

**SPRINGWOOD HOMEOWNERS  
ASSOCIATION**

**BYLAWS**

**BYLAWS**  
**OF**  
**SPRINGWOOD HOMEOWNERS ASSOCIATION**

A Nevada Non-Profit Corporation

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BYLAWS  
OF  
SPRINGWOOD HOMEOWNERS ASSOCIATION

ARTICLE I  
GENERAL PLAN OF OWNERSHIP

Section 1.1 NAME

The name of the corporation is Springwood Homeowners Association, referred to in these Bylaws as the "Association." The principal office of the Association shall be located at 2490 Paseo Verde Parkway, Suite 120, Henderson, NV 89074, or at any other place in Clark County, Nevada, as the Board of Directors may from time to time designate.

Section 1.2 APPLICATION

The provisions of these Bylaws apply to the community known as Springwood Homeowners Association, located in the County of Clark, State of Nevada (the "Project"). All present and future Owners and their tenants, future tenants, employees and any other Person who might use the facilities of the Project in any manner are subject to the regulations set forth in these Bylaws and in the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Springwood Homeowners Association (the "Declaration") Recorded or to be Recorded in the office of the Clark County Recorder. The mere acquisition or lease of any Lot in the Project will signify that the Person acquiring the Lot or tenant accepts, ratifies and agrees to comply with these Bylaws.

Section 1.3 TAX EXEMPTION STATUS

As a non-profit corporation, the Association may be entitled to elect tax exempt status under certain provisions of the Internal Revenue Code. The Association shall take all reasonable steps necessary to maximize the Association's tax exempt status under these provisions.

Section 1.4 MEANING OF TERMS

Capitalized words in quotes and parentheses are defined by the preceding words in the same sentence. Capitalized terms used in these Bylaws but not defined in these Bylaws shall have the same meanings given to them in the Declaration or in Nevada Revised Statutes Chapter 116 (the "Act").

ARTICLE II  
VOTING BY ASSOCIATION MEMBERSHIP

Section 2.1 VOTING

The number of votes (i.e., voting power) held by each Member and the manner in which voting is accomplished shall be as set forth in the Declaration. Voting Membership shall consist of all Members entitled to cast votes (collectively, the "Voting Membership").

Section 2.2 MAJORITY OF QUORUM

Unless otherwise expressly provided in these Bylaws or the Declaration, any action which may be taken by the Voting Membership may be taken by a majority of a Quorum of the Members.

Section 2.3 QUORUM

Except as otherwise provided in these Bylaws, Quorum shall mean (a) the presence at the beginning of any meeting of the Members (whether or not the Members remain present throughout the meeting) of Persons entitled to cast at least twenty percent (20%) of the total votes, in person or by proxy or (b) the presence at the beginning of any meeting of the Board of Directors (whether or not the members of the Board of Directors remain present throughout the meeting) of Persons entitled to cast at least fifty percent (50%) of the votes on the Board of Directors.

ARTICLE III  
ADMINISTRATION

Section 3.1 ASSOCIATION RESPONSIBILITIES

In accordance with the provisions of the Declaration, the responsibilities of the Association shall include, without limitation, the responsibility of administering the Common Elements, approving the Budget, establishing and collecting all assessments authorized under the Declaration, and arranging for overall architectural control of the Project.

Section 3.2 PLACE OF MEETINGS OF ASSOCIATION

Meetings of the Association shall be held at the Project or another suitable place as close to the Project as practicable, as may be designated from time to time by the Board of Directors.

Section 3.3 MEETINGS OF VOTING MEMBERSHIP

The first meeting of the Voting Membership of the Association shall be held no later than nine (9) months after the date of commencement of Common Assessments by the Association. Subsequent meetings shall be held every six (6) months ("Semi-Annual Meeting") and twelve (12) months ("Annual Meeting") from the date of the first meeting. If a meeting of the Voting Membership has not been held for one year, then a meeting of the Voting Membership must be

held on the following March 1. At each Annual Meeting, the Voting Membership shall elect a Board of Directors in accordance with the requirements of Section 4.6 of these Bylaws. The Voting Membership may also transact any other business of the Association as may properly come before them. Subject to space availability, Association meetings shall be open to attendance by all Mortgagee representatives.

#### Section 3.4 SPECIAL MEETINGS OF VOTING MEMBERSHIP

It shall be the duty of the Board of Directors to call a special meeting of the Voting Membership ("Special Meeting") as directed by the President, resolution of a majority of the Board of Directors, or upon a petition signed by Persons representing at least ten percent (10%) of the total voting power of the Association (the "Demand"). The Demand must state the purpose of the meeting. Those making the Demand for the Special Meeting must sign, date and deliver the Demand to the President, or the Treasurer of the Association. The Association must then immediately give notice of the Special Meeting. The Special Meeting shall be held not less than thirty-five (35) days nor more than ninety (90) days after adoption of the resolution or the receipt of a petition by the Association. No business shall be transacted at a Special Meeting except as stated in the notice.

#### Section 3.5 FREEZING OF LIST OF MEMBERS OR FIXING RECORD DATE

For the purpose of determining Members entitled to notice of or to vote at a meeting of the Voting Membership, or in order to make a determination of Members for any other proper purpose, the Board may provide that the list of Members shall be frozen for a stated period not to exceed ten (10) days. If the list of Members shall be so frozen, such list shall be frozen for not more than ten (10) days immediately preceding such meeting. In lieu of freezing the list of Members, the Board may fix in advance a date as the record date for any such determination of Members, such date in any case to be not more than ten (10) days prior to the date of the particular meeting of Members or the date upon which the particular action requiring such determination is to be taken, as applicable. If the list of Members is not frozen and no record date is fixed for the determination of Members entitled to notice of or to vote at a meeting of Members, the record date for such determination of Members shall be four o'clock in the afternoon (4:00 p.m.) on the day before the day upon which notice of the meeting is mailed. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Section 3.5, such determination shall apply to any continuation of such meeting following any adjournment.

#### Section 3.6 NOTICE OF MEETINGS OF VOTING MEMBERSHIP

It shall be the duty of the Secretary to send a notice of each meeting to each Member of record and to each holder, insurer or guarantor of First Mortgages who has filed a written request for notice with the Secretary. The notice shall be hand-delivered or be sent by first-class mail, postage prepaid to the Lot address of the Member or other Person or to any other mailing address designated by the Member or other Person, or by any other method permitted by the Act, at least ten (10) but not more than sixty (60) days prior to the meeting, and shall state the purpose of the meeting as well as the day, hour and place that the meeting is to be held and include a copy of the

agenda. Except for civil actions commenced by the Association to (a) enforce the payment of assessments, (b) enforce the Declaration, Bylaws or rules and regulations of the Association, (c) proceed with a counterclaim or (d) protect the health, safety and welfare of the Members of the Association, notice of a meeting at which a Capital Improvement Assessment or a commencement of a civil action is to be considered must be given at least twenty-one (21) days prior to the meeting. The agenda for each meeting of the Voting Membership must consist of (i) a clear and complete statement of the topics to be considered during the meeting, including, without limitation, any proposed amendment to the Declaration or Bylaws, any fees or assessments to be imposed or increased by the Association, any budgetary changes, and any proposal to remove an officer or Director, (ii) a list describing the items on which action may be taken and clearly stating that action may be taken on those items, and (iii) a period devoted to comments by Members and discussion of those comments, but, except in emergencies, no action may be taken upon a matter raised by a Member at a meeting without the matter itself being specifically included on the agenda as an item upon which action may be taken pursuant to (ii) above. The notice must include notification of the rights of a Member to (A) have a copy of the minutes or a summary of the minutes distributed to the Member upon request if the Member pays the Association the cost of making the distribution and (B) speak to the Association. The notice of any meeting at which Directors are to be elected shall include the names of all those who are nominees at the time the notice is given. The notice shall also be posted in a conspicuous place on the Common Elements and, upon posting, shall be deemed served upon any Member who has not furnished the Secretary with a current mailing address.

#### Section 3.7 ADJOURNED MEETING

If any meeting of the Voting Membership cannot be organized because a Quorum is not present, a majority of the Voting Membership present may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called. An adjourned meeting may be held without notice as otherwise required by this Article III, provided that notice is given by announcement at the meeting at which such adjournment is taken.

#### Section 3.8 RIGHT OF MEMBERS TO SPEAK AT MEETINGS

Each Owner shall have the right to attend any meeting of the Voting Membership and to speak at the meeting; provided, however, the Board shall have the right to establish reasonable limitations on the time a Member may speak at a meeting of the Voting Membership.

#### Section 3.9 ORDER OF BUSINESS

The order of business at all meetings of the Voting Membership shall be as follows: (a) roll call or registration to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of each of the officers; (e) reports of any committees; (f) election of inspector of election (at meetings where elections take place); (g) election of members of the Board of Directors (at meetings held for such purpose); (h) unfinished business; (i) new business; and (j) open floor for Members to speak at the meeting. Meetings shall be chaired by the most senior officer of the

Association present at the meeting. For purposes of this Section 3.9, the order of seniority of officers shall be President, Vice President, Secretary and Treasurer.

#### Section 3.10 CONDUCT OF MEETINGS

Robert's Rules of Order, latest edition, or such other similar manual or procedural guide concerning the conduct of meetings as is commonly used by corporations similar to the Association shall govern the conduct of meetings when not in conflict with the Restrictions.

#### Section 3.11 ACTION WITHOUT MEETING

Any action which may be taken at a meeting of the Voting Membership (except for the election of members of the Board of Directors) may be taken without a meeting if authorized by the written consent of Persons representing at least a majority of the voting power of the Association; provided, however, that if any greater proportion of the voting power of the Association is required by the Declaration, these Bylaws or otherwise for the action, then the greater proportion of written consent shall be required.

#### Section 3.12 RATIFICATION OF ACTION AT MEETING

The transactions at any meeting of the Voting Membership, however called and noticed, shall be as valid as though transacted at a meeting duly held after regular call and notice; provided that all Persons entitled to vote at such a meeting consent by either (a) a writing on the records of the meeting or a writing filed with the Secretary; (b) presence at the meeting and oral consent entered in the minutes of the meeting; or (c) taking part in the deliberations at the meeting without objection. At the meeting, any business may be transacted which is neither excepted from the written consent nor objected to for want of notice at the time the business is considered. If any meeting is irregular for want of notice or of consent provided a Quorum was present at the meeting all Persons having the right to vote at the meeting may sign a written waiver of the defect and ratifying and approving the proceedings of the meeting.

If a civil action is commenced pursuant to this paragraph without the required vote or agreement of the Members, the action must be ratified within ninety (90) days after the commencement of the action by a vote or written agreement of the Members to which at least a majority of the votes of the Association are allocated. 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 only if a vote or written agreement of the Members which hold at least a majority of the votes of the Association was obtained at the time the approval to commence or ratify the action was sought. At least ten (10) days before the Association commences or seeks to ratify the commencement of a civil action, the Association shall provide a written statement to all Members that includes: (a) a reasonable estimate of the costs of the civil action, including reasonable attorney's fees; (b) 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 (c) all disclosures that are required to be made upon the sale of the property. No Person other than a Member 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.

#### Section 3.13 MINUTES, PRESUMPTION OF NOTICE

Minutes or a similar record of the proceedings of meetings of the Voting Membership, when signed by the President or Secretary, shall be presumed to truthfully evidence the matters set forth therein. A recitation in the minutes of any meeting that notice of the meeting was properly given shall be prima facie evidence that notice was given. Not more than thirty (30) days after any meeting of the Voting Membership, the Secretary shall cause the minutes or a summary of the minutes to be made available to the Members. A copy of the minutes or summary of the minutes must be provided to any Member who pays the Association the cost of providing the copy to the Member.

The minutes of the Voting Membership must include: (a) the date, time and place of the meeting; (b) the substance of all matters proposed, discussed or decided at the meeting; and (c) the substance of remarks made by any Member at the meeting if he requests that the minutes reflect his remarks or, if he has prepared written remarks, a copy of his prepared written remarks, if he submits a copy for inclusion. The Board of Directors may establish reasonable limitations on materials, remarks or other information to be included in the minutes of a meeting of the Members.

The Association shall maintain the minutes of each meeting of its Members until the Association is terminated.

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

#### Section 3.14 WAIVER OF NOTICE

Whenever any notice is required to be given under this Article III, a waiver thereof in writing, signed by the Member entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

### ARTICLE IV BOARD OF DIRECTORS

#### Section 4.1 NUMBER AND QUALIFICATION

The property, business and affairs of the Association shall be governed and managed by a Board of Directors. Any individual Owner; an officer, employee, agent or director of a corporate Owner; a member, manager, employee or agent of a limited liability company Owner; a trustee or designated Beneficiary of a trust that owns a Lot; a partner of a partnership that owns a Lot; a fiduciary or an estate that owns a Lot; or any officer, employee, agent, designated appointee, member, or Manager of Declarant may be a member of the Board of Directors. The Board of

Directors shall, prior to the first Annual Meeting of the Voting Membership, be composed of three (3) Persons. At the first Annual Meeting of the Voting Membership, three (3) Persons shall be elected to the Board of Directors as provided in these Bylaws, subject to Declarant's right to appoint members of the Board of Directors pursuant to Section 4.2 of the Declaration, and the Board of Directors shall thereafter be composed of three (3) Persons. The authorized number of Directors may be changed by a duly adopted amendment to these Bylaws. Directors shall not receive any salary or compensation for their services as Directors unless the compensation is first approved by the vote or written consent of Persons representing at least a majority of a Quorum of the Association; provided, however, that (a) nothing shall be construed to preclude any Director from serving the Association in some other capacity and receiving compensation therefor, and (b) any Director may be reimbursed for such Director's actual expenses incurred in the performance of the Director's duties. Each member of the Board of Directors shall, at the time of appointment or election, certify in writing that such Director has read and understands the Declaration, the Articles of Incorporation, these Bylaws and the rules and regulations of the Association.

#### Section 4.2 POWERS AND DUTIES

The Board of Directors has the powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not by law or by these Bylaws directed to be exercised and done exclusively by the Members.

#### Section 4.3 SPECIAL POWERS AND DUTIES

Without prejudice to the foregoing general powers and duties and the powers and duties as are set forth in the Declaration, and except as prohibited by the Act, the Board of Directors is vested with the following powers and duties:

(a) The power and duty to select, appoint, and remove all officers, agents and employees of the Association; to prescribe the powers and duties for them as may be consistent with all applicable laws, the Articles, the Declaration and these Bylaws; to fix their compensation; and to require from them security for faithful service when deemed advisable by the Board of Directors.

(b) The power and duty to conduct, manage and control the affairs and business of the Association.

(c) The power but not the duty to change the principal office for the transaction of the business of the Association from one location to another within the County of Clark, as provided in Article I hereof; and to designate any place within said County for the holding of any meeting of the Members consistent with the provisions of Article III hereof.

(d) With the approval of a majority of a Quorum of the Association, the power but not the duty to borrow money and to incur indebtedness for the purposes of the Association; and, subject to Sections 12.3 and 12.13 of the Declaration, to cause to be executed and delivered

therefore in the Association's name promissory notes, bonds, debentures, deeds of trust, Mortgages, pledges, hypothecations or other evidences of debt and securities therefore.

(e) The power and duty to fix and levy Common Assessments, Special Assessments and Capital Improvement Assessments from time to time upon the Members as provided in the Declaration; and to determine and fix the due date for the payment of any assessments and the date upon which the same shall become delinquent.

(f) The power and duty to enforce the provisions of the Restrictions and all other agreements of the Association.

(g) The power and duty to contract and pay for fire, casualty, errors and omissions, blanket liability, directors', officers' and agents' liability insurance, workers' compensation, fidelity bonds, malicious mischief, vandalism, and other insurance, insuring the Members, the Association, the Board of Directors and other interested parties, in accordance with the provisions of the Declaration, covering and protecting against such liabilities, damages or injuries as the Board of Directors deems advisable (which may include, without limitation, medical expenses of Persons injured on the Common Elements). The Board of Directors shall review, not less frequently than annually, all insurance policies and bonds obtained on behalf of the Association by the Board of Directors or by agents of the Association.

(h) The power and duty to contract for and pay for maintenance, management, gardening, utilities, materials and supplies, and services relating to the Common Elements and to employ personnel necessary for the operation and maintenance of the Common Elements, including, without limitation, legal and accounting services, and to contract for and pay for the construction, maintenance, repair, reconstruction, replacement and demolition of the Common Elements.

(i) Subject to Sections 12.3 and 12.13 of the Declaration, the power but not the duty to delegate its powers according to law and these Bylaws.

(j) Subject to Sections 12.3 and 12.13 of the Declaration, the power but not the duty to grant licenses or permits where necessary for utilities, sewer facilities and other public purposes over the Common Elements.

(k) The power and duty to keep, or cause to be kept, a complete record of all acts and corporate affairs of the Association and to present a statement thereof to the Voting Membership at the Annual Meeting and at any other time that such statement is requested by at least ten percent (10%) of the voting power of the Association.

(l) Subject to Sections 12.3 and 12.13 of the Declaration, the power but not the duty to sell all or any portion of the Common Elements.

(m) Provided, however, the Board of Directors shall not have the power to (i) amend the Declaration, (ii) terminate the Project as a common-interest community (as defined in the Act) or (iii) elect members of the Board of Directors or determine their qualifications, powers,

with the names of nominees selected by the Board of Directors or a nominating committee established by the Association. Each Member shall cast, for the Director(s) of the Member's choice, the number of votes to which the Member is entitled. If an Annual Meeting is not held, or the Board of Directors is not elected thereat, the Board of Directors may be elected at any Special Meeting held for that purpose. Each Director shall hold office until a successor has been elected or until his death, resignation, removal, or judicial adjudication of mental incompetence. The term of office of the three (3) Directors receiving the highest number of votes at the first Annual Meeting shall be two (2) years, and the term of office of the two (2) Directors receiving the next highest number of votes at the first Annual Meeting shall be one (1) year.

(b) At each Annual Meeting thereafter, new Directors shall be elected to fill vacancies created by the death, resignation, removal, judicial adjudication of incompetence or expiration of the terms of past Directors. The term of office shall be two (2) years for each Director elected to fill a vacancy created by the expiration of the term of office of the respective past Director. The term of office of each Director elected or appointed to fill a vacancy created by the resignation, death or removal of his predecessor shall be the balance of the unserved term of his predecessor. Any Person serving as a Director may be re-elected, and there shall be no limitation on the number of terms he may serve.

(c) The terms of office for the members of the Board of Directors must be staggered in such a manner that, to the extent possible, an equal number of members of the Board of Directors are elected at each election. This requirement does not apply to members of the Board of Directors who are appointed by the Declarant and members of the Board of Directors who serve a term of 1 year or less.

(d) The Association shall require that each person whose name is placed on the ballot as a candidate for a member of the Board of Directors must make a good faith effort to disclose 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 for the candidate if the candidate were to be elected to serve as a member of the Board of Directors. The candidate must make the disclosure in writing, to each Member of the Association within 15 days before the preparation of the ballot for the election of the members of the Board of Directors. Such disclosures shall be included with the ballot for the election of the members of the Board of Directors.

(e) Unless a person is appointed to the Board of Directors by the declarant, a person may not be a member of the Board of Directors or an officer of the Association if the person, his spouse, or his parent or child, by blood, marriage or adoption, performs the duties of Manager for the Association.

(f) The election of any member of the Board of Directors shall be conducted by secret written ballot. The Secretary shall cause a secret ballot and a return envelope to be sent, prepaid by United States mail, to the mailing address of each Lot or to any other mailing address designated in writing by the Member. Each Member must be provided with at least 15 days after the date the secret ballot is mailed to the Member to return the secret ballot to the

Association. A quorum is not required for the election of any member of the Board of Directors. Only the secret written ballots that are returned to the Association may be counted to determine the outcome of the election. 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 Association's meeting.

(g) The incumbent members of the Board of Directors and each person whose name is placed on the ballot as a candidate for a member of the Board of Directors 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) Each member of the Board of Directors shall, within 90 days after his appointment or election, certify in writing to the Association, on a form prescribed by the Administrator of the real estate division of the State of Nevada Department of Business and Industry, that he has read and understands the governing documents of the Association and the provisions of the Act to the best of his ability.

#### Section 4.7 BOOKS AND AUDITS

(a) The Board of Directors shall cause to be maintained, in a manner consistent with generally accepted accounting principles, a full set of books and records showing the financial condition of the affairs of the Association sufficiently detailed to enable the Association to comply with applicable law. The Budget and annual report of the Association shall be prepared and distributed as set forth in the Declaration. The Board of Directors shall cause to be kept and revised annually a ledger of Members containing the Members' names, alphabetically arranged, and their places of Residence which ledger shall be available as provided in NRS Section 82.181.

(b) Upon written request, all books, records and papers of the Association shall be made available for inspection, examination, photocopying and audit by any Member, or his duly appointed representative, at the Member's sole cost and expense, at any reasonable time and for a purpose reasonably related to his interest as a Member (but excluding any commercial or other purpose not related to his interest as a Member), at the office of the Association or at any other place within the Project as the Board of Directors may prescribe. The provisions of this Section 4.6(b) do not apply to the personnel records of employees of the Association or the records of the Association relating to another Member. The Board of Directors shall establish reasonable rules with respect to (i) notice to be given to the custodian of the records by the Member desiring to make the inspection, (ii) hours and days of the week when the inspection may be made, (iii) payment of the cost of reproducing copies of documents requested by a Member, which charge shall not exceed twenty-five cents (25¢) per page and (iv) other reasonable costs incurred by the Association in connection therewith. 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.

#### Section 4.8 VACANCIES

Vacancies in the Board of Directors caused by any reason may be filled for the unexpired portion of any term by a majority of the remaining Directors, though less than a Quorum. Any vacancy not filled by the Directors may be filled by a vote of the Voting Membership at the next Annual Meeting, Semi-Annual Meeting or at a Special Meeting called for that purpose.

#### Section 4.9 REMOVAL OF DIRECTORS

The removal of any member of the Board of Directors must be conducted by secret written ballot in accordance with the procedures set forth in Section 4.6(f) and (g) above; provided, however, that any member of the Board of Directors appointed by the Declarant may be removed by a written consent signed by the Declarant without complying with the procedures set forth in Section 4.6(f) and (g) above. The incumbent members of the Board of Directors, including the member who is subject to 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 the secret written ballots have been opened and counted at a meeting of the Association.

#### Section 4.10 ORGANIZATIONAL MEETING OF BOARD

The first regular meeting ("Organizational Meeting") of a newly constituted Board of Directors shall be held within fifteen (15) days of election of any new Director(s), at the place that shall be fixed and announced by Directors at the meeting at which the Director(s) is elected, for the purposes of organization, election of officers, and transaction of other business. Notice of the time and place of the Organizational Meeting of the Board of Directors shall be given in accordance with Section 4.14 of these Bylaws.

The Secretary, or other officer, shall cause minutes to be recorded or otherwise taken at each meeting of the Board of Directors. Not more than 30 days after each such meeting, the Secretary, or other officer, shall cause the minutes or a summary of the minutes, to be made available to the Members. A copy of the minutes or summary of the minutes must be provided to any Member upon request, and if required by the Board of Directors, upon payment to the Association of the cost of providing the copy of the minutes, or summary thereof, to the Member.

The minutes of each Board of Directors' meeting must include: (a) the date, time and place of the meeting; (b) those members of the Board of Directors who were present and those members who were absent at the meeting; (c) the substance of all matters proposed, discussed or decided at the meeting; (d) a record of each member's vote on any matter decided by vote at the meeting; and (e) the substance of remarks made by any Member who addresses the Board of Directors at the meeting if he requests that the minutes reflect his remarks or, if he has prepared written remarks, a copy of which prepared written remarks if he submits a copy for inclusion in the minutes.

The Board of Directors may establish reasonable limitations on materials, remarks, or other information to be included in the minutes of its meeting.

The Association shall maintain the minutes of each meeting of the Board of Directors until the Association is terminated.

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

#### Section 4.11 REGULAR MEETING OF BOARD

Regular meetings of the Board of Directors must be held at least once every ninety (90) days. Regular meetings may be held at the time and place within the Project as shall be determined, from time to time, by a resolution adopted by a majority of a Quorum of the Board of Directors. Notice of the time and place of regular meetings of the Board of Directors shall be given in accordance with Section 4.14 of these Bylaws.

At least once every ninety (90) days, the Board shall review at one of its meetings: (1) a current reconciliation of the operating account of the Association; (2) a current reconciliation of the reserve account of the Association; (3) the actual revenues and expenses for the reserve account compared to the Budget for that account for the current year; (4) the latest account statements prepared by the financial institutions in which the accounts of the Association are maintained; (5) an income and expense statement, prepared on at least a quarterly basis, for the operating and reserve accounts of the Association; and (6) the current status of any civil action or claim submitted to arbitration or mediation in which the Association is a party.

#### Section 4.12 EXECUTIVE MEETING OF BOARD

(a) The Board of Directors may meet in executive session, without the Owners having a right to be in attendance or to speak at the meeting to: (i) consult with an attorney for the Association on matters relating to proposed or pending litigation, if the contents of the discussion would otherwise be governed by attorney-client privilege; (ii) enter into, renew, modify, terminate, or take other action regarding a contract between the Association and the attorney; (iii) discuss the character, alleged misconduct, professional competence, or physical or mental health of a community manager or an employee of the association; (iv) except as provided below, discuss a violation of the Association's governing documents, including without limitation, the failure to pay an assessment; and (v) discuss the alleged failure of any person to adhere to a construction schedule required by the Architectural Review Committee or the Board of Directors pursuant to Section 7.4(b) of the Declaration, if the alleged failure may subject such Owner to a construction penalty.

(b) If the person who allegedly committed the violation of the Association's governing documents requests in writing that the hearing be conducted by the Board of Directors at an open meeting, then the Board of Directors will conduct an open meeting for the purpose of such matter. In such event, the person who may be sanctioned for the alleged violation is entitled to attend the hearing and testify concerning the alleged violation. However, that person may be

excluded by the Board of Directors from any other portion of the hearing, including but not limited to, the deliberations of the Board of Directors.

(c) Any matter discussed by the Board of Directors when it meets in special session must be generally noted in the minutes of the meeting of the Board of Directors. The Board of Directors shall maintain minutes of any decision made concerning an alleged violation of the Association's governing documents, and upon request, must provide a copy of the decision to the person who was subject to being sanctioned at the hearing or to his designated representative.

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

Section 4.13 INTENTIONALLY OMITTED

Section 4.14 INTENTIONALLY OMITTED

Section 4.15 RIGHT OF MEMBERS TO SPEAK AT MEETINGS

Except as otherwise provided in these Bylaws, each Owner shall have the right to attend any meeting of the Board and to speak at the meeting; provided, however, the Board shall have the right to establish reasonable limitations on the time an Owner may speak at a meeting. An Owner shall not be entitled to attend or speak at a meeting of the Board of Directors held in special or executive session in accordance with Sections 4.12 or 4.13.

Section 4.16 NOTICE OF MEETINGS OF BOARD

It shall be the duty of the Secretary to send a notice of each meeting of the Board to each Director and each Member of record. The notice shall be hand-delivered or sent by first-class mail, postage prepaid to the Lot address of the Member or to other mailing address designated by the Member, at least ten (10) but not more than sixty (60) days prior to the meeting. In an emergency, the Secretary shall, if practicable, cause notice of the meeting to be sent prepaid by United States mail to the Lot address of each Member or to any other mailing address designated by the Member. If delivery of the notice in this manner is impracticable, the notice must be hand-delivered to each Lot within the Project or posted in a prominent place or places within the Common Elements of the Project. The notice shall state the purpose of the meeting as well as the day, hour and place that the meeting is to be held and must include a copy of the agenda. Except for civil actions commenced by the Association to (a) enforce the payment of assessments, (b) enforce the Declaration, Bylaws or rules and regulations of the Association, (c) proceed with a counterclaim, or (d) protect the health, safety and welfare of the Members of the Association, notice of a meeting at which an assessment for a capital Improvement or the commencement of a civil action is to be considered or at which action on an assessment is to be taken must be given at least twenty-one (21) days prior to the meeting. The agenda for each meeting must consist of (i) a clear and complete statement of the topics to be considered during the meeting, including, without limitation, any proposed amendment to the Declaration or Bylaws, any fees or assessments to be imposed or increased by the Association, any budgetary changes, and any proposal to remove an officer or Director; (ii) a list describing the items on

which action may be taken and clearly stating what actions may be taken on those items; and (iii) a period devoted to comments by Members and discussion of those comments. Except in emergencies, no action may be taken upon a matter raised by a Member at a meeting without the matter itself being specifically included on the agenda as an item upon which action may be taken pursuant to Section 4.16(ii) above. In an emergency, the Board may take action on an item not listed on the agenda as an item on which action may be taken. The notice must include notification of the rights of a Member to (A) have a copy of the minutes or a summary of the minutes distributed to the Member, upon request, if the Member pays the Association for the cost of making the distribution and (B) speak to the Board. The period required to be devoted to comments by Members must be scheduled at the beginning of each meeting. The notice shall also be posted in a conspicuous place on the Common Elements and, upon posting, shall be deemed served upon any Member who has not furnished the Secretary with a current mailing address.

#### Section 4.17 RATIFICATION OF ACTIONS OF MEETING

The actions taken at any meeting of the Board of Directors (either regular or special meetings, however called and noticed) shall be as valid as those actions taken at a meeting which is duly held after regular call and notice to all Directors entitled to vote at any meeting. A Director may consent to a transaction at a meeting by (a) causing a written consent to be recorded in the minutes of the meeting or to be filed with the Secretary of the Association; (b) orally consenting to the transaction at the time of the meeting, which oral consent shall be recorded in the minutes of the meeting; or (c) taking part in the deliberations at the meeting without objection. At the meeting any business may be transacted which is neither objected to for want of notice at the time the business is considered nor excepted from the written consent. Furthermore, if any meeting is irregular for want of notice or consent, but a Quorum was present at the meeting and all of the Directors having the right to vote at the meeting signed a writing waiving the defect and ratifying and approving the proceedings of the meeting, then the proceedings shall be as valid as those which take place at a meeting duly held with proper notice and consent. Consent or approval by a Director may be given by written proxy or written power of attorney.

#### Section 4.18 ADJOURNMENT

If at any meeting of the Board of Directors there is less than a Quorum present, the majority of those present may adjourn the meeting from time to time. At any reconvened meeting, provided a Quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The Board of Directors may, with the approval of a majority of a Quorum of the Board of Directors, adjourn a meeting and reconvene in executive session without the presence of Members who are not directors, to discuss and vote upon 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.

#### Section 4.19 COMMITTEES

The Board of Directors, by resolution from time to time, may designate any advisory or other committees it shall desire and may establish the purposes and powers of each committee created. The resolution designating and establishing the committee shall a) provide for the appointment of its members, as well as a Chairman; b) state the purposes of the committee; and c) provide for reports, termination and other administrative matters as deemed appropriate by the Board of Directors. No committee may act in violation of NRS Section 82.206. Unless required by applicable law, the provisions of this Section 4.19 shall not apply to the Architectural Review Committee created pursuant to the Declaration.

#### Section 4.20 WAIVER OF NOTICE

Whenever any notice is required to be given under this Article IV, a waiver thereof in writing, signed by the Director entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

#### Section 4.21 NON-VOTING MEMBER

Notwithstanding anything herein to the contrary, for a period of five (5) years after the Control Termination Date, Declarant shall have the right to appoint one (1) non-voting member of the Board of Directors (the "Developer Liaison") from time to time, which Developer Liaison shall be entitled to attend all meetings of the Board of Directors. The Board of Directors shall send all notices to the Developer Liaison that are sent to other members of the Board of Directors or that are required to be sent to members of the Board of Directors by these Bylaws, the Declaration or applicable law. The Developer Liaison may attend and participate in each meeting of the Board of Directors, but may not vote on any matter, and may examine all books and records of the Association upon request. The Developer Liaison shall not be included for the purpose of determining the size of the Board of Directors pursuant to the Declaration or these Bylaws.

### ARTICLE V OFFICERS

#### Section 5.1 DESIGNATION

The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may also appoint an Assistant Treasurer, an Assistant Secretary and any other officers which, in their judgment, may be necessary. All officers must be members of the Board of Directors. One Person may hold more than one office.

#### Section 5.2 ELECTION OF OFFICERS

Prior to the Control Termination Date, Declarant shall be solely entitled to appoint the officers of the Association; subsequent to the Control Termination Date, the officers of the

Association shall be elected annually by the Board of Directors at the Organizational Meeting of each new Board of Directors. Each officer shall hold his office until 1) he shall resign at the pleasure of the Board of Directors; 2) he shall be removed or otherwise disqualified to serve; or 3) his successor shall be elected and qualified to serve.

#### Section 5.3 REMOVAL OF OFFICERS

Prior to the Control Termination Date, Declarant shall be solely entitled to remove the officers of the Association; subsequent to the Control Termination Date, officers may be removed either with or without cause upon an affirmative vote of a majority of the entire Board of Directors or at any special meeting of the Board of Directors called for that purpose. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or Secretary of the Association. Any resignation shall take effect on the date of receipt of the notice or at any later time specified therein and, unless otherwise specified in said notice, acceptance of the resignation by the Board of Directors shall not be necessary to make it effective.

#### Section 5.4 COMPENSATION

Officers, agents and employees shall receive reasonable compensation for their services as may be authorized or ratified by the Board of Directors; provided, however, that no officer shall receive any compensation that is prohibited by the Act or for services performed while conducting the Association's business unless the compensation is approved by the vote or written consent of at least a majority of a Quorum of the Association; and, provided further, that (a) nothing shall be construed to preclude any officer from serving the Association in some other capacity and receiving compensation therefor and (b) any officer may be reimbursed for actual expenses incurred in the performance of his duties for the Association. Appointment of any officer, agent or employee shall not in and of itself create contractual rights of compensation for services performed by the officer, agent or employee.

#### Section 5.5 PRESIDENT

The President shall be the chief executive officer of the Association and, subject to the control of the Board of Directors, the President shall have the general supervision, direction and control of the business of the Association. The President shall preside at all meetings of the Association and of the Board of Directors and shall have all of the general powers and duties which are usually vested in the office of the President of a corporation, including, but not limited to, the power, subject to the provisions of Section 4.19, to appoint committees from among the Members from time to time as the President, in his discretion, may decide is appropriate to assist in the conduct of the affairs of the Association. The President shall be an ex officio member of all standing committees (other than the Architectural Review Committee) and shall have any other powers and duties which may be prescribed by the Board of Directors or these Bylaws. The President shall sign all leases, Mortgages, deeds and other instruments and shall co-sign all checks and promissory notes, unless Persons other than the President are authorized to do so in accordance with Section 11.1 hereof. The President shall have the power to prepare, execute,

certify and Record amendments, if any, to the Declaration on behalf of the Association, subject to the provisions of the Declaration.

#### Section 5.6 VICE PRESIDENT

The Vice President shall take the place of the President and perform the President's duties whenever the President shall be absent or disabled or refuses or is unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to do so on an interim basis. The Vice President shall also perform other duties which shall from time to time be imposed by the President, the Board of Directors or these Bylaws.

#### Section 5.7 SECRETARY

The Secretary shall, in general, perform all of the duties incident to the office of Secretary. Without limiting the generality of the foregoing, the Secretary shall: (a) keep minutes of all meetings of the Board of Directors and all meetings of the Association, which minutes shall be kept at the principal office of the Association or at any other place as the Board of Directors may order; (b) keep the seal of the Association in safe custody; (c) have charge of the books and papers as the Board of Directors may direct; (d) give, or cause to be given, notices of meetings of the Association and of the Board of Directors required by these Bylaws or by law; and (e) perform any other duties which may be prescribed by the President or the Board of Directors.

#### Section 5.8 TREASURER

The Treasurer shall be the chief financial officer of the Association and shall have responsibility for Association funds and securities and for keeping, or causing to be kept, full and accurate accounts, tax records and business transactions of the Association, including accounts of all assets, liabilities, receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in the depositories which may from time to time be designated by the Board of Directors. The Treasurer shall: 1) disburse the funds of the Association as ordered by the Board of Directors in accordance with the Declaration; 2) render to the President and the Board of Directors, upon request, an account of all of his transactions as Treasurer and of the financial conditions of the Association; and 3) have any other powers and perform any other duties which may be prescribed by the President, Board of Directors or these Bylaws. The Treasurer shall sign all checks and promissory notes, unless Persons other than the Treasurer are authorized to do so in accordance with Section 11.1 hereof.

### ARTICLE VI OBLIGATIONS OF MEMBERS

#### Section 6.1 ASSESSMENTS

(a) All Members are obligated to pay, in accordance with the provisions of the Declaration, all assessments imposed by the Association.

(b) All delinquent assessments shall be enforced, collected or foreclosed in the manner provided in the Declaration.

#### Section 6.2 MAINTENANCE AND REPAIR

(a) Every Owner must perform promptly, at the Owner's sole cost and expense, the maintenance and repair work on the Owner's Lot as required under the provisions of the Declaration.

(b) As further provided in the Declaration, each Member shall reimburse the Association for any expenditures incurred in repairing or replacing any portion of the Common Elements which is damaged by the Member and in enforcing the terms and Restrictions against the Member, after Notice and Hearing. The expenditures shall include, without limitation, all court or arbitration costs and reasonable attorney's fees incurred in enforcing any provision of the Restrictions.

### ARTICLE VII AMENDMENTS TO BYLAWS

#### Section 7.1 REQUIREMENTS

These Bylaws may be amended only by the vote of at least a majority of the voting power of the Association; provided that these Bylaws may be amended by a majority of the entire Board of Directors at any time prior to the close of escrow for the sale of the first Lot to a purchaser from Declarant. Finally, (a) the prior approval of Record holders and insurers of First Mortgages requesting in writing notice of amendments must be secured before any material amendment to these Bylaws affecting matters delineated in Section 12.2(c)(i-viii) of the Declaration may take effect, based upon one (1) vote for each Mortgage owned or insured and (b) the prior written approval of fifty-one percent (51%) of all First Mortgagees that have filed a written request for notice with the Board of Directors must be secured before any material amendment to these Bylaws affecting matters delineated in Section 12.3(d)(i-v) of the Declaration may take effect. Notwithstanding anything to the contrary in these Bylaws, any approval of any Mortgagee or any other holder, insurer or guarantor of any Mortgage required under these Bylaws or the Declaration (excluding approval by the FHA or VA) shall be deemed given if no written notice of disapproval is received by the Association within thirty (30) days following a written request for approval by the Association to the Mortgagee or other holder, insurer or guarantor of a Mortgage, which request shall be sent by certified mail.

#### Section 7.2 NOTICE TO ASSOCIATION

If any change is made to the governing documents of the Association, including, but not limited to, the Articles of Incorporation, these Bylaws, the Declaration and any rules which may be adopted by the Association from time to time, the Secretary 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 Lot address of each Member or such other mailing address designated in writing by the Member, a copy of the change made.

ARTICLE VIII  
MORTGAGEES

Section 8.1 NOTICE TO ASSOCIATION

Upon request, a Member who consents to a Mortgage on such Member's Lot shall notify the Association through the Manager, or through the Secretary if there is no Manager, of the name and address of his Mortgagee; and the Association shall maintain the information in a book entitled "Mortgagees." Upon request, any Member shall likewise notify the Association as to the release or discharge of any Mortgage.

Section 8.2 NOTICE OF UNPAID ASSESSMENTS

The Board of Directors shall, upon written request and payment of a reasonable fee, furnish to a Mortgagee of a Lot a report setting forth any unpaid assessments due from the Owner of a Lot in accordance with the provisions of the Declaration.

ARTICLE IX  
CONFLICTING PROVISIONS

In case any provision of these Bylaws conflicts with any provision of the laws of the State of Nevada, such conflicting provisions of the Bylaws shall be null and void, but all other provisions of these Bylaws shall remain in full force and effect. In case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE X  
INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Board of Directors may authorize the Association to pay expenses incurred by, or to satisfy a judgment or fine levied against, any present or former Director, member of the Architectural Review Committee, officer, employee, consultant or agent of the Association to the extent and under the circumstances provided in the Declaration.

ARTICLE XI  
CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 11.1 CONTRACTS

Except as limited or restricted by the Declaration, the Articles, these Bylaws or applicable law, the Board may authorize any officers or agents to enter into any contract or to execute and deliver any instrument in the name or on behalf of the Association, and such authority may be general or confined to specific instances. No contract or other transaction between the Association and one or more of its Directors or between the Association and any corporation, firm or association in which one or more of the Directors of the Association are directors or are financially interested, is void or voidable because such Directors are present at the meeting of the Board or a committee thereof which authorizes or approves the contract or transaction or because

their votes are counted, if the contract or transaction is just and reasonable as to the Association at the time it is authorized or approved. Common or interested Directors may be counted in determining the presence of a Quorum at a meeting of the Board or a committee thereof which authorizes, approves or ratifies a contract or transaction.

#### Section 11.2 LOANS

No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board. No loan approved by the Board in an amount in excess of \$10,000.00 shall be contracted until approved by Members holding two-thirds (2/3) of the votes represented, personally or by valid proxy, at a duly convened meeting of Members.

#### Section 11.3 CHECKS AND DRAFTS

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officers or agents of the Association and in such a manner as shall from time to time be determined by resolution of the Board.

#### Section 11.4 DEPOSITS

All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board may elect.

### ARTICLE XII PROHIBITION AGAINST SHARING IN CORPORATE EARNINGS

None of the net earnings or pecuniary profits from the operations of the Association shall at any time inure to any Member, Director, officer or employee of, member of a committee of, or Person connected with the Association, or to any other private individual; provided that this shall not prevent the payment to any such Person of reasonable compensation for services rendered to or for the Association in effecting any of its purposes, as shall be fixed by the Board, and other payments and disbursements which may be made in furtherance of one or more of the Association's purposes. To the extent that Members receive a benefit from the general maintenance, acquisition, construction, management and care of the Common Elements, this benefit shall not constitute an inurement. To the extent a rebate of excess dues, fees or assessments (but not net earnings) is paid to Members, such payment shall not constitute an inurement.