

**BYLAWS
OF
CANYONS COMMUNITY ASSOCIATION**

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**BYLAWS
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ARTICLE I

GENERAL

1.01 **Registered Office.** The registered office of the Association shall be located at c/o CAMCO, 5980 S. Durango Drive, Las Vegas, Nevada 89113 Attn: Randolph Watkins.

1.02 **Principal Office.** The principal office of the Association shall be located at c/o CAMCO, 5980 S. Durango Drive, Las Vegas, Nevada 89113 Attn: Randolph Watkins.

1.03 **Other Offices.** The Association may also have offices at such other places both within and without the State of Nevada as the Board may from time to time determine or the business of the Association may require.

1.04 **Defined Terms.** Capitalized terms used herein, unless otherwise defined herein, shall have the meanings ascribed to such terms in the Declaration of Covenants, Conditions, and Restrictions of Canyons, Recorded or to be Recorded in the Office of the County Recorder, Clark County, Nevada and applicable to the Property.

1.05 **Powers.** The Association shall have all of the powers of a non-stock, non-profit corporation organized under the laws of the State of Nevada in operating for the benefit of its Members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Association's Governing Documents. It shall have the power to do any and all lawful things that may be authorized, required, or permitted to be done under and by virtue of the Declaration and the Laws and to do and perform any and all acts that may be necessary or proper for or incidental to the exercise of any of the express powers of the Association for the peace, health, comfort, safety, or general welfare of the Owners and Owner's Invitees.

ARTICLE II

MEMBERS

2.01 **Membership Rights.** Only Owners, including Declarant, shall be Members of the Association. Each Owner shall automatically be a Member of the Association without the necessity of any further action on its part, and Membership in the Association shall be appurtenant to and shall run with the property interest ownership that qualifies the Owner to Membership in the Association. Membership in the Association may not be declined, severed from or in any way transferred, pledged, mortgaged, or alienated except with the title to the property ownership interest that qualifies the Owner thereof to Membership and then only to the transferee of title to the property interest. Any attempt to make a prohibited severance, transfer, pledge, mortgage, or alienation shall be void.

2.02 Control of Association.

(a) Voting Rights. Subject to subsections (b) and (c) below, Members shall be entitled to one (1) vote per Unit. Only votes cast in person, by ballot, by proxy, by ballot, and by other means specified hereunder (as permitted by Law) may be counted.

(b) Declarant Control of Association. Notwithstanding any other provision of the Declaration or of these Bylaws and subject to subsection (c) below, there shall be a Declarant Control Period during which the Declarant controls the Association and Declarant or a Person designated by the Declarant may appoint and remove all or some of the officers and directors of the Association. Since the Association will include fewer than 1,000 Units, pursuant to the Act the Declarant Control Period terminates no later than the earlier of:

(i) sixty (60) days after the conveyance by Declarant of seventy five percent (75%) of the Units that may be created within the Property to Owners other than the Declarant;

(ii) five (5) years after the Declarant has ceased to offer Units for sale in the ordinary course of its business; or

(iii) five (5) years after any right to annex new Units was last exercised by Declarant, or

(iv) the day on which the Declarant, after giving notice to Unit Owners, Records an instrument voluntarily surrendering all rights to control activities in the Association.

The Declarant may, but is not obligated to, voluntarily surrender the right to appoint and remove officers and Board members as provided herein before the termination period set forth above, provided that the Declarant may require that specified actions of the Association or the Board may require Declarant approval prior to becoming effective. Such surrender of rights shall only be by a recorded instrument.

(c) Composition of the Board. Since the Association will include fewer than 1,000 Units, not later than sixty (60) days after conveyance by Declarant of twenty five percent (25%) of the Units that may be created within the Property to Owners other than Declarant, at least one (1) member of the Board and not less than twenty five percent (25%) of the members of the Board must be elected by Owners other than Declarant. Not later than sixty (60) days after conveyance by Declarant of fifty percent (50%) of the Units that may be created within the Property to Owners other than Declarant, not less than one-third (1/3) of the members of the Board must be elected by Owners other than the Declarant. Upon expiration of the Declarant Control Period set forth in subsection (b) above, one hundred percent (100%) of the Board shall be elected by Owners.

(d) Candidate Disclosures. Each person whose name is placed on the ballot as a candidate for a member of the Board must:

(i) Make a good faith effort to disclose to the Members any financial, business, professional or personal relationship or interest that would result or would appear to a

reasonable person to result in a potential conflict of interest if the candidate were to be elected to serve as a member of the Board; and

(ii) Disclose whether the candidate is a Member in good standing. For the purposes of this provision, a candidate shall not be deemed to be in "good standing" if the candidate has any unpaid and past due Assessments or construction penalties that are required to be paid to the Association.

The candidate must make all disclosures required pursuant to this subsection in writing to the Association with his or her candidacy information. The Association shall distribute the disclosures to each Member of the Association with the ballot.

Except for any member of the Board appointed by the Declarant, a person may not be a candidate for or member of the Board or an officer of the Association if: (a) the person resides in a Unit with, is married to, is domestic partners with, or is related by blood, adoption or marriage within the third degree of consanguinity or affinity to another person who is also a member of the Board or an officer of the Association; (b) the person stands to gain any personal profit or compensation of any kind from a matter before the Board; (c) the person, his or her spouse, parent, or child, by blood, marriage, or adoption, performs the duties of a Manager for the Association.

A person, other than a person appointed by the Declarant, who owns 75 percent or more of the Units in the Association may be a candidate for or a member of the Board or an officer of the Association and reside in a Unit with, be married to, be domestic partners with, or be related by blood, adoption, or marriage within the third degree of consanguinity or affinity to another person who is a member of the Board or is an officer of the Association, unless the person owning 75 percent or more of the Units in the Association and the other person would constitute a majority of the number of seats on the Board.

A person, other than a person appointed by the Declarant, may be a candidate for or a member of the Board and reside in a Unit with, be married to, be domestic partners with, or be related by blood, adoption, or marriage within the third degree of consanguinity or affinity to another person who is also a member of the Board or an officer of the Association, if the number of candidates nominated for membership on the Board is less than or equal to the number of members to be elected to the Board.

If a person is not eligible to be a candidate for or a member of the Board or an officer of the Association pursuant to this Section or the provisions of the Act, the Association must not place his or her name on the ballot, and must prohibit such a person from serving on the Board or as an officer of the Association.

Each member of the Board shall, within ninety (90) days after his or her appointment or election, certify in writing that he or she has read and understands the Governing Documents of the Association and the provisions of the Act to the best of his or her ability.

(e) Official Publications:

If an official publication of the Association contains any mention of a candidate or ballot question, the official publication must, upon request and under the same terms and conditions,

provide equal space to all candidates or to a representative of an organization which supports the passage or defeat of the ballot question.

If an official publication of the Association contains the views or opinions of the Association, the Board, a Manager or an officer, employee or agent of the Association concerning an issue of official interest, the official publication must, upon request and under the same terms and conditions, provide equal space to opposing views and opinions of a Unit's Owner of the Association.

If the Association has a closed-circuit television station and that station interviews, or provides time to, a candidate or a representative of an organization which supports the passage or defeat of a ballot question, the closed-circuit television station must, under the same terms and conditions, allow equal time for all candidates or a representative of an opposing view to the ballot question.

The Association and its officers, employees and agents are immune from criminal or civil liability for any act or omission which arises out of the publication or disclosure of any information related to any person and which occurs in the course of carrying out any duties required pursuant to this subsection.

As used in this sub section:

(i) "Issue of official interest" means (1) any issue on which the Board or the Owners will be voting, including, without limitation, elections; and (2) the enactment or adoption of rules or regulations that will affect the Association.

(ii) "Official publication" means: (1) an official website; (2) an official newsletter or other similar publication that is circulated to each Unit's Owner; or (3) an official bulletin board that is available to each Unit's Owner.

(f) Election of Directors. Subject to the right of the Declarant to appoint the Board during the Declarant Control Period, the Directors shall be elected by secret written ballot using the following procedures:

(i) Not less than thirty (30) days before the preparation of a ballot for the election of Directors of the Board, the Secretary or other agent or representative of the Association shall cause notice to be given to each Owner of his or her eligibility to serve on the Board of Directors. Each Owner who is qualified to serve on the Board of Directors may have his or her name placed on the ballot along with the names of the nominees selected by the election committee, or if none, by the Board.

(ii) The Secretary of the Association will cause a secret ballot and a return envelope to be sent prepaid by United States mail, to the address of the Unit of each Member or to any other mailing address designated in writing by the Member. The ballot shall include the names of all candidates nominated by the election committee, and determined to be eligible, and the names of all qualified Owners who have requested inclusion.

(iii) Each Member must be provided with at least fifteen (15) days after the date the secret written ballot is mailed to the Member to return the secret written ballot to the Association. Members may submit their secret ballots in person to the Association at the beginning of the election meeting, but all secret ballots must be delivered prior to initiation of the ballot tabulation process.

(iv) A quorum of the Members is not required for the election of any Director.

(v) The secret written ballots must be opened and counted at a meeting of the Association, and only the ballots returned to the Association may be counted to determine the outcome.

(vi) A quorum is not required to be present when the secret written ballots are opened and counted at the meeting.

(vii) The incumbent Directors and each person whose name is placed on the ballot as a candidate for Director may not possess, be given access to or participate in the opening or counting of the secret written ballots that are returned to the Association before those ballots have been opened and counted at a meeting of the Association.

The term of office of the Directors elected by the Membership during the Declarant Control Period shall extend to the second annual meeting after the Declarant Control Period terminates or two (2) years, whichever shall occur first. Otherwise, the terms of office elected Directors shall be staggered so that, to the extent possible, an equal number of Directors shall be elected at each annual meeting held to elect Directors. Once the staggered terms have been created, each Director elected thereafter shall serve for a two (2) year term.

There is no limitation on the number of terms that a Person may serve as Director.

(g) Removal of Directors.

(i) Any Director, other than a Director appointed by Declarant, may be removed from the Board, with or without cause, if at a removal election the number of votes cast in favor of removal pursuant to this subsection constitutes:

(1) At least thirty-five percent (35%) of the total number of voting Members of the Association; and

(2) At least a majority of all votes cast in that removal election.

(ii) A removal election may be called by Units' Owners constituting at least 10 percent, or any lower percentage specified in these Bylaws, of the total number of voting Members of the Association. To call a removal election, the Units' Owners must submit a written petition which is signed by the required percentage of the total number of voting Members of the Association pursuant to this subsection and which is mailed, return receipt requested, or served by a process server to the Board or the Manager for the Association.

(iii) If a removal election is called pursuant to this subsection and the voting rights of the Units' Owners will be exercised through the use of secret written ballots pursuant to this section:

(1) The secret written ballots for the removal election must be sent in the manner required by this section not less than 15 days or more than 60 days after the date on which the petition is received; and

(2) The Board shall set the date for the meeting to open and count the secret written ballots so that the meeting is held not more than 15 days after the deadline for returning the secret written ballots and not later than 90 days after the date on which the petition was received.

(iv) The Association shall not adopt any rule or regulation which prevents or unreasonably interferes with the collection of the required percentage of signatures for a petition pursuant to this subsection.

(v) Except as otherwise provided in NRS 116.31105, the removal of any member of the Board must be conducted by secret written ballot in the following manner:

(1) The secretary of the Association shall cause a secret ballot and a return envelope to be sent, prepaid by United States mail, to the mailing address of each unit within the Association or to any other mailing address designated in writing by the Unit's Owner.

(2) Each Unit's owner must be provided with at least 15 days after the date the secret written ballot is mailed to the Unit's Owner to return the secret written ballot to the Association.

(3) Only the secret written ballots that are returned to the Association may be counted to determine the outcome.

(4) The secret written ballots must be opened and counted at a meeting of the Association. A quorum is not required to be present when the secret written ballots are opened and counted at the meeting.

(5) The incumbent members of the Board, including, without limitation, the member who is subject to the removal, may not possess, be given access to or participate in the opening or counting of the secret written ballots that are returned to the Association before those secret written ballots have been opened and counted at a meeting of the Association.

(h) Joint or Common Ownership. If any property interest, ownership of which entitles the Owner thereof to vote, is held jointly or in common by more than one (1) Person, the vote or votes to which such property interest is entitled shall also be held jointly or in common in the same manner. However, the vote or votes for such property interest shall be cast, if at all, as a unit, and neither fractional votes nor split votes shall be allowed. In the event joint or common Owners are unable to agree among themselves as to how their vote or votes shall be cast as a unit, they shall lose the right to cast their vote or votes on the matter in question. Any joint or common

Owner shall be entitled to cast the vote or votes belonging to the joint or common Owners unless another joint or common Owner shall have delivered to the Secretary of the Association prior to the time for casting such vote a written statement to the effect that the Owner wishing to cast the vote or votes has not been authorized to do so by the other joint or common Owner or Owners.

- (i) Cumulative Voting. Cumulative voting shall not be permitted.

ARTICLE III

MEETING OF MEMBERS

3.01 Annual Meetings of Members. The Association shall hold an annual meeting of the Members. The annual meeting of the Members shall be held on or about one (1) year after the date of the last annual meeting. If the Members have not held a meeting for one (1) year, a meeting of the Members must be held in accordance with the Act. The first meeting of the Members shall occur no later than the date that is one (1) year after the Close of Escrow on a Unit to an Owner not Declarant or a Guest Builder.

3.02 Special Meetings of the Members. The Association shall hold a special meeting of the Unit's Owners to address any matter affecting the Association or community if the President of the Association, a majority of the Board, or Members having ten percent (10%) or more of the total votes of the Association, request that the Secretary call such a meeting.

To call a special meeting, the Owners must submit a written petition signed by the required percentage of the total number of voting Members of the Association and which is mailed, return receipt requested, or served by a process server to the Board or Manager. The petition will be considered to be received by the Association, three (3) days after the petition is mailed, return receipt requested to the Association.

If the petition calls for a special meeting, the Board shall set the date for the special meeting, so that the special meeting is held not less than fifteen (15) days or more than sixty (60) days after the date on which the petition is received. The demand by the Members must clearly state the purpose for the meeting. The Members making the demand on the Association must sign and date their demand for special meeting.

3.03 Notice of Membership Meetings. Subject to Section 3.05 below, not less than fifteen (15) days nor more than sixty (60) days in advance of each meeting of the Members, the Secretary, or any other officer or agent of the Association, shall cause notice of the meeting to provide in any manner as may be permitted under these Bylaws. The notice of the meeting must state the time and place of the meeting and include a copy of the agenda for the meeting. The notice must also include notification of the right of an Owner to (i) have a copy of the minutes or a summary of the minutes of the meeting distributed to the Owner upon request and, if required by the Board, upon payment to the Association of the cost of making the distribution, and (ii) speak to the Association during the Owner forum of the meeting.

3.04 Agenda for Membership Meetings. The agenda for the meeting of the Members of the Association 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, the Articles or these Bylaws, any fees or Assessments to be imposed or increased by the Association, any budgetary changes and any proposal to remove an officer or Director.

(b) A list describing the items on which action may be taken and clearly denoting that action may be taken on those items. In an emergency, the Members may take action on an item which is not listed on the agenda as an item on which action may be taken.

(c) A period devoted to comments by Owners regarding any matter affecting the Association or community as a whole 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) of this Section 3.04.

As used in this Section, "emergency" means any occurrence or combination of occurrences that:

- (i) Could not have been reasonably foreseen;
- (ii) Affects the health, welfare and safety of the Owners;
- (iii) Requires the immediate attention of, and possible action by, the Board; and
- (iv) Makes it impracticable to comply with the foregoing provisions of Sections 3.03 and 3.04.

3.05 Special Notice for Certain Items.

(a) Commencement of a Civil Action. The Association must provide written notice to each Owner of a meeting at which the commencement of a civil action is to be considered, at least twenty-one (21) calendar days before the meeting. Except as otherwise provided in this Section, the Association may commence a civil action only upon a vote or written agreement of a Majority of Members. The provisions of this Section do not apply to a civil action that is commenced:

- (i) To enforce the payment of an Assessment;
- (ii) To enforce the Governing Documents;
- (iii) To enforce a contract with a vendor;
- (iv) To proceed with a counterclaim; or
- (v) To protect the health, safety and welfare of the Members of the Association.

If a civil action is commenced pursuant to subparagraph (a) above, without the required vote or agreement, the action must be ratified within ninety (90) days after the commencement of the action by a vote or written agreement of a Majority of Members. If the Association, after making a good faith effort, cannot obtain the required vote or agreement to commence or ratify such a civil action, the Association may thereafter seek to dismiss the action without prejudice for that reason.

(b) Statement to Owners of a Civil Action. At least ten (10) days before the Association commences or seeks to ratify the commencement of a civil action, the Association must provide a written statement to all Owners that includes:

(i) A reasonable estimate of the costs of the civil action, including reasonable attorney's fees;

(ii) An explanation of the potential benefits of the civil action and the potential adverse consequences if the Association does not commence the action or if the outcome of the action is not favorable to the Association; and

(iii) All disclosures that are required to be made upon the sale of the property.

(c) Dismissal of a Civil Action. No person other than an Owner may request the dismissal of a civil action commenced by the Association on the ground that the Association failed to comply with any provision of this Section.

(d) Settlement of Civil Action. If any civil action in which the Association is a party is settled, the Board shall disclose the terms and conditions of the settlement at the next regularly scheduled Board meeting after the settlement has been reached. The Board may not approve a settlement which contains any terms and conditions that would prevent the Board from complying with this provision.

(e) Capital Improvement Assessment. The Association shall provide written notice to each Owner of a meeting at which a Capital Improvement Assessment is to be considered or action is to be taken on such an Assessment at least twenty-one (21) calendar days before the date of the meeting.

3.06 Record Date for Members. For the purpose of determining Members entitled to notice of or to vote at any meeting of the Association or at any adjournment thereof, the Board may fix, in advance, a date as a record date for any such determination of Members. Such record date will be the date forty-five (45) days before the scheduled meeting date.

3.07 Proxies. Except as otherwise provided in this Section, and consistent with NRS 116.311 and Chapter 82 of NRS, as may be amended from time to time, votes allocated to a Unit may be cast pursuant to a proxy executed by the Owner of the Unit. If any Owner designates two (2) or more persons to act as proxies, a majority of those persons so designated who are present at the meeting, or, if only one is present, then that one, has and may exercise all of the powers conferred by the Owner upon all of the persons so designated, unless the Owner provides

otherwise. A vote may not be cast pursuant to a proxy for the election or removal of a Director of any Board.

(a) Authorized Proxy Holders. The Owner of a Unit may give a proxy only to a member of his immediate family, a tenant of the Owner who resides in the Association, or another Owner who resides in the Association, or a delegate authorized under NRS 116.31105.

(b) Protest: Revocation of Proxy. If a Unit is owned by more than one person or entity, each Owner of such Unit may vote or register protest to the casting of votes by the other Owner or Owners of such Unit through an executed proxy. An Owner of a Unit may revoke a proxy only by actual notice of revocation to the person presiding over a meeting of the Association.

(c) Requirements of Proxy. Before a vote may be cast pursuant to a proxy, the following requirements must be met:

- (i) The proxy must be dated;
- (ii) The proxy must not purport to be revocable without notice;
- (iii) The proxy must designate the meeting for which it is executed and each such designation shall include any recessed session of that meeting;
- (iv) The proxy must designate each specific item on the agenda of the meeting for which the Owner has executed the proxy, except that the Owner may execute the proxy without designating any specific items on the agenda of the meeting, if the proxy is to be used solely for determining whether a quorum is present for the meeting. If the proxy designates one or more specific items on the agenda of the meeting for which the Owner has executed the proxy, the proxy must indicate, for each specific item designated in the proxy, whether the holder of the proxy must cast a vote in the affirmative or the negative on behalf of the Owner. If the proxy does not indicate whether the holder of the proxy must cast a vote in the affirmative or the negative for a particular item on the agenda of the meeting, then the proxy must be treated, with regard to that particular item, as if the Owner were present but not voting on that particular item; and
- (v) The holder of the proxy must disclose at the beginning of the meeting for which the proxy is executed, including any recessed session thereof, the number of proxies pursuant to which the holder will be casting votes.

(d) Termination of Proxy. A proxy terminates immediately after the conclusion of the meeting, including any recessed session thereof, for which it is executed.

(e) Limitation on Use of Proxy. The holder of the proxy may not cast a vote on behalf of the Owner who executed the proxy in a manner that is contrary to the proxy. Any form of proxy or written ballot must afford an opportunity therein to specify choice between approval or 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 must provide, subject to reasonable specified conditions, that where the person solicited specifies a choice with respect to any such matter, the vote will be cast in accordance

with such specification. A proxy is void if the proxy or the proxy holder violates any provisions of this Section or NRS 116.311.

3.08 Action by Members Without a Meeting. Unless prohibited or limited by the Declaration or these Bylaws, the Association may conduct a vote without a meeting. Except as otherwise provided in NRS 116.31034 and 116.31036, if the Association conducts a vote without a meeting, the following requirements apply:

(a) The Association shall notify the Units' Owners that the vote will be taken by ballot.

(b) The Association shall deliver a paper or electronic ballot to every Unit's Owner entitled to vote on the matter.

(c) The ballot must set forth each proposed action and provide an opportunity to vote for or against the action.

(d) When the Association delivers the ballots, it shall also:

(i) Indicate the number of responses needed to meet the quorum requirements;

(ii) State the percentage of votes necessary to approve each matter other than election of directors;

(iii) Specify the time and date by which a ballot must be delivered to the association to be counted, which time and date may not be fewer than 3 days after the date the association delivers the ballot; and

(iv) Describe the time, date and manner by which Units' Owners wishing to deliver information to all units' owners regarding the subject of the vote may do so.

(e) Except as otherwise provided in the Declaration or these Bylaws, a ballot is not revoked after delivery to the Association by death or disability of or attempted revocation by the person who cast that vote.

(f) Approval by ballot pursuant to this subsection is valid only if the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action.

3.09 Quorum. Subject to the limitations in the Declaration and these Bylaws, the presence at the meeting, in person or by proxy, or by the submission of absentee ballot in accordance with NRS 116.311(2)(d), of Members entitled to cast not less than twenty percent (20%) of the total voting power of the Association shall constitute a quorum for any action except as otherwise provided in the Declaration. A quorum is not required for the election or removal of any Director, the ratification of a budget or the ratification of the minutes of a previous Membership meeting. If any meeting cannot be held because a quorum is not present, the Members present, either in person or by proxy, may adjourn the meeting, except as otherwise provided by

law, to a time not less than five (5) days or more than thirty (30) days from the time the original meeting was called, at which adjourned meeting the quorum requirement shall be the presence, in person or by valid written proxy, of Members entitled to vote at least twenty (20%) of the total voting power of the Association. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting must be given to Members in the manner prescribed for annual or special meetings, as applicable. The President of the Association, or the Vice-President if the President is absent, shall serve as Chairman of the Membership meeting and shall preside at said meeting. The Secretary, or other person appointed by the Board, shall transcribe the minutes of the Membership meeting.

3.10 Adjourned Meetings. When any meeting of the Association, either annual or special, is adjourned for any reason (including, without limitation, that a quorum was not present) for more than thirty (30) days or if the time and place for the adjourned meeting are not announced at the original meeting, or if a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given in the manner prescribed for the original meeting.

3.11 Organization. The Chairman of the Board, or in his or her absence the Vice Chairman, shall call meetings of Members to order and act as chairman of such meetings. In the absence of both of said officers, any Member entitled to vote thereat or any proxy of any such Member may call the meeting to order, and a chairman of the meeting shall be elected. The Secretary, or other officer or agent of the Association, shall act as secretary of the meeting.

3.12 Voting at Meetings.

(a) Subject to Sections 2.02 and 3.04 and Section 3.08 of these Bylaws, except where a greater portion of the voting power is required by the Governing Documents, a majority of the votes cast by Members at a duly held meeting at which a quorum is present shall constitute approval of the Members and prevail at all meetings. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by Members casting at least a majority of the voting power required to constitute a quorum. If only one of several Owners of any Unit is present at a meeting of the Association, then that Owner is entitled to cast all the votes allocated to that Unit.

(b) Unless prohibited or limited by the Declaration or these Bylaws and except as otherwise provided in this section, Units' Owners may vote at a meeting in person, by absentee ballot, by a proxy pursuant to Section 3.07, or, when a vote is conducted without a meeting, by electronic or paper ballot pursuant to Section 3.08.

(c) At a meeting of units' owners, the following requirements apply:

(i) Units' Owners who are present in person may vote by voice vote, show of hands, standing or any other method for determining the votes of Units' Owners, as designated by the person presiding at the meeting

(d) Notwithstanding any other provision in these Bylaws to the contrary, Members may approve, at the annual Membership meeting, the minutes of the prior annual Membership meeting and the minutes of any special Membership meeting. A quorum is not required to be present when the Members approve the minutes.

(e) Subject to subsection (a), a Unit's Owner may vote by absentee ballot without being present at the meeting. The Association promptly shall deliver an absentee ballot to an Owner who requests it if the request is made at least 3 days before the scheduled meeting. Votes cast by absentee ballot must be included in the tally of a vote taken at that meeting. When a Unit's owner votes by absentee ballot, the Association must be able to verify that the ballot is cast by the Unit's Owner having the right to do so.

3.13 Minutes. Not more than thirty (30) days after any meeting of the Members, the Secretary or any other officer or agent of the Association shall cause the minutes or a summary of the minutes of the meeting to be made available to the Members. A copy of the minutes or a summary of the minutes must be provided to any Member who pays the Association the cost of providing the copy.

3.14 Recordings. A Member may record on audiotape or any other means of sound reproduction a meeting of the Members if, before recording the meeting, the Member provides notice of his intent to record the meeting to the other Members who are in attendance at the meeting.

3.15 Place of Meetings. Meetings of the Members shall be held at the Association's principal office, unless otherwise specified in the notice calling any such meeting, or in the event of a waiver of notice of such meeting, in such waiver of notice.

ARTICLE IV

BOARD OF DIRECTORS

4.01 General Powers. The business and affairs of the Association shall be managed by the Board.

4.02 Number, Term and Qualifications. The Board shall consist of not less than three (3) nor more than five (5) Members, the number thereof to be determined from time to time by the Board, or by a majority vote at a meeting of the Members. Each Director must be the record Owner of a Unit, an officer, employee, agent or director of a corporate owner of a Unit, a trustee or designated beneficiary of a trust that owns a Unit, a partner of a partnership that owns a Unit, a member or manager of a limited-liability company that owns a Unit, or a fiduciary of an estate that owns a Unit. In all events where the Person serving or offering to serve as a member of the Board is not the record Owner, he or she shall file proof in the records of the Association that: (a) states that he or she is associated with the Owner; and (b) identifies the Unit(s) owned by the Owner. Unless otherwise provided in these Bylaws, a Director shall hold office until the next annual meeting of the Members and until his or her successor shall be elected and qualified.

4.03 Resignations. Any Director may resign at any time by giving written notice of his or her resignation to the Association. Any such resignation shall take effect at the time specified

therein, or if the time when it shall become effective is not specified therein, it shall take effect immediately upon its receipt by the President or the Secretary, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.04 Vacancies. A vacancy due to death, resignation, removal, or disqualification may be filled for the unexpired portion of the term thereof by a majority of the Directors then in office, although less than a quorum, or by a sole remaining Director. Vacancies resulting from an increase in the number of Board positions must be filled by vote of the Members. Vacancies other than an increase in the number of Board positions shall be by appointment; provided, however, that any such appointment shall be effective only until the next meeting of Members at which time an election shall be held. If at any time, by reason of death or resignation or other cause, the Association has no Directors in office, then subject to Sections 2.02 and 3.02 of these Bylaws, a special meeting of the Members may be called for the purpose of electing a new Board. If one or more Directors shall resign from the Board, effective at a future date, a majority of the Directors then in office, including those who have so resigned, shall have the power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective.

4.05 Compensation. No Director shall receive any compensation for his or her services as a Director, except to the extent permitted by the Act and expressly approved by the consent of a majority of the Members entitled to vote.

4.06 Powers, Duties and Limitations on the Board. In addition to the powers and duties of the Board as set forth in the Declaration and Articles, all corporate powers, including all powers set forth in the Act and other applicable laws, shall be exercised by or under the authority of, and the business and affairs of the Association will be controlled by, the Board. The Board of Directors shall act only as a Board and the individual Directors shall have no power as such.

Notwithstanding the foregoing, the Board may not act on behalf of the Association to amend the Declaration, to terminate the Association, to elect the Board or determine their qualifications, powers and duties or terms of office.

ARTICLE V

BOARD OF DIRECTORS MEETINGS

5.01 Regular Meetings.

(a) Organizational Meeting. Immediately after each annual meeting of the Members of the Association, the Board will hold a regular meeting for the purpose of organization, election of officers and the transaction of other business.

(b) Other Regular Meetings. Regular meetings of the Board shall be held at such regular times, at least once every one hundred (100) days, as may be fixed from time to time by resolution of the Board.

5.02 Special Meetings. Special meetings of the Board shall be held whenever called by the President, Secretary, or a majority of the Directors at the time in office.

5.03 Place of Meeting. The Board may hold its meetings at such place or places as it may from time to time by resolution determine or as shall be designated in any notices or waivers of notice thereof. Any such meeting, whether regular or special, may be held by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting in such manner shall constitute presence in person at such meeting.

5.04 Notice of Meetings.

(a) Regular Notice Procedure. Except in an emergency, the Secretary of the Association must cause, not less than ten (10) days before the date of a meeting of the Board, notice of the meeting to be given to the Owners. Such notice must be provided in accordance with any notice method permitted under these Bylaws, or published in a newsletter or other similar publication that is circulated to each Unit's Owner.

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

(c) Emergency Defined. As used in this Section, "emergency" means any occurrence or combination of occurrences that:

(i) Could not have been reasonably foreseen;

(ii) Affects the health, welfare and safety of the Owners;

(iii) Requires the immediate attention of, and possible action by, the Board; and

(iv) Makes it impracticable to comply with the provisions of subsection (a) above and subsection (e) below.

(d) Contents of Notice. The notice of a meeting of the Board must state the time and place of the meeting and include a copy of the agenda for the meeting or the date on which and the locations where copies of the agenda may be conveniently obtained by the Owners. The notice must include notification of the right of an Owner to:

(i) Have a copy of the minutes or a summary of the minutes of the meeting provided to him upon request and, if required by the Board, upon payment to the Association of the cost of providing the copy to the Owner.

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

(e) **Agenda.** The agenda of the meeting of the Board must comply with the provisions of Section 3.04 of these Bylaws. The period required to be devoted to comments by Owners and discussion of those comments must be scheduled for the beginning of each meeting on agenda items and at the end of the meeting on any topic. 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.

5.05 Waiver of Notice. Before or at any meeting of the Board, any Director may waive notice of such meeting in writing, and such waiver will be deemed equivalent to the giving of such notice to that Director. All such waivers will be filed in the records of the Association or made a part of the minutes of the meeting. Notwithstanding the foregoing, no Director may waive notice to the Membership of any Board meeting.

5.06 Required Financial Review. At least once every one hundred (100) days, the Board shall review at a minimum, the following financial information at one of its meetings:

- (a) A current year-to-date financial statement of the operating account(s) of the Association;
- (b) A current year-to-date schedule of revenues and expenses for the operating account(s) and the reserve account(s), compared to the budget for those accounts,
- (c) A current reconciliation of the operating account(s) of the Association;
- (d) A current reconciliation of the reserve account(s) of the Association;
- (e) The latest account statements prepared by the financial institutions in which the accounts of the Association are maintained;
- (f) The current status of any civil action or claim submitted to arbitration or mediation in which the Association is a party.

5.07 Quorum. A majority of the whole Board shall be present in person at any meeting of the Board, at the time a vote regarding that action is taken, in order to constitute a quorum for the transaction of business at such meeting as to such matter, and except as otherwise specified in these Bylaws and except also as otherwise expressly provided by Nevada law, the vote of a majority of the Directors present at any such meeting at which a quorum is present shall be the act of the Board. If a quorum is present when a vote is taken, the affirmative vote of a majority of the members present is the act of the Board unless a greater vote is required by the Declaration or Bylaws.

5.08 Adjournment. A majority of the Directors present, whether or not a quorum is present, may adjourn Board meetings to another time and place without additional notice to the Members other than announcement at the meetings until a quorum shall be present thereat. Notwithstanding the foregoing, if a Board meeting is adjourned for more than thirty (30) days, notice of any adjournment to another time or place shall be given before the time of the adjourned meeting in the manner set forth in Section 5.04 of these Bylaws.

5.09 Organization; Conduct of Business. At each meeting of the Board, the President, or if he or she is absent therefrom, a Director chosen by a majority of the Directors present thereat, shall act as chairman of such meeting and preside thereat. The Secretary, or if he or she is absent, the person (who shall be an Assistant Secretary, if any and if present) whom the chairman of such meeting shall appoint, shall act as Secretary of such meeting and keep the minutes thereof.

5.10 Board Meetings Attendance and Participation by Members.

(a) Right to Attend. Except as otherwise provided below, a Member may attend any meeting of the Board and speak at any such meeting, during the Owner forum portion of the meeting. The Board may establish reasonable limitations on the time a Member may speak at such a meeting.

(b) Permitted Executive Sessions. The Board may only meet in executive session for the purpose of:

(i) Consulting with the attorney for the Association on matters relating to proposed or pending litigation if the contents of the discussion would otherwise be governed by the privilege set forth in NRS 49.035 to 49.115, inclusive, or entering into, renewing, modifying, terminating or taking any other action regarding a contract between the Association and an attorney;

(ii) Discussing the character, alleged misconduct, professional competence or physical or mental health of a community manager or an employee of the Association;

(iii) Discussing a violation of the Governing Documents including, without limitation, the failure to pay an Assessment; or

(iv) Discussing the alleged failure of a Member to adhere to a schedule required by the Association or the Architectural Review Committee for completion of the design of an Improvement or modification, or the commencement and completion of construction, or the issuance of a permit necessary for the occupancy or use, of such Improvement or modification, if such alleged failure may subject the Member to a construction penalty as provided in the Declaration.

(c) Member's Right to Speak. Except as otherwise provided in the Act, a Member is not entitled to attend or speak at a meeting of the Board held in executive session.

(d) Prohibited Executive Sessions. The Board may not meet in executive session to enter into, renew, modify, terminate or take any other action regarding a contract, unless it is a contract between the Association and an attorney.

5.11 Executive Session Minutes. Except as otherwise provided in this Section, any matter discussed by the Board when it meets in executive session must be generally noted in the minutes of the meeting of the Board. The Board must maintain minutes of any decision relating to an alleged violation of the Governing Documents, and upon request provide a copy of the

decision to the person who was subject to being sanctioned at the hearing or to his designated representative.

5.12 Telephonic Attendance. Directors may participate in a meeting through use of conference telephone or similar communications equipment, so long as the Director(s) attending telephonically can hear the other Directors attending the meeting and the Owners attending the meeting can hear the Director(s) attending telephonically. Participation in a meeting pursuant to this Section constitutes presence in person at such meeting.

5.13 Regular Meetings Minutes. Not more than thirty (30) days after any meeting of the Board, the Secretary or other officer or agent of the Association shall cause the minutes or a summary of the minutes of the meeting to be made available to the Members. A copy of the minutes or a summary of the minutes must be provided to any Member who pays the Association the cost of providing the copy.

5.14 Recording Meetings. A Member may record on audiotape or any other means of sound reproduction a meeting of the Board unless the Board is meeting in executive session if, before recording the meeting, the Member provides notice of his intent to record the meeting to the Directors and the other Members who are in attendance at the meeting.

5.15 Record of Violations. The Board shall maintain a general record concerning each violation of the Governing Documents, other than a violation involving a failure to pay an Assessment, for which the Board has imposed a fine, a construction penalty or any other sanction. The general record:

(a) Must contain a general description of the nature of the violation and the type of the sanction imposed. If the sanction imposed was a fine or construction penalty, the general record must specify the amount of the fine or construction penalty.

(b) Must not contain the name or address of the person against whom the sanction was imposed or any other personal information which may be used to identify the person or the location of the Unit, if any, that is associated with the violation.

(c) Must be maintained in an organized and convenient filing system or data system that allows an Owner to search and review the general records concerning violations of the Governing Documents.

ARTICLE VI

OFFICERS

6.01 Officers. The Association shall have the following officers: a President, a Secretary, and a Treasurer. At the discretion of the Board, the Association may also have one or more Vice Presidents, one or more Assistant Vice Presidents, one or more Assistant Secretaries, and one or more Assistant Treasurers. Any two or more offices may be held by the same Person. In all events where the Person serving as an officer is not the record Owner, he or she shall file proof in the records of the Association that: (a) states that he or she is associated with the Owner; and (b) identifies the Unit(s) owned by the Owner. Unless otherwise provided in these Bylaws,

an officer shall hold office until the next annual meeting of the Members and until his or her successor shall be elected and qualified.

6.02 Election and Term of Office. The officers of the Association shall be elected annually by the Board. Each such officer shall hold office until his or her successor is duly elected or until his or her earlier death or resignation or removal in the manner hereinafter provided.

6.03 Agents; Managers. In addition to the officers mentioned in Section 6.01 hereof, the Board may, subject to the provisions of the Declaration, appoint such agents or Managers as the Board may deem necessary or advisable, each of which agents or Managers shall have such authority and perform such duties as are provided in these Bylaws or as the Board may from time to time determine, including the delegation to such agents or Managers of any of the powers of the Board or the officers of the Association. Except as otherwise provided in the Act, or in applicable provisions of the Nevada Administrative Code, any Manager so appointed must hold a certificate to engage in community management pursuant to the Act and the Nevada Administrative Code.

6.04 Removal. Any officer may be removed, with or without cause, at any time by resolution adopted by a majority of the Board.

6.05 Resignations. Any officer may resign at any time by giving written notice of his or her resignation to the Board, the President, or the Secretary. Any such resignation shall take effect at the time specified therein, or if the time when it shall become effective is not specified therein, it shall take effect immediately upon its receipt by the Board, the President, or the Secretary, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

6.06 Vacancies. A vacancy in any office due to death, resignation, removal, disqualification, or any other cause may be filled for the unexpired portion of the term thereof by the Board.

6.07 President. The President shall be the chief executive officer of the Association and shall have, subject to the control of the Board, general and active supervision and direction over the business and affairs of the Association and over its several officers. The President shall: (a) preside at all meetings of the Members and at all meetings of the Board; (b) make a report of the state of the business of the Association at each semi-annual meeting of the Members; (c) see that all orders and resolutions of the Board are carried into effect; (d) sign, with the Secretary or an Assistant Secretary, any certificates for the Association; (e) have the right to sign, execute, and deliver in the name of the Association all deeds, mortgages, bonds, contracts, or other instruments authorized by the Board, except in cases where the signing, execution, or delivery thereof is expressly delegated by the Board or by these Bylaws to some other officer or agent of the Association or where any of them are required by law otherwise to be signed, executed, or delivered; and (f) have the right to cause the corporate seal, if any, to be affixed to any instrument that requires it. In general, the President shall perform all duties incident to the office of the President and such other duties as from time to time may be assigned to him or her by the Board.

6.08 Vice President. A Vice President and any additional Vice Presidents shall have such powers and perform such duties as the President or the Board may from time to time prescribe

and shall perform such other duties as may be prescribed by these Bylaws. At the request of the President, or in case of his or her absence or inability to act the Vice President shall perform the duties of the President and when so acting shall have all the powers of and be subject to all the restrictions upon the President.

6.09 Secretary. The Secretary shall: (a) record all the proceedings of the meetings of the Members and the Board, in one or more books kept for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be the custodian of all contracts, deeds, documents, all other indicia of title to properties owned by the Association, and of its other corporate records (except accounting records) and of the corporate seal, if any, and affix such seal to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) sign, with the President or a Vice President, certificates for the Association; (e) have charge of the Membership records; and (f) see that the books, reports, statements, certificates, and all other documents and records required by law are properly kept and filed. In general, the Secretary shall perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or the Board.

6.10 Treasurer. If required by the Board, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board shall determine. The Treasurer shall: (a) have charge and custody of and be responsible for all funds, securities, notes, and valuable effects of the Association; (b) receive and give receipt for moneys due and payable to the Association from any sources whatsoever; (c) deposit all such moneys to the credit of the Association or otherwise as the Board or the President shall direct in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of Section 14.04 of these Bylaws; (d) cause such funds to be disbursed by checks or drafts on the authorized depositories of the Association signed as provided in Section 14.04 of these Bylaws; (e) be responsible for the accuracy of the amounts of and cause to be preserved proper vouchers for all moneys so disbursed; (f) have the right to require from time to time reports or statements giving such information as he or she may desire with respect to any and all financial transactions of the Association from the officers or agents transacting the same; (g) render to the President or the Board whenever they, respectively, shall request him or her so to do an account of the financial condition of the Association and of all his or her transactions as Treasurer; and (h) upon request, exhibit or cause to be exhibited at all reasonable times the cash books and other records to the President or any of the Directors of the Association. In general, the Treasurer shall perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or the Board.

6.11 Assistant Officers. Any persons elected as assistant officers shall assist in the performance of the duties of the designated office and such other duties as shall be assigned to them by any Vice President, the Secretary, or the Treasurer, as the case may be, or by the Board or the President.

6.12 Compensation. No officer shall receive any compensation for his or her services as an officer, except to the extent permitted by the Act and expressly approved by the consent of a majority of the voting power of the Association.

ARTICLE VII

COMMITTEES

7.01 Creation and Appointment of Committees. The Board, by resolution adopted by a majority of the whole Board, may constitute committees, which shall in each case consist of one or more of the Directors, and at the discretion of the Board, such other Members of the Association. The Board may designate one or more Directors or officers who are not Directors as alternate members of any committee who may replace any absent or disqualified member at any meeting of the committee. Each such committee shall have and may exercise such powers as the Board may determine and specify in the respective resolutions appointing them; provided, however, that unless all of the members of any committee shall be Directors, such committee shall not have authority to exercise any of the powers of the Board in the management of the business and affairs of the Association. Subject to approval by the Board, a majority of all the members of any such committee may fix its rules of procedure, determine its action, fix the time and place of its meetings, and specify what notice thereof, if any, shall be given, unless the Board shall otherwise by resolution provide.

7.02 Resignations. Any member of a committee may resign therefrom at any time by giving written notice of his or her resignation to the President or the Secretary. Any such resignation shall take effect at the time specified therein, or if the time when it shall become effective is not specified therein, it shall take effect immediately upon its receipt by the President or the Secretary, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

7.03 Vacancies. Any vacancy on a committee shall be filled by the vote of a majority of the Board.

7.04 Compensation. No member of a committee shall receive any compensation for his or her services as a committee member, except to the extent permitted by the Act and expressly approved by the consent of a majority of the voting power of the Association.

7.05 Dissolution of Committees; Removal of Committee Members. The Board, by resolution adopted by a majority of the whole Board, may, with or without cause, dissolve any committee and, with or without cause, remove any member thereof.

ARTICLE VIII

BUDGET AND FINANCIAL STATEMENTS

8.01 Distribution of Financial Statements. The financial statements described in this Article will be prepared and distributed to each Owner, the Owner's Eligible Insurers and Eligible Mortgagees at the times and in the manner provided in this Article.

8.02 Budget. The Board will cause an Operating Budget and Reserve Budget (collectively the "Budget") to be adopted and distributed each fiscal year as set forth in Article XII, Section 12.04 of the Declaration and consistent with the Act, as may be amended, or any

successor statute. The Budget must include a Budget for the daily operation of the Association and a Budget for the reserves required by the Declaration and Article IX of these Bylaws.

8.03 Annual Report. The Board will cause an annual report containing the following to be distributed to each Member within one hundred twenty (120) days after the close of the Association's fiscal year:

- (a) A balance sheet as of the end of such fiscal year;
- (b) An operating (income) statement for such fiscal year;
- (c) A statement of changes in financial position for such fiscal year;
- (d) For every fiscal year in which the gross income to the Association exceeds \$150,000, the Board shall cause the financial statement of the Association to be audited by an independent certified public accountant. For any fiscal year for which an audit of the financial statement is not required, the Board shall cause the financial statement for that fiscal year to be audited by an independent certified public accountant if, within one hundred eighty (180) days before the end of the fiscal year, fifteen percent (15%) of the total voting power of the Members of the Association submit a written request for such an audit; and
- (e) If such an audited financial statement is not prepared by an independent, certified public accountant, it will be accompanied by the certificate of an authorized officer of the Association that the report was prepared from the books of the Association without independent audit or review.

8.04 Rights of First Mortgagees. The Association will provide at its expense the financial statements described in this Article to any Eligible Insurer or Eligible Mortgagee who has submitted a written request therefor or, if such statements are not then completed and available, within one hundred twenty (120) days after the close of such fiscal year.

ARTICLE IX

RESERVE ACCOUNTS

9.01 Reserve Study. The Board shall obtain a reserve study consistent with the requirements of the Act and the terms and conditions set forth in Article XII, Section 12.4 of the Declaration.

9.02 Reserve Account and Withdrawals. The Association shall establish adequate reserves, funded on a reasonable basis, for the repair, replacement and restoration of the major components of the Common Elements. On at least an annual basis, the Board may make adjustments to the Association's funding plan which the Board deems necessary to provide adequate funding for the required reserve. The reserves may be used only for those purposes including, without limitation, repairing, replacing and restoring roofs, roads and sidewalks, and must not be used for daily maintenance. The Association may comply with the provisions of this paragraph through a funding plan that is designed to allocate the costs for the repair, replacement and restoration of the major components of the Common Elements over a period of years if the

funding plan is designed in an actuarially sound manner which will ensure that sufficient money is available when the repair, replacement and restoration of the major components of the Common Elements are necessary. The signatures of at least two persons, who are either Directors or one Director and one officer who is not a Director, are required for the withdrawal of monies from the Association's reserve account(s).

9.03 Reserve Account Defined. As used in this Article, the term "reserve account" means monies that the Board has identified from its annual budget for use to defray the future repair, replacement or restoration of those major components of the Common Elements which the Association is obligated to maintain.

ARTICLE X

INSPECTION OF RECORDS

10.01 Inspection by Members, Holders, Insurers and Guarantors. The Governing Documents, the membership register, books and records of account, financial statements, minutes of meetings of the Association, the Board, and any committees of the Board, and other papers of the Association, including without limitation all contracts to which the Association is a party and all records filed with a court relating to a civil or criminal action to which the Association is a party, will be made available for inspection and copying by any Member or his duly-appointed representative, or any Eligible Insurer or Eligible Mortgagee, at any reasonable time during normal business hours or under other reasonable circumstances and for a purpose reasonably related to their interest as a prospective purchaser, Member, Eligible Insurer or Eligible Mortgagee, at the principal office of the Association or such other place within the Association as the Board prescribes. The provisions of this Section do not apply to (a) the personnel records of the employees of the Association, except for those records relating to the number of hours worked and the salaries and benefits of those employees; (b) the records of the Association relating to another Owner; (c) a contract between the Association and an attorney; (d) any correspondence or communications between the Association and its attorney which are subject to the attorney-client privilege set forth in NRS 49.035 through NRS 49.115; (e) the minutes of the executive session of the Board of Directors, subject to the right of any Person who is subject to any violation hearing before the Board to have access to and copies of the decision; and (f) any other document identified by the Act.

10.02 Rules for Inspection. The Board will establish reasonable rules concerning (a) notice to be given to the custodian of the records by a person desiring to make an inspection, (b) hours and days of the week when such inspection may be made, and (c) payment of (i) an amount not in excess of the per hour charge permitted in NRS 116.31175, and (ii) the cost of reproducing copies of any documents as requested, not to exceed the charge permitted in NRS 116.31177. A copy of the financial statement, budget and reserve study will be provided to any Owner within fourteen (14) days after the Board receives a written request therefor, subject to payment of the cost of reproducing same, as provided in clause (c), above.

10.03 Inspection by Directors. Subject to NRS 82.186, every Director has the absolute right at any reasonable time to inspect all books, records and documents of the Association.

Without limiting the generality of the foregoing, a Director's right of inspection includes the right to make extracts and copies of documents.

10.04 Inspection by Declarant. Subject to Section 10.01 of these Bylaws, Declarant has the absolute right at any reasonable time to inspect all books, records, contracts or other documents impacting the Common Expenses of the Association as long as Declarant is subsidizing the Association in any manner including, without limitation, the payment of any portion of Assessments levied against all other Owners, direct payment of Common Expenses, or by providing maintenance or other services that would otherwise be provided by the Association.

ARTICLE XI

ENFORCEMENT OF GOVERNING DOCUMENTS AND DISCIPLINE OF MEMBERS

11.01 Rule Making Authority The Board of Directors shall adopt and distribute to the Membership resolutions, Rules, policies or guidelines to address the enforcement of any alleged violation of the Governing Documents of the Association, including the non-payment of Assessments. The resolutions, rules and regulations, policies and guidelines may also include disciplining Members for violation of the Governing Documents, including fines and the suspension of voting privileges and the right to use the Common Elements, consistent with the Act.

11.02 Discretion to Enforce The Board may determine whether to take enforcement action by exercising the Association's power to impose sanctions or commence an action for a violation of the Declaration, these Bylaws or Rules, including whether to compromise any claim for unpaid assessments or other claim made by or against it. The Board does not have a duty to take enforcement action if it determines that, under the facts and circumstances presented: (a) the Association's legal position does not justify taking any or further enforcement action; (b) the covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with current law; (c) although a violation may exist or may have occurred, it is not so material as to be objectionable to a reasonable person or to justify expending the association's resources; or (d) it is not in the Association's best interests to pursue an enforcement action. The Board's decision not to pursue enforcement under one set of circumstances does not prevent the Board from taking enforcement action under another set of circumstances, but the Board may not be arbitrary or capricious in taking enforcement action.

ARTICLE XII

SEAL

A corporate seal shall not be requisite to the validity of any instrument executed by or on behalf of the Association. Nevertheless, if in any instance a corporate seal is used, the same shall be in the form of a circle and shall bear the full name of the Association and the year and state of incorporation or words and figures of similar import.

ARTICLE XIII

INDEMNIFICATION OF DIRECTORS AND OFFICERS

13.01 Indemnification. If a member of the Board or an officer of the Association is named as a respondent or sued for liability for actions undertaken in his role as a member of the Board or officer of the Association, the Association shall indemnify him for his losses or claims, and undertake all costs of defense, unless it is proven that he acted with willful or wanton misfeasance or with gross negligence. After such proof, the Association is no longer liable for the cost of defense, and may recover costs already expended from the member of the Board or the officer who so acted. Members of the Board and officers are not personally liable to the victims of crimes occurring within the Association. Punitive damages may not be recovered against the Association, but may be recovered from persons whose activity gave rise to the damages. Punitive damages may not be awarded against: (a) the Association (b) the members of the Board for acts or omission that occur in their official capacity as members of the executive board; or (c) the officers of the Association for acts or omissions that occur in their capacity as officers of the association.

The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon 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 the Person reasonably believed to be in or not opposed to the best interests of the Association, or with respect to any criminal action or proceeding, had reasonable cause to believe that its conduct was unlawful.

13.02 Insurance. The Board shall purchase and maintain insurance on behalf of any Person who is or was a director, officer, employee, servant, or agent of the Association against any liability asserted against it or incurred by it in any such capacity or arising out of its status as such, whether or not the Association would have the power to indemnify it against such liability hereunder or otherwise.

13.03 Other Coverage. The indemnification provided by this Article XIII shall not be deemed exclusive of any other rights to which anyone seeking indemnification may be entitled under the Declaration, any agreement, vote of the Members, vote of disinterested directors, Nevada law, or otherwise, both as to action in its official capacity and as to action in another capacity while holding such office, and may continue as to a Person who has ceased to be a director, officer, employee, servant, or agent and may inure to the benefit of the heirs and personal representatives of such a Person.

ARTICLE XIV

MISCELLANEOUS

14.01 Execution of Contracts. Except as otherwise required by law or by these Bys, any contract or other instrument may be executed and delivered in the name of the Association and on its behalf by the President or any Vice President. In addition, the Board may authorize any other officer or officers or agent or agents to execute and deliver any contract or other instrument in the name of the Association and on its behalf, and such authority may be general or confined to specific instances as the Board may by resolution determine. The Association shall not, without the consent

of a majority of the Members entitled to vote, enter into a contract for goods or services for a term of more than one (1) year, except: (a) a contract with a public utility company if the rates charged for the materials or service are regulated by the Nevada Public Service Commission (provided, however that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate); (b) prepaid casualty and liability insurance policies of no greater than three (3) years duration; or (c) a management contract approved by the Veterans Administration or the Federal Housing Administration.

14.02 Attestation. Any Vice President, the Secretary, or any Assistant Secretary may attest the execution of any instrument or document by the President or any other duly authorized officer or agent of the Association and may affix the corporate seal, if any, in witness thereof, but neither such attestation nor the affixing of a corporate seal shall be requisite to the validity of any such document or instrument.

14.03 Checks, Drafts. All checks, drafts, orders for the payment of money, bills of lading, warehouse receipts, obligations, bills of exchange, and insurance certificates shall be signed or endorsed (except endorsements for collection for the account of the Association or for deposit to its credit, which shall be governed by the provisions of Section 14.04 by such officer or officers or agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board.

14.04 Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association or otherwise as the Board or the President shall direct in general or special accounts at such banks, trust companies, savings and loan associations, or other depositories as the Board may select or as may be selected by any officer or officers or agent or agents of the Association to whom power in that respect has been delegated by the Board. For the purpose of deposit and for the purpose of collection for the account of the Association, checks, drafts, and other orders for the payment of money that are payable to the order of the Association may be endorsed, assigned, and delivered by any officer or agent of the Association. The Board may make such special rules and regulations with respect to such accounts not inconsistent with the provisions of these Bylaws as it may deem expedient.

14.05 Fiscal Year. The fiscal year of the Association shall be as stated in the Declaration.

14.06 Ombudsman Fee. The Board is required to cause the Association to pay any fees, and file any reports or other documents, required pursuant to NRS 116.31155 and 116.31158.

14.07 Notices.

(a) Except as otherwise provided in subsection (c), the Association shall deliver any notice required to be given by the Association hereunder to any mailing or electronic mail address a Unit's Owner designates. Except as otherwise provided in subsection (c), if a Unit's Owner has not designated a mailing or electronic mail address to which a notice must be delivered, the Association may deliver notices by:

- (i) Hand delivery to each unit's owner;
- (ii) Hand delivery, United States mail, postage paid, or

(iii) commercially reasonable delivery service to the mailing address of each unit;

(iv) Electronic means, if the unit's owner has given the association an electronic mail address; or

(v) Any other method reasonably calculated to provide notice to the Unit's Owner.

(b) The ineffectiveness of a good faith effort to deliver notice by an authorized means does not invalidate action taken at or without a meeting.

(c) The provisions of this section do not apply:

(i) To a notice required to be given pursuant to NRS 116.3116 to 116.31168, inclusive; or

(ii) If any provision of these Bylaws or applicable law specifies another manner in which a notice must be given by the Association.

ARTICLE XV

AMENDMENTS

These Bylaws may be amended by the Association by the vote or written consent of Members representing at least a majority of the voting power of the Association; provided, however, that the specified percentage of the Members necessary to amend a specific Section or provision of these Bylaws shall not be less than the percentage of affirmative votes prescribed for action to be taken under that Section or provision. If any change is made to these Bylaws or any of the other Governing Documents of the Association, the Secretary of the Association shall, within thirty (30) days after the change is made, prepare and cause to be hand-delivered or sent prepaid by United States mail to the mailing address of each Unit or to any other mailing address designated in writing by the Owner, a copy of the change that was made.

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CERTIFICATE OF OFFICERS

We, the undersigned, do certify that:

1. We are the duly elected President and Secretary of Canyons Community Association, a Nevada non-profit corporation; and

2. The foregoing Bylaws constitute the Bylaws of the Association as duly adopted by the Board of Directors of the Association at the February 22nd, 2017 Board of Directors meeting.

DATED this 22nd day of February, 2017.

By: Allison Leary
Name: Allison Leary
Its: President

By: James Bruner
Name: James Bruner
Its: Secretary