

BY LAWS
OF
HIGHLAND RANCHES PROPERTY OWNERS' ASSOCIATION

(As Amended January 21, 1980)

ARTICLE I

Name

The name of this corporation is and shall be, HIGHLAND RANCHES PROPERTY OWNERS' ASSOCIATION, and for convenience, shall be referred to hereinafter as the "Association".

ARTICLE II

Objects and Purposes

The objects and purposes of the Association shall be to further and promote the community welfare of the owners of the lots within the recorded subdivisions known as Highland Ranches situated in Storey County, Nevada, which are developed and subdivided by Lake Tahoe Recreational Land Company, Inc., for which a Declaration of Restrictions has been recorded requiring the owners to become members of this Association. The Association shall be authorized to do whatever may be deemed necessary, conducive, incidental, or advisable to accomplish and promote said objects or purposes, except carrying on a business, trade, or profession for profit, including but not limited to:

- (a) owning, improving and maintaining recreational facilities, streets, ponds, streams, parks and/or public areas in Highland Ranches;
- (b) providing protective service to members and their families;
- (c) caring for vacant lots, removing rubbish and unsightly growth therefrom and doing any and all other things necessary or desirable to keep them in a neat and orderly condition;
- (d) enforcing any and all restrictions, covenant, and conditions imposed at any time on the residential lots in Highland Ranches for the general benefit of the owners thereof;
- (e) paying all taxes, utilities, charges, and assessments, and other levies upon property owned or managed by the Association;

(f) making and collecting charges and assessments by which to further the foregoing objects and purposes;

(g) providing informational services for members,

and to do any other act or thing in any way connected with the foregoing or related to the objects and purposes of the Association.

ARTICLE III

Membership

Section 1. Membership in the Association shall be limited to the owners of not less than one (1) lot in Highland Ranches. For the purpose of these Bylaws, lots shall consist of those lots described and set forth in the subdivision maps from time to time filed in the office of the County Recorder of Storey County, Nevada, relating to Highland Ranches; lots resulting from the further subdivision of any lots set forth and described in any of said subdivision maps initially filed; and each unit of any apartment building, community or condominium, or other cooperative type multiple living facilities constructed in Highland Ranches. A purchaser of any such lots under contract shall also be deemed to be an owner for purposes of these Bylaws. A lot held as community property shall qualify the owners thereof for one (1) membership only in the Association, which membership shall be in the name of the husband as manager of the community. Only one (1) of any number of co-owners of any such lot or lots shall be a member of the Association.

Section 2. All persons who become owners of lots in Highland Ranches, as defined and described above in Section 1 of this Article III, shall by reason of such ownership become and hereby are made members of the Association.

Section 3. Each member shall be entitled to one (1) vote for each lot owned by said member. Each member of the Association shall have the same rights, privileges, liabilities, and responsibilities as any other member. The right to vote may not be severed or alienated in any way from the membership to which it is appurtenant, and any sale, transfer or conveyance of the lot to which the membership is appurtenant to a new owner shall operate to transfer the appurtenant vote to said new owner.

Any vote taken for the election of Directors shall be by secret ballot in form prescribed by the Board. Unless otherwise provided in these Bylaws, all other issues presented at any meeting for a vote by the membership shall be voted upon either by voice vote or by raise of hands or by secret written ballot at the option of the chairman of the meeting.

In any election of Directors in which more than two (2) positions on the Board are to be filled, every member entitled to vote may cumulate his votes and give any one candidate a number of votes equal to the number of Directors to be elected multiplied by the number of votes to which his membership is entitled, or distribute his votes on the same principle among as many candidates as he thinks fit. The candidates receiving the highest number of votes up to the number of Directors to be elected shall be deemed elected.

A majority vote of members who are present at any special or annual meeting at which a quorum is present and are entitled to vote shall decide any question brought before any such special or annual meeting unless the question is one upon which, by express provision of statute, the Articles of Incorporation, the Declaration or these Bylaws, a different vote is required, in which case such express provision shall govern and control.

ARTICLE IV

Certificates of Membership and Transfer

Section 1. The Association may issue certificates of membership in such form as the Board of Directors shall designate, and such certificates shall contain the signature of the duly authorized officers. In such an event, a certificate book shall be maintained which shall contain a margin on which shall be shown the number, date and name of the member as set forth in the corresponding certificate. In the event that no such certificates are issued, a membership book shall be maintained showing the date and name of the owner, and the lot or lots owned by said member.

Section 2. A certificate of Membership (or the membership itself if no such certificates are issued) shall be appurtenant to the lots in Highland Ranches as described in Section 1 of Article III of these By-Laws and shall not be transferable except with the conveyance of the lot for which said certificate is issued. Such conveyance shall affect the transfer of the certificate or membership appurtenant to that particular lot to its purchaser.

Section 3. In the event a member who is the owner of more than one lot, but has only one membership in the Association as provided for in these Bylaws, conveys one of said lots while still retaining one or more lots in Highland Ranches, then and in that event, a new certificate or membership shall be issued to the purchaser without the cancellation or transfer of the existing member's certificate or membership.

ARTICLE V

Meetings of Members

Section 1. The annual meeting of the members of the Association shall be held at 11:00 A.M. on the first Monday of June of each year, and shall be held in the County of Storey or the County of Washoe at the address designated in the written notice. The secretary shall mail or deliver to each member written notice of such meeting at least ten (10) days prior to the date appointed therefor. The notice shall specify the place, date and hour of the meeting. Notice mailed to the last address given to the Secretary of the Association by any member shall be sufficient. If for any reason the annual meeting of the members shall not be held on the date herein provided for, or shall be held at a time or at a place other than that provided for herein, a delayed annual meeting may be called and held, or a new meeting site shall be provided for upon the giving of like notice thereof, which notice may be

contained in the newsletter or newspaper published by the Association provided it is mailed in the manner set forth above.

Section 2. Special meetings of members may be called at any time by the President, a majority of the Board of Directors, or not less than twenty five per cent (25%) of the members of the Association, to be held at a convenient place in Storey County or in Washoe County, Nevada. Upon receipt of a request in writing setting forth the purpose of such proposed special meeting, signed by the President, or a majority of the Board of Directors, or not less than twenty five per cent (25%) of the members of the Association, the Secretary shall fix a time and place for such meeting which shall not be less than ten (10) nor more than thirty (30) days after the receipt of such request, and shall cause written notice thereof, setting forth the time and place and purpose of the meeting, to be given each member by personal delivery or by mailing to the last address given the Secretary of the Association, at least ten (10) days prior to the time fixed for such meeting; and if the Secretary shall neglect or refuse to issue such call, the President, Directors, or members making the request may do so. A special meeting of the members may be held at any time without notice when all of the members are present in person or by proxy or when all of the members waive notice and consent in writing to the holding thereof.

Section 3. The presence in person or by proxy of twenty-five percent (25%) of all members of the Association shall constitute a quorum for the transaction of business at any meeting of the members. The members present at a duly called and held meeting at which a quorum is present may continue to do business until adjournment notwithstanding the withdrawal of enough members to leave less than a quorum.

Any meeting of members of Association, annual or special, may be adjourned from time to time by the vote of a majority of the members in good standing present in person or by proxy thereat, but in the absence of a quorum no other business shall be transacted at any such meeting. When any meeting of members, either annual or special, is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted thereat other than by announcement at the meeting at which such adjournment is taken.

If any meeting, annual or special, cannot be held for lack of a quorum, the meeting shall, except as otherwise provided by law, be adjourned to a date not less than five (5) days nor more than thirty (30) days from the date the original meeting was held.

At any meeting of the members of Association each member in good standing may vote in person or by proxy holder duly appointed by a written proxy, executed by the member entitled to vote or by his duly authorized attorney-in-fact, and filed with the Secretary of the Association at or before any meeting at which a vote may be cast by such proxy holder. Any such proxy shall not be valid after the expiration of eleven (11) months from the date of its execution unless otherwise expressly provided therein, provided that in no case shall any proxy be valid for more than seven (7) years from the date of its execution. Any proxy shall be revocable, and shall be deemed to be revoked when (i) an instrument revoking it or a duly executed proxy bearing a later date is filed with the Secretary of Association, (ii) written notice of the death or incapacity of the member executing such proxy is actually received by the Secretary of Association, or (iii) the lot owned by the member executing such proxy is conveyed, thus terminating the status of the person executing such proxy as a member.

Section 4. The written consent of a majority of the members, at a duly called meeting of the members, shall be required for the Association to transact the following types of business: (a) To borrow money, to cause to be executed and delivered therefor in the Association's name promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidences of debt and security therefore; (b) Make any expenditure of a capital nature which will result in the assessment against a member's equity in his lot.

Section 5. Any action which may be taken, or is required to be taken, at a meeting of the members of Association, with the exception of the election or removal of Directors, may be taken without a meeting if such action is authorized by a writing or writings, setting forth the action, signed by all of the persons who would be entitled to vote upon such action at a meeting, and filed with the Secretary of Association.

Section 6. The Board of Directors may fix a time in the future as a record date for the determination of the members entitled to notice of and to vote at any meeting of members. The record date so fixed shall be not more than forty-five (45) days prior to the date of the meeting. When a record date is so fixed, only members of record on the date shall be entitled to notice of and to vote at the meeting, notwithstanding any transfer, or issuance of membership certificates, on the books of the Association on or after the record date.

ARTICLE VI

Directors

Section 1. The business, property and affairs of the Association shall be managed by a Board of Directors composed of five (5) members. The first Directors of the Association shall be those individuals named as Directors in the Articles of Incorporation, or their successors determined pursuant to Section 6 of this Article VI. Thereafter, Directors shall be elected by the members of the Association. The terms of the Directors shall be staggered, with the term of office of two (2) Directors being two (2) years and the term of office of three (3) Directors being three (3) years. Successors for Directors whose terms of office are then expiring shall be elected at the annual meeting of members in the year such term expires, and shall serve until their successors are elected and have qualified, or until their death, resignation or removal, whichever shall first occur.

During such time as a majority of the voting power of Association resides in the subdivider, not less than one (1) of the Directors shall be elected solely by the votes of members other than the subdivider. In the event members of the Association other than the subdivider do not have a sufficient percentage of the voting power of the Association to elect at least one (1) Director at any election through the cumulating of all of their votes, the subdivider shall be excluded from voting for one (1) Board directorship at such election.

Section 2. The number of Directors constituting the Board of Directors shall be five (5), until changed by a Bylaw duly adopted by the members of the Association.

Section 3. The Board of Directors shall have the general management and control of the business and affairs of the Association and shall exercise any and all of the powers that may be exercised or performed by the Association under the law, the Articles of Incorporation, and these Bylaws. The

Board of Directors may make and enforce such rules and regulations as they deem necessary, conducive, incidental or advisable to accomplish or promote the objects and purposes of the Association and the use of its property, assets and facilities.

Section 4.

a. Regular Meetings. Regular meetings of the Board of Directors shall be held immediately after the annual meeting of members and at such other regular time and at such place as may be established by a majority of the Board, provided that not less than one (1) such regular meeting shall be held during any fiscal year. Notice of the time and place of such regular meetings shall be posted at a prominent place or places within Highland Ranches. Notice of such regular meetings, other than the regular meeting following the annual meeting of members, shall be given each Director, personally or by mail, telephone or telegraph at least seventy-two (72) hours prior to the scheduled time for such meeting unless such notice is waived.

b. Special Meetings. Special meetings may be called at any time by the President, a Vice President, or any two (2) Directors at such times and places as shall be set forth in the notice thereof. Written notice of the time and place of the meeting and the nature of any special business to be considered shall be given to each Director personally or by mail, not less than seventy-two (72) hours prior to the scheduled time of the meeting. Written notice shall also be posted at a prominent place or places within Highland Ranches.

c. Attendance, Participation by Members. Regular and special meetings of the Board of Directors shall be open to all members of the Association, provided, however, that Association members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board.

d. Executive Sessions. The Board may, with the approval of a majority of a quorum of Directors, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved and other 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 5. A majority of the Directors shall constitute a quorum for the transaction of business, and a majority of such quorum shall determine any question except as otherwise provided by law, the Articles of Incorporation, or these Bylaws; provided, however, that if a quorum not be present, the majority of those Directors present may adjourn to such future time and place as they shall determine, notice of such adjournment to be given to each Director as herein provided for meetings of the Board of Directors.

Section 6. Any vacancy in the Board or Directors caused by the death, resignation, or disability of a Director shall be filled by a majority of the remaining Directors, or by the sole remaining Director. A Director elected to fill any vacancy shall hold office only for the unexpired term of his predecessor.

Section 7. Subject to limitations of the Articles of Incorporation, these Bylaws and the laws of Nevada governing nonprofit corporations, and in addition to any powers granted thereby, the Directors shall have the following specific powers, to wit:

First: To change the principal office for the transaction of the business of the Association from one location to another; to prescribe the forms of certificates of membership, and to alter the form of the Association's seal and of such certificates from time to time as in their judgment they may deem best, provided such seal and such certificates at all times comply with the provisions of the law.

Second: To authorize the issuance of certificates of membership of the Association from time to time upon such terms as may be lawful.

Third: To make and enter into contracts for any legal purpose; provided however, that the Directors shall not take any of the following actions except with the vote or written assent of a majority of the voting power of the Association residing in members other than the subdivider:

(a) Enter into any contract with a third person wherein the third person will furnish goods or services for the common area or the Association for a term longer than one (1) year, with the following exceptions:

(i) A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration.

(ii) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities 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.

(iii) Prepaid casualty and/or liability insurance policies of not more than three (3) years duration, provided that the policy allows for short rate cancellation by the insured.

(b) Incur aggregate expenditures for capital improvements to the common area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(c) Sell during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

Fourth: To appoint an Executive Committee and other committees, and to delegate to the Executive Committee any of the powers and authority of the Board in the management of the business and affairs of the Association except the power to adopt, amend, or repeal Bylaws. The Executive Committee shall be composed of two (2) or more directors.

Section 8. Each member of the Board of Directors shall be entitled to receive a fee of \$10.00 dollars for each meeting of the Board attended by said Directors, but in no event shall a Director be entitled to be so compensated for more than twelve (12) meetings of the Association in any one year.

Section 9. At any annual or special meeting, the entire Board of Directors or any individual Director may be removed from office by a vote of members of Association, present in person or by

proxy, entitled to vote. However, unless the entire Board is removed, an individual Director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal is greater than the quotient arrived at by dividing the total number of votes that may be cast under cumulative voting procedure by a number equal to one (1) plus the authorized number of Directors. If any or all Directors are so removed, new Directors may be elected at the same meeting.

A Director who had been elected to office solely by the votes of members of the Association other than the subdivider may be removed from office prior to the expiration of his term by the vote of at least a simple majority of the voting power residing in members other the subdivider.

ARTICLE VII

Officers

Section 1. The officers of the Association shall be a President, one or more Vice Presidents, a Secretary, and a Treasurer. Such officers shall be elected for a term of one (1) year by the Board of Directors at the first meeting of the Board after the annual meeting of members or any adjournment thereof and shall serve until the successor of each is elected and qualified.

Section 2. The President shall be the executive head of the Association, and shall preside at all meetings of the Board of Directors and all meetings of the members. The President, together with the Secretary, shall sign all certificates of membership, contracts, deeds bonds and other obligations of the Association and other instruments authorized by the Board of Directors.

Section 3. A Vice President shall perform, in the absence of the President or in the event of the President's inability to act, the same duties and functions as are provided to be performed by the President. A Vice President shall also perform the duties of the Secretary in the Secretary's absence or inability to act insofar as the same shall pertain to the calling of meetings of members or Directors.

Section 4. The Secretary shall be the custodian of all records and documents pertaining to the Association and its property and shall keep fair and correct minutes and records of all meetings of members and of the Board of Directors. The Secretary shall sign with the President, where appropriate all certificates of membership, contracts, deeds, bonds and other obligations of the Association, and other instruments authorized by the Board of Directors. The Secretary shall give notice of all meetings of members of the Association and of the Board of Directors as set forth in these Bylaws. If, at any meeting of the members or the Board of Directors, the Secretary shall be absent or unable to perform his duties, the President shall appoint a Secretary pro tem.

Section 5. The Treasurer shall receive and safely keep all monies and securities belonging to the Association and shall disburse the same under the direction of the Board of Directors. At each annual meeting of the members and at any other time when directed by the Board of Directors, he shall submit a report on the financial affairs of the Association and the status of all monies, funds and assets then on hand or received and disbursed since the Treasurer's last report.

Section 6. Any officer may be removed as such by the Board or Directors at any properly called meeting, for any reason deemed sufficient to the Directors. Vacancies in any office, whether

caused by resignation, removal, death, or otherwise, shall likewise be filled by appointment of the Board of Directors.

ARTICLE VIII

Charges and Assessments

Section 1. For the purpose of securing funds to meet the capital outlays, operating expenses, and other expenditures required to accomplish the objects and purposes authorized in Article II of these Bylaws, the Board or Directors shall be authorized to determine and levy charges and assessments against each and every property owner and/or lot in the Highland Ranches as it may from time to time fix and establish by resolution. Such charges and assessments shall constitute liens on the affected lots from and after the time each such charge and assessment becomes due and payable and until the same is paid in full. A purchaser under a contract for purchase of a lot or lots in Highland Ranches shall also cover interest on such charges and assessments and costs of collecting the same, if any, including attorney's fees. The authority to levy such charges and assessments upon lots in Highland Ranches is granted to the Association by Lake Tahoe Recreational Company, Inc., as owner and developer, as part of the declaration of conditions and restrictions imposed from time to time upon the subdivisions comprising Highland Ranches and recorded in the office of the County Recorder of Storey County, Nevada. Such liens shall be superior to any and all other liens (except as provided in Section 7 hereof) at any time levied or imposed upon such lots. The validity of such charges and assessments against individual lots shall in no event be dependent upon the authority of the Association to determine and levy such charges and assessments against all of such lots that may at any time exist in Highland Ranches, but such charges and assessments shall be valid to the extent that such authority has been granted to the Association.

Section 2. Each owner or owners of a lot or lots in Highland Ranches shall, by the acceptance of a deed for such lot or lots or by the signing of a contract or agreement to purchase the same, whether from Lake Tahoe Recreational Land Company, Inc. or by a subsequent owner of such lot or lots, bind himself, his heirs, personal representative and assigns to pay all such charges and assessments as shall be determined and levied upon such lot or lots, including interest on such charges and assessments and collection costs thereof, if any, including attorney's fees, and the obligation to pay such charges, assessments, interest, and costs thereby constitutes an obligation running with the land.

Section 3. Charges and assessments shall be determined and levied equally against each lot and each said lot shall be subject to said charges and assessments at the time such determination is made.

Section 4. The total of all charges and assessments authorized to be imposed by the Board of Directors shall not exceed the sum of \$200.00 per membership for any twelve-month period of assessment, based on the fiscal year January 1 through December 31. Charges and assessments for the first such period of assessment shall commence when established by the Board of Directors, are hereby set and established at \$50.00 per membership, and shall remain at such amount until changed pursuant to these Bylaws.

Section 5. The annual charges and assessments shall be determined by the Board of Directors on or before October 15th of each year to cover the fiscal year of the Association next following said determination. All such charges and assessments shall be considered delinquent if not paid prior to the first day of the fiscal year for which said charges and assessments shall be considered delinquent

of not paid prior to the first day of the fiscal year for which said charges and assessments are applicable.

Section 6. All liens herein provided for shall be enforceable by foreclosure proceedings in the manner provided by law for the foreclosure of mortgages and/or trust deeds. No proceeding for foreclosure of any such lien or liens shall be commenced except upon the expiration of four (4) months from and after the date the charge or assessment giving rise to such lien or liens becomes due and payable.

Section 7. Any lien created or granted under the provisions of this declaration is expressly made subject and subordinate to the rights of the beneficiary of any first deed of trust upon any lot in the Development, made in good faith and for value, and no such lien shall in way defeat, invalidate, or impair the obligation or the priority of such trust deed unless the beneficiary thereof shall expressly subordinate his interest, in writing, to such lien.

Section 8. Title to any residential lot acquired under or by virtue of a proceeding for the enforcement of any lien or liability under these Bylaws shall always be subject to all of the reservations, limitations, restrictions, covenants, and conditions imposed upon said lot by contract of sale or deed from Lake Tahoe Recreational Land Company, Inc. or by declaration of Lake Tahoe Recreational Land Company, Inc. or the Association or these Bylaws.

ARTICLE IX

Principal Office

The principal office for the transaction of the business of the corporation is as may be hereafter fixed and located by the Board of Directors in the County of Storey or the County of Washoe, State of Nevada. The Board of Directors may at any time, or from time to time, change the location of the principal office from one location to another in said Counties.

ARTICLE X

Dissolution

In the event of the dissolution of this Association, any and all assets of the Association, and any and all funds, shall be distributed to any charitable subdivision of the State of Nevada, or to any non-profit organization for purposes similar to that of this Association, or for charitable purposes as may be determined by the Board of Directors.

ARTICLE XI

Notice

Any notice required to be given pursuant to these Bylaws shall be a written notice, unless otherwise specifically provided herein. Such written notice may be given by depositing the same in the United States mail in an envelope, postage prepaid, addressed to the recipient at his last known address, and the time when the same shall be mailed shall be deemed the time of giving such notice. A written waiver of notice, signed before or after the time stated in such waiver for holding a meeting, or attendance at a meeting, shall be deemed equivalent to notice thereof required to be given by these Bylaws.

ARTICLE XII

Amending or Repealing Bylaws

New Bylaws may be adopted or these Bylaws may be amended only by the vote or written assent of members constituting at least a bare majority of a quorum and at least a bare majority of the votes of members other than the subdivider.

Notwithstanding the foregoing, wherever a particular percentage of the voting power is prescribed for action to be taken under a specific clause or provision of these Bylaws, the percentage of the voting power necessary to amend such clause or provision shall be not less than the prescribed percentage required for action to be taken thereunder.

ARTICLE XIII

Miscellaneous

Section 1. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Association and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent, or other person shall have any power or authority to bind the Association by any contract or engagement or to breach its credit or to render it liable for any purpose or to any amount.

Section 2. Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in the laws of Nevada relating to nonprofit corporations shall govern the construction of these Bylaws.

Section 3. The rules contained in Roberts' Rules of Order, Revised, shall govern all members' meetings and Directors' meetings of the Association except in instances of conflict between said Rules of Order and the Articles of Incorporation or Bylaws of the Association or provisions of law.

Section 4. Any assessment made by the Association pursuant to authority granted by these Bylaws, if not fully paid by the date set forth by the members of the Association, shall bear interest at the rate of nine percent (9%) per annum from such due date, and pursuant to the Declaration of Conditions, Covenants, and Restrictions filed in connection with Highland Ranches. Such assessment, together with interest and costs of collection including reasonable attorney's fees and costs as determined by court order, shall become and be a lien upon and enforceable by the Association against the owner of the parcel who failed to make such payment.

Section 5. The membership register, books of account, and minutes of meetings of the members and of the Board of Directors of the Association shall be made available for inspection and copying by any member of the Association, or by his duly-appointed representative, at any reasonable time and for a purpose reasonable related to his interest as a member, at the office of the Association or at such other place as the Board of Directors shall prescribe.

The Board of Directors shall establish reasonable rules with respect to:

(a) Notice to be given to the custodian of the records by the member desiring to make the inspection.

(b) Hours and days of the week when such an inspection may be made.

(c) Payment of the cost of reproducing copies of documents requested by a member.

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

Section 6. Financial statements for the Association shall be regularly prepared and copies thereof shall be distributed to each member of the Association as follows.

(a) A budget for each fiscal year shall be distributed not less than sixty (60) days prior to the beginning of the fiscal year.

(b) A balance sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year shall be distributed within ninety (90) days after the close of the fiscal year.

An external independent audit of the financial statements (other than budgets) shall be prepared for any fiscal year in which the gross income of the Association exceeds \$75,000.00.

THIS IS TO CERTIFY:

That I am the duly elected, qualified and acting Secretary of HIGHLAND RANCHES PROPERTY OWNERS ASSOCIATION and that the foregoing Bylaws, as amended, were adopted as the Bylaws of said corporation on the 21st day of January, 1980, by a majority of the members present and voting at a duly called meeting of members, at which members possessing fifty-one percent (51%) of the voting power were present.

In Witness Whereof, I have hereunto set my hand this 22nd day of February, 1980.

Roger A. Bergmann

Secretary

THE ORIGINAL OF THE ABOVE DOCUMENT WAS DULY SIGNED BY THE THEN SECRETARY ROGER A. BERGMANN. A COPY MAY BE OBTAINED FROM THE STOREY COUNTY BUILDING DEPTARMENT OR FROM THE BOARD OF DIRECTORS.