, a certificate signed by an officer of the Association setting forth whether the assessments on a specified Subdivision Interest have been paid. A properly

executed certificate of the Association as to the status of assessments on a Subdivision Interest is binding upon the Association as of the date of its issuance;

(e) procure and maintain the liability and other insurance required by the Declaration with respect to property owned by the Association or otherwise subject to the Declaration;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Area to be maintained as provided in the Declaration;

(h) at least forty-five (45) days and not more than sixty (60) days prior to the commencement of the second and each succeeding Fiscal Year of the Association, prepare and distribute to Members a budget and prior to the commencement of the Fiscal Year, the Board shall adopt a budget for the Association consisting of at least the following information:

(1) Estimated revenue and expenses on an accrual basis.

(2) The amount of the total cash reserves of the Association currently available for replacement or major repair of common facilities and for contingencies.

(3) An estimate of the current replacement costs of the remaining useful life of, and the methods of funding used to defray the future repair, replacement or additions to, those major components of the Common Area and facilities for which the Association is responsible.

(4) A general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Common Area and facilities for which the Association is responsible.

(i) cause a financial statement (including a balance sheet and income and expense statement) of the affairs of the Association to be made:

(1) as of the last day of the month closest in time to the date six (6) months following close of escrow for the sale of the first Subdivision Interest by Declarant to an Owner. The financial statement shall reflect the financial condition of the Association as of that date and shall summarize the financial transactions in which the Association was involved during the period between the close of the first sale and the date of the financial statement. The financial statement shall include a schedule of assessments received and receivables itemized by Subdivision Interest and shall

include the name of the person or entity assessed. A copy of the financial statement shall be distributed personally or by mail to each of the Members of the Association and, upon written request, to all first Mortgagees, within sixty (60) days after the date of such financial statement.

(2) as of the last day of each Fiscal Year of the Association. The financial statement shall reflect the financial condition of the Association as of that date and shall summarize the financial transactions in which the Association was involved during the period between the close of the first sale of a Subdivision Interest or the last of such financial statements and the date of the current financial statement and shall include a statement of changes in financial position. The financial statement shall be prepared in accordance with generally accepted accounting principles, by an independent certified public accountant for each Fiscal Year, and a copy of the financial statement shall be distributed personally or by mail to each Member of the Association and upon written request, to all first Mortgagees within one hundred twenty (120) days following the end of each Fiscal Year. In addition to financial statements, the Board shall annually distribute within sixty (60) days prior to the beginning of the Fiscal Year a statement of the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of regular and special assessments including the recording and foreclosing of liens against Members' Subdivision Interests.

(3) In lieu of the distribution of the financial statement, the Board may elect to distribute a summary of the statement to all Members with a written notice that the statement is available at the business office of the Association or at another suitable location within the boundaries of the Project and that copies will be provided upon request and at the expense of the Association. If any Member requests a copy of the financial statement to be mailed to the Member, the Association shall mail the copy to the Member by first-class United States mail at the expense of the Association within five (5) days. The written notice that is distributed to each of the Members shall be in at least 10-point bold type on the front page of the summary of the statement.

(j) Make available to any prospective purchaser of a Subdivision Interest, any Owner of a Subdivision Interest, any first Mortgagee, and the Eligible Insurer or Guarantor, current copies of the Declaration, the Articles, these Bylaws, the Rules and all other books, records and financial statements of the Association. "Available" as used in the paragraph shall at least mean available for inspection upon request during normal business hours or under other reasonable circumstances.

8.3 Restrictions on Powers of Board.

(a) In addition to any restrictions contained in the Declaration, the Association shall be prohibited from taking any of the following actions without the vote or written assent of Members representing fifty-one percent (51%) or more of the total voting power of the association comprised of at least fifty-one percent (51%) of the votes of Members other than Declarant shall then be necessary:

(1) Paying compensation to Directors or to officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a Director or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

(2) Filling a vacancy on the Board created by the removal of a Director.

(3) Incurring aggregate expenditures payable by the Association for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(4) Selling any property of the Association.

(b) The Association shall be prohibited from taking any of the following actions without the vote or written assent of two-thirds (2/3) of the voting power of the Members of the Association:

(1) hypothecating any or all of the real or personal property owned by the Association as security for money borrowed or debts incurred.

Notwithstanding the foregoing, for so long as there is any lot, parcel, area, or unit for which this Association is obligated to provide management, maintenance, preservation or control, then, without the approval of one hundred percent (100%) of the members, this Association or any person acting on its behalf shall not transfer all or substantially all of its assets or file a certificate of dissolution.

8.4 Hearing Procedure. The Board shall not impose a fine, suspend voting, or infringe upon any other rights of a Member or other occupant for violations of the Declaration or the Rules unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:

(1) the alleged violation;

(2) the action required to abate the violation; and

(3) the time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a sanction after notice and hearing if the violation is not continuing.

(b) Notice. At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is subsequently violated, the Board or its authorized representative shall serve the violator with written notice of a hearing to be held by the Board or an authorized committee thereof in executive session. The notice shall contain:

(1) the nature of the alleged violation;

(2) the time and place of the hearing, which time shall not be less than ten (10) days from the giving of the notice;

(3) an invitation to attend the hearing and produce any statement, evidence, and witness on his or her behalf; and

(4) the proposed sanction to be imposed.

(c) Hearing. The hearing shall be held in executive session pursuant to this notice affording the Member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard and proof that Section 4.18 of the Declaration has been complied with shall be placed in the minutes of the meeting. Proof of notice 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, Director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(d) Appeal. If the hearing is before a committee of the Board, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the President or Secretary of the Association or the professional manager thereof within thirty (30) days after the hearing date.

8.5 General. Committees to perform such tasks and to serve for such periods as may be designated by the Board are hereby authorized. Such committees shall perform such duties and have such powers as may be provided in the resolution. Each committee shall be composed as required by law and shall operate in

accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

ARTICLE 9

OFFICERS AND THEIR DUTIES

9.1 Enumeration of Offices. The officers of the Association shall be a President and a Vice President who shall at all times be Directors, a Secretary, and a Treasurer and such other officers as the Board may from time to time be resolution create.

9.2 Election of Officers. The election of officers shall take place at the first organizational meeting of the Board and thereafter at the regular meeting of the Board which follows each annual meeting of the Members.

9.3 Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

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

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

Any officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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

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 in the case of special offices created pursuant to Section 9.4 hereof.

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

(a) 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 shall preside at all meetings of all of the Members and at all meetings of the Board. He 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 these Bylaws. The President shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes of the Association (subject to Section 13.2). The President shall see that orders and resolutions of the Board are carried out.

(b) Vice-President. The Vice-President shall act in the place of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board

(c) Secretary. The Secretary shall be responsible for recording the votes and keeping the minutes of all meetings and proceedings of the Board and of the Members; keeping the corporate seal of the Association and affixing it on all papers requiring the seal; serving notice of meetings of the Board and of the Members; keeping appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as may required by the Board.

(d) Treasurer. The Treasurer shall be the chief financial officer of the Association and shall be responsible for the following duties: receiving and depositing in appropriate bank accounts all monies of the Association and disbursing such funds as directed by resolution of the Board; signing all checks and promissory notes of the Association (subject to Section 13.2); keeping proper books of account; causing an annual financial review of the Association books to be made by a certified public accountant at the completion of each fiscal year; and preparing the annual budget and a statement of income and expenditures required by these Bylaws.

ARTICLE 10

BOOKS AND RECORDS

10.1 Inspection. The original or a copy of these Bylaws as amended or otherwise altered to date, certified by the Secretary, the membership register, books of account and minutes of meetings of the Members, the Board and of committees of the Board shall be kept at the office of the Association or at such other place within the Project as the Board shall prescribe and shall be made available for inspection and copying by any Member of the Association, or by his duly-appointed representative and by all

first Mortgagees, at any reasonable time and for a purpose reasonably related to his interest as a Member or as a first Mortgagee, whatever the case may be. The Board shall establish reasonable rules with respect to:

(a) notice to be given to the custodian of the records by the Member desiring to make the inspection;

(b) hours and days of the week when such an inspection may be made; and

(c) payment of the cost of reproducing copies of documents requested by a Member.

10.2 Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director shall include the right, at his expense, to make extracts and copies of documents.

ARTICLE 11

CORPORATE SEAL

The Association shall have a corporate seal, which shall be circular in form, and shall have inscribed thereon the name of the Association, the date of its incorporation and the word "Nevada".

ARTICLE 12

AMENDMENTS

Except as otherwise provided herein, new Bylaws may be adopted or these Bylaws may be amended or repealed by the vote of fifty-one percent (51%) of the total voting power of the Association comprised of at least fifty-one percent (51%) of the votes of Members other than Declarant, shall be necessary to amend these Bylaws. So long as Declarant is in control of the Association pursuant to Section 2.2 of the Declaration, any amendment to these Bylaws shall require the prior approval of the Veterans Administration (VA) and a draft of the Amendment shall be submitted to the VA for its approval prior to its approval by the Members of the Association. Notwithstanding the foregoing, no material amendment to these Bylaws shall be made without the approval of at least fifty-one percent (51%) of the Eligible Mortgage Holders. The term "material amendment" as used herein shall be defined to mean additions or amendments to provisions of these Bylaws which establish, provide for, govern or regulate any of the following: (a) voting; (b) assessments, assessment liens, or subordination of such liens; (c) reserves for maintenance, repair and replacement of Common Area; (d) insurance or fidelity bonds; (e) rights to use of the Common Area; (f) responsibility for maintenance and repair of the several portions of the Project; (g) expansion or contraction

of the Project or the addition, annexation or withdrawal of property to or from the Project; (h) boundaries of any Subdivision Interest; (i) the interests in the Common Area; (j) convertibility of Subdivision Interests into Common Area or of Common Area into Subdivision Interests; (k) leasing of Subdivision Interests; (l) imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey his Subdivision Interest; or (m) any provisions which are for the express benefit of Eligible Mortgage Holders or Eligible Insurers or Guarantors on any Subdivision Interest. Any Eligible Mortgage Holder who receives a written request to approve additions or amendments who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

Notwithstanding the above or any other article of these Bylaws, the percentage of the voting power of the Association or of Members other than the Declarant necessary to amend a specific clause or provision of these Bylaws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision.

ARTICLE 13

MISCELLANEOUS

13.1 Fiscal Year. The Fiscal Year of the Association shall be as determined by the Board from time to time, and unless otherwise specified shall be the calendar year. The first Fiscal Year shall begin on the date of incorporation.

13.2. Checks, Draft, etc. All checks, drafts or other orders for payment of money, notes or other evidence of indebtedness, issued in the name of or payable to the Association, shall require two signatures, one of which shall be that of the President or Vice President and the other shall be that of the Treasurer or professional manager of the Association.

13.3 Contracts, Etc., How Executed. The Board, except as in the Bylaws otherwise provided, may authorize any officer or officers or agent or agents to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; provided, however, that unless so authorized by the Board, no officer, agent or employee shall have engagement or to pledge the Association's credit or to render the Association liable for any purpose or to any amount.

13.4 Construction. Unless the context otherwise requires, the masculine gender includes the feminine and neuter, the singular number includes the plural and the plural includes the singular. The captions herein are for purposes of reference only.

ARTICLE 14

MEMBERSHIP RIGHTS AND PRIVILEGES

14.1 Exclusive Board Rights. Except for certain rights of Declarant described in the Declaration, 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 by these Bylaws delegated to the Board, as in Article 8 of these Bylaws more fully provided. Unless otherwise provided in the Declaration and subject to the rules and regulations adopted by the Board, each Member, his immediate family, guests and tenants shall have the right to use and enjoy the Common Area.

14.2 Suspension of Member Rights. The membership rights and privileges, together with the voting rights of any Member may be suspended by the Board, in accordance with the procedures described in Section 8.4 hereof:

(a) Infractions. For a period not to exceed thirty (30) days for any infraction of the provisions of the Declaration or the Rules.

(b) Failure to Pay Assessments. For any period of time during which the assessment on that Member's Subdivision Interest remains unpaid, provided that neither the membership rights and privileges nor the voting rights of the Declarant may be suspended during the period in which the Declarant is not paying assessments, but is exercising its rights under Section 3.17 of the Declaration to improve, maintain, operate and repair the Common Area.

(c) Limitation. Notwithstanding the foregoing, No such suspension shall affect the rights of that Member to access to his or her Subdivision Interest.

14.3 Penalties. Reasonable monetary penalties may be adopted by the Association provided the adoption of such penalties is approved by the Board.

ARTICLE 15

RESIDENT AGENT

The Association shall have a Resident Agent, who shall be chosen by the Board to hold office until his or her successor is chosen and qualifies. The resident agent may be either an individual or a corporation, located in the State of Nevada, in charge of the Association's principal office. The resident agent shall, within ten (10) days after acceptance of an appointment as such file a certificate thereof in the office of the Secretary of State of Nevada and a copy of such certificate in the office of the County Clerk in the County in which the principal office of the corporation in the State of Nevada shall be located.

Raymond A. Landry, having an office address of 4128 South Rainbow Boulevard, Las Vegas, Nevada 89103, is hereby appointed the initial Resident Agent for the Association.

ARTICLE 16

PRINCIPAL OFFICE

The principal office for the transaction of the business of the Association shall be located in Clark County, Nevada at 4128 S. Rainbow, Las Vegas, Nevada 89103.

ARTICLE 17

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS

17.1 Definitions. For the purpose of this Article,

(a) "Agent" means any person who is or was a Director, officer, employee, or other agent of this Association, or is or was serving at the request of this Association as a Director, officer, employee, or Agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise;

(b) "Proceeding" means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative or investigative, and

(c) "Expenses" includes, without limitation, all attorneys' fees, costs, and any other expenses incurred in the defense of any claims or proceedings against an agent by reason of his position or relationship as Agent and all attorneys' fees, costs, and other expenses incurred in establishing a right to indemnification under this Article.

17.2 Successful Defense By Agent. To the extent that an Agent of this Association has been successful on the merits in the defense of any Proceeding referred to in this Article, or in the defense of any claim, issue, or matter therein, the Agent shall be indemnified against expenses actually and reasonably incurred by the Agent in connection with the claim. If an Agent either settles any such claim or sustains a judgment rendered against him, then the provisions of Sections 17.3 through 17.5 shall determine whether the Agent is entitled to indemnification.

17.3 Actions Brought By Persons Other Than Association. Subject to the required findings to be made pursuant to Section 17.5 below, this Association shall indemnify any person who was or is a party, or is threatened to be made a party, to any Proceeding (other than an action brought by, or on behalf of, this Association) by reason of the fact that such person is or was an Agent of this Association, for all expenses, judgments, fines,

settlements and other amounts actually and reasonably incurred in connection with the proceeding.

18.4 Action Brought By Or On Behalf Of The Association.

(a) Claims settled out of court. If any Agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of this Association, with or without approval, the Agent shall receive no indemnification for either amounts paid pursuant to the terms of the settlement or other disposition or for any expenses incurred in defending against the Proceeding.

(b) Claims and suits awarded against Agent. This Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit brought by or on behalf of this Association by reason of the fact that the person is or was an Agent of this Association, for all expenses actually or reasonably incurred in connection with the defense of that action, provided that both of the following are met:

(i) The determination of good faith conduct required by Section 17.5, below, must be made in the manner provided for in that Section; and

(ii) Upon application, the court in which the action was brought must determine that, in view of all of the circumstances of the case, the Agent should be entitled to indemnity for the expenses incurred. If the Agent is found to be so entitled, the court shall determine the appropriate amount of expenses to be reimbursed.

17.5 Determination of Agent's Good Faith Conduct. The indemnification granted to an Agent in Sections 17.3 and 17.4, above, is conditioned on the following:

(a) Required standard of conduct. The Agent seeking reimbursement must be found, in the manner provided below, to have acted in good faith, in a manner he or she believed to be in the best interest of this Association, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use in similar circumstances. The termination of any proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner which he or she reasonably believed to be in the best interest of this Association or that he or she had reasonable cause to believe that his conduct was unlawful. In the case of a criminal proceeding, the person must have had no reasonable cause to believe that his conduct was unlawful.

(b) Manner of determination of good faith conduct. The determination that the Agent did act in a manner complying with subparagraph (a) above shall be made by:

(i) The Board by a majority vote of a quorum consisting of Directors who are not parties to the proceeding; or

(ii) If such a quorum of disinterested Directors so orders, by independent legal counsel in a written opinion; or

(iii) If such a quorum of disinterested Directors cannot be obtained, by independent legal counsel in a written opinion; or

(iv) The affirmative vote or written ballot of a majority of the votes of the Members represented and voting at a duly held meeting with the persons to be indemnified not being entitled to vote thereon; or

(v) The court in which the proceeding is or was pending. Such determination may be made on application brought by this Association or the Agent or the attorney or other person rendering a defense to the Agent, whether or not the application by the Agent, attorney or other person is opposed by this Association.

17.6 Limitations. No indemnification or advance shall be made under this Article, except as provided in Sections 17.2 or 17.5(b) (v), in any circumstance when it appears:

(a) That the indemnification or advance would be inconsistent with a provision of the Articles, a resolution of the Members, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) That the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

17.7 Advance of Expenses. Expenses incurred in defending any proceeding may be advanced by this Association before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the Agent to repay the amount of the advance unless it is determined ultimately that the Agent is entitled to be indemnified as authorized in this Article 17.

17.8 Contractual Rights of Non-Directors and Non-Officers. Nothing contained in this Article shall affect any right to indemnification to which persons other than Directors and officers of this Association, or any subsidiary hereof, may be entitled by contract or otherwise.

17.9 Insurance. The Board may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any Agent of the Association against any liability asserted against or incurred by the Agent in such capacity or arising out of the Agent's status as such, whether or not this Association would have the power to

indemnify the Agent against the liability under the provisions of this Article.


CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the Secretary of the ELDORADO NEIGHBORHOOD SECOND HOMEOWNERS ASSOCIATION, a Nevada nonprofit corporation; and

THAT the foregoing Bylaws, comprising 25 pages, constitute the original Bylaws of the Association, as duly adopted by written consent of the Board of Directors dated the 28th day of April, 1994.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 28th day of April, 1994.



SECRETARY

SEAL