

**BYLAWS**

**OF**

**CANYON PINES HOMEOWNERS ASSOCIATION**

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BYLAWS  
OF  
CANYON PINES HOMEOWNERS ASSOCIATION**

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**BYLAWS  
OF  
CANYON PINES HOMEOWNERS ASSOCIATION**

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**ARTICLE 1            NAME AND LOCATION**

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The name of the corporation is Canyon Pines Homeowners Association (the "Association"). The principal office of the Association shall be located in Washoe County, Nevada or at such other place reasonably convenient to the Development as the Board of Directors may from time to time establish.

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**ARTICLE 2            DEFINITIONS**

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2.1 Declaration. "Declaration" means the Declaration of Covenants, Conditions and Restrictions of Canyon Pines, Recorded on 9-14-20, 2004, as Instrument No. 3091129 in the Official Records of Washoe County, Nevada.

2.2 Other Definitions Incorporated by Reference. The terms defined in the Declaration shall have the same meaning when used herein unless the context clearly indicates a contrary intention.

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**ARTICLE 3            MEMBERSHIP AND VOTING**

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3.1 Membership. Membership in the Association shall include, and shall be limited to, all Owners of any Lot located within the Development. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Upon becoming the Owner of a Lot, each Owner shall automatically be a Member of the Association and shall remain a Member until such time as his or her Lot ownership ceases for any reason. Membership in the Association shall not be transferred, encumbered, pledged, alienated, or hypothecated in any way, except upon the transfer or encumbrance of the Lot to which it is appurtenant and then only to the transferee or mortgagee, as the case may be, of such Lot. Any attempt to make a prohibited transfer is void. Upon any transfer of title to a Lot including a transfer upon the death of an Owner, Membership in the Association shall pass automatically to the transferee.

3.2 Voting. Members in Good Standing shall be entitled to cast one (1) vote for each Lot owned. In the event more than one (1) person owns a given Lot, the vote for such Lot shall be exercised as the Owners among themselves shall determine, but in no event shall more than one (1) vote be cast with respect to any Lot. If the joint Owners of a Lot are unable to agree among themselves as to how their vote or votes are to be cast, such vote shall be cast in accordance with the decision of a majority of such Owners. If there is no such majority, the vote for the Lot shall not be cast either in favor of or opposed to the issue or issues which are the subject of the vote, but the membership shall be counted for purposes of determining whether the quorum requirements applicable to the vote or meeting have been met. If any Owner casts a vote representing a certain Lot and no written objection thereto is received by the Secretary prior to the close of voting, it will thereafter be conclusively presumed for all purposes that such Owner was acting with the authority and consent of the other Owners of that Lot. The vote at any meeting of the Members may be by

voice vote or by ballot, as determined by the Board of Directors, provided that the election of any member of the Board of Directors shall be conducted by secret written ballot. The Secretary shall cause to be sent prepaid by United States mail to the mailing address of each Lot within the Development or to any other mailing address designated in writing by the Lot's Owner, a secret ballot and a return envelope.

3.3 Declarant Voting and Appointment Rights. In addition to any Membership voting rights Declarant has for each Lot owned by Declarant, Declarant shall have the right, subject to the provisions of Section 5.3, below, to appoint and remove Directors in Declarant's sole and absolute discretion until the Directors are elected by the Members other than Declarant. Directors appointed by the Declarant shall serve at the pleasure of the Declarant until the first of the following to occur:

- (a) Sixty (60) days after seventy-five percent (75%) of the maximum number of Lots contemplated for the Development have been conveyed to Owners other than successor Declarants;
- (b) Two (2) years after the Declarant ceases to offer Lots for sale in the ordinary course of business;
- (c) Five (5) years after Declarant last commenced Assessments against Lots within a Phase as provided in Article 6 of the Declaration
- (d) Fourteen (14) years after the date the Declaration is Recorded;
- (e) When, in Declarant's sole discretion, the Declarant so determines.

Notwithstanding the foregoing, if the Declarant voluntarily relinquishes its right to appoint and remove Officers and Directors of the Association prior to the termination of Declarant's appointment rights pursuant to this Section 3.3, the Declarant reserves the right to approve or disapprove specific actions of the Association as provided in Section 8.4, below.

3.4 Assignment of Membership Rights. A Member who has sold his or her Lot to a Contract Purchaser shall be entitled to assign to such Contract Purchaser his or her rights and privileges of membership in the Association and shall be deemed to have assigned to a Contract Purchaser who has assumed occupancy of the Member's Residence all rights of use and enjoyment of the Common Elements. No assignment of any membership rights or privileges to a non-resident Contract Purchaser shall be binding, however, until the Board of Directors has been notified thereof in writing. Notwithstanding any assignment, until fee title to the Lot has been transferred of record, a Contract Seller shall remain liable for all assessments, fines, and other charges imposed by the Board and for compliance with the Governing Documents by all Residents of his or her Lot. Any Member who has leased or rented his or her Residence to another person or persons shall in all events be deemed to have assigned to his or her tenants all rights of use and enjoyment of the Common Elements. It is the express purpose and intent of the provisions of this section to limit the right of use and enjoyment of the Common Elements to Residents of the Development and their guests.

3.5 Record Dates. The record dates for notice of meetings of Members and voting shall be determined as follows:

- (a) The Board of Directors may fix a time not more than 90 days and not less than 10 days preceding the date of any meeting of the Members as the record date for determining the Members entitled to notice of any such meeting. In the event no such record date is fixed by the Board of Directors, the record

date for the determination of Members entitled to notice of any meeting shall be the close of business on the business day preceding the day on which notice is given or, if notice is waived, the close of business on the business day preceding the day on which the meeting is held. Only those persons or entities identified as Members in the records of the Association on the record date shall be entitled to notice of such meeting.

(b) The Board of Directors may fix a time not more than 60 days preceding the date of any meeting of the Members as the record date for determining the Members entitled to vote at any such meeting. In the event no such record date is fixed by the Board of Directors, the record date for the determination of Members entitled to vote at any meeting shall be the day of the meeting or, in the case of an adjourned meeting, the day of the adjourned meeting. Only Members in Good Standing as of the record date shall be entitled to vote at such meeting.

© The Board of Directors may fix a time not more than 60 days before the day on which the first written ballot is mailed or solicited as the record date for determining the Members entitled to cast written ballots with respect to any action proposed to be taken without a meeting pursuant to Section 4.12. In the event no such record date is fixed by the Board of Directors, the record date for the determination of Members entitled to cast written ballots with respect to any proposed action shall be the day on which the first written ballot is mailed or solicited. Only Members in Good Standing as of the record date shall be entitled to receive written ballots and vote on the proposed action.

(d) Only Members are entitled to receive notice of meetings and only Members in Good Standing are entitled to vote. Members of the Association are limited to Owners as that term is defined in the Declaration.

#### **ARTICLE 4 MEETINGS OF MEMBERS**

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4.1 Annual Meeting. The annual meeting of the Members shall be held during the month of February of each year, on a date and at a time and place to be designated by the Board of Directors, upon proper written notice to all of the Members.

4.2 Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors or pursuant to the written request of Members entitled to cast at least five percent (5%) of the Total Voting Power of the Membership.

4.3 Notice of Meetings.

(a) Written notice of each meeting of the Members shall be given by or at the direction of the Secretary or other person authorized to give notice of a meeting. Written notice shall be mailed first class, postage prepaid, or otherwise delivered at least 10 but not more than 60 days before such meeting, to each Member entitled to vote at such meeting, except that in the case of a special meeting called pursuant to a written request of Members, notice of such special meeting shall be mailed or otherwise delivered within 20 days after receipt of such written request by the Board, and the date of such special meeting shall be set by the Board and shall be not sooner than 35 days nor later than 90 days after the date of the Board's receipt of such written request.

(b) Notice of meetings shall be addressed or otherwise delivered to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. Notice of any meeting of Members shall specify the date, hour, and place of the

meeting, and the general nature of those matters which the Board intends to present for action by the Members.

© With respect to special meetings, only those matters referred to in such notice may be transacted. With respect to regular meetings, and notwithstanding the foregoing, any proper matter may be presented at the meeting for action by the Members, except that if the meeting is actually attended, in person or by proxy, by less than one-third (1/3) of the Total Voting Power of the Association, the Members may act only on matters the general nature of which has been set forth in the notice of such meeting.

4.5 Agenda for Meetings. The Secretary of the Association shall prepare an agenda for all meetings of Members, which shall include all of the requirements of Section 116.3108 of the Act.

4.4 Conduct of Meetings. All meetings of Members shall be conducted in accordance with a recognized system of parliamentary procedure, such as Robert's Rules of Order, or such parliamentary procedures as the Association may adopt. A reasonable time limit for all Members to speak at a meeting of the Members shall be established by the Board of Directors.

4.5 Place of Meetings. Annual and special meetings shall be held at a location within the Development, provided that the Board may designate a convenient place located as close as reasonably practicable to the Development.

4.6 Quorum. The presence at any meeting, in person or by proxy, of Members entitled to cast at least one-third (1/3) of the Total Voting Power shall constitute a quorum for the transaction of any business. If, however, such quorum shall not be present or represented at any meeting, the Members otherwise entitled to vote at that meeting shall have the power to adjourn the meeting from time to time, to be reconvened at a subsequent date which is not more than 45 days from the time of the adjourned meeting, without notice other than announcement at the meeting, until a quorum shall be present or represented. The quorum requirements of this section shall be subject to Section 6.5(d) and Section 6.6© of the Declaration and to any other provisions of the Governing Documents specifically establishing a different quorum requirement.

4.7 Proxies. At all meetings of the Members, each Member may vote in person or by proxy. A Member may give a proxy only to a member of his or her immediate family, a tenant of the Member's Lot who resides in the Development, or another Member who resides in the Development. A Member may revoke a proxy given pursuant to this Section only by actual notice of revocation to the person presiding over a meeting of the Association. All proxies shall be in writing and shall be filed with the Secretary. Notwithstanding the preceding, no proxy shall be valid after the expiration of 11 months from the date of its execution. A proxy shall automatically cease upon conveyance by the Member of his or her Lot.

4.8 Void Proxies. A proxy is void if:

- (a) It is not dated or purports to be revocable without notice;
- (b) It does not designate the votes that must be cast on behalf of the Member who executed the proxy; or

© The holder of the proxy does not disclose at the beginning of the meeting for which the proxy is executed the number of proxies pursuant to which the holder will be casting votes and the voting instructions received for each proxy. A proxy terminate immediately after the conclusion of the meeting for



which it was executed. A vote may not be cast pursuant to a proxy for the election of a member of the Board of Directors.

4.9 Vote of the Members. If a quorum is present, in person or by proxy, the affirmative vote of a majority of the voting power so present and voting on any matter (that is, a Simple Majority) shall constitute the act of the Members, unless the approval of a greater number or proportion of Members is required by any provision of the Governing Documents or of law. The Members present at a meeting may continue to transact business until adjournment of the meeting notwithstanding the withdrawal of enough members to leave less than a quorum, if any action taken, other than adjournment, is approved by Members entitled to vote at least a majority of the voting power required to constitute a quorum, or by such greater number as required by law or by the Governing Documents. No votes allocated to a Lot owned by the Association may be cast.

4.10 Disclosure of Voting Results. For a period of 60 days following the conclusion of a meeting of the Members, the Association shall, upon written request from a Member, inform the Member of the result of any particular vote of the Members taken at such meeting, including the number of memberships voting for, the number of memberships voting against, and the number of memberships abstaining or withheld from voting in a particular vote. If the matter voted on was the election of a member of the Board of Directors, the votes cast must be counted in public, and the Association shall report the number of memberships cast for each nominee for director.

4.11 Adjournment. Whether or not a quorum is present, any meeting of Members may be adjourned from time to time to be reconvened at a later time, subject to Section 4.6, by the vote of a majority of the Members present in person or by proxy at such meeting; however, in the absence of a quorum, no business other than adjournment may be transacted.

4.12 Action Without A Meeting.

(a) Any action which may be taken at a regular or special meeting, other than the election of Directors, may be taken without a meeting of the Members if the Association distributes a written ballot to every Member entitled to vote. The determination to seek Member approval for Association actions through the use of written ballots shall be made by a majority vote of the Board.

(b) Written ballots distributed to the Members shall set forth the proposed action and provide an opportunity to specify approval or disapproval of the proposal. The written ballots shall provide a reasonable time within which to return the ballot to the Association. The Board shall have the power to extend, at its discretion, the date within which ballots must be returned if sufficient responses are not received by the original deadline set for their return.

© Approval by written ballot shall be valid only when the number of votes cast equals or exceeds the quorum that would be required if the action were taken at a meeting, and the number of approvals equals or exceeds the number of votes that would be required to approve the action if it were taken at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

(d) The written ballot solicitation shall identify the number of responses needed to meet the quorum requirement and the percentage of approvals necessary to pass the measure submitted and shall specify the time by which the ballot must be received by the Association in order to be counted.

(e) A written ballot, once cast, may not be revoked.

## ARTICLE 5 BOARD OF DIRECTORS; QUALIFICATIONS; TERM OF OFFICE

5.1 Number of Directors. As provided in Section 5.3, below, the Board of Directors shall consist of three (3) persons initially, and expand to five (5) persons, all of whom, with the exception of those Directors appointed by the Declarant, shall be qualified as provided in Section 5.2, below.

5.2 Qualification and Disqualification of Directors. Except for Directors appointed by the Declarant, all Directors shall be subject to the following qualification and disqualification criteria:

- (a) Only Members in Good Standing shall be eligible to be elected to or serve on the Board.
- (b) Only one Owner of a particular Lot may serve on the Board at any time.

© A person shall be deemed disqualified under the followings circumstances: (i) the person is found by a court of competent jurisdiction to be of unsound mind or has been convicted of a felony; (ii) the person fails within 60 days after receiving notice of election to accept such office, either in writing or by attending a meeting of the Board of Directors as a Director; (iii) the person is absent, without an excuse approved by the Board, from three consecutive meetings of the Board; and (iv) with respect to a Director who is or was a Member, the person ceases to be a Member in Good Standing.

5.3 Election and Term of Office. The initial Directors shall be appointed by the Declarant upon the incorporation of the Association and shall hold office until removed pursuant to this Section and Section 5.4, below. Notwithstanding any other provisions of these Bylaws, the term of office for Directors shall be as follows:

(a) Three Member Board. Within sixty (60) days after the time that Owners other than the Declarant own twenty-five percent (25%) of the maximum number of Lots contemplated for the Development, or whenever the Declarant earlier determines, the President shall call for an election by which the Members shall elect one of the three directors, who shall be an at large director. The remaining two directors shall be appointees of the Declarant. The Director elected by the Members shall not be subject to removal by the Declarant and shall be elected for a term of two years or until the happening of the event described in Section 5.2©, above, whichever is shorter.

(b) Five Member Board. Within sixty (60) days after the time that Owners other than the Declarant own fifty percent (50%) of the maximum number of Lots contemplated for the Development, or whenever the Declarant earlier determines, the Board shall increase to five (5) Directors. The President shall call for an election by which the Members shall elect two of the five directors, who shall be an at large director. The remaining three directors shall be appointees of the Declarant. The Director elected by the Members shall not be subject to removal by the Declarant and shall be elected for a term of two years or until the happening of the event described in Section 5.2©, above, whichever is shorter.

Any tie in the number of votes cast for candidates where more than one Director is to be elected shall be decided by random drawing or other method of chance as determined by the Board of Directors. Unless another month is established by the Board of Directors, the month of March shall be the month in which elections for the members of the Board of Directors must be held after the termination of Declarant control described in subsections (a) and (b), above.

5.4 Removal. Except for Directors appointed by the Declarant, any Director may be removed from the Board, with or without cause, by the vote of an two-thirds of the Members at a meeting in which

a quorum is present. No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of his or her term of office.

5.5 Vacancies. A vacancy shall exist on the Board of Directors in the event of the disqualification, death, resignation, or removal of any Director, or if the authorized number of Directors is increased, or if the Members fail to elect the full authorized number of Directors. A reduction in the authorized number of Directors shall not cause removal of a Director prior to the expiration of his or her term. The Board of Directors, by a majority vote of the Directors who meet all of the qualifications for Directors as set forth in Section 5.2, above, may declare vacant the office of any Director who fails or ceases to meet any required qualification that was in effect at the beginning of that Director's current term of office.

5.6 Filling Vacancies. Any vacancy occurring on the Board of Directors, except a vacancy created by the removal of a Director, may be filled by approval of the Board of Directors, or if the number of Directors then in office is less than a quorum, by the vote of a majority of the remaining Directors at a meeting of the Board, or by unanimous written consent of the Directors then in office, or by a sole remaining Director. A Director so chosen shall serve the remainder of the term of office of the Director whom he or she replaces. The Members may elect a Director at any time to fill any vacancy not filled by the Directors. If the Board of Directors accepts the resignation of a Director tendered to take effect at a future time, the Board or, if the Board fails to act, the Members may elect a successor to take office when the resignation becomes effective.

5.7 Compensation. No Director shall receive compensation for any service he or she may render to the Association as a Director. However, upon approval by the Board, any Director may be reimbursed for his or her expenses actually incurred in the performance of his or her duties.

## **ARTICLE 6 NOMINATION AND ELECTION OF DIRECTORS**

### **6.1 Nomination.**

(a) Any person meeting the qualifications specified in Section 5.2 may place his or her name in nomination for election to the Board of Directors by giving written notice to the President or Secretary of the Association at any time before notice of the meeting at which the election of Directors is to be conducted is given to the Members.

(b) Nominations of candidates for election to the Board of Directors may be made from the floor at any meeting of the Members where one or more Directors are to be elected.

© All nominations shall be made from among persons meeting the qualifications specified in Section 5.2.

(d) The names of all persons who have been nominated as candidates for election to the Board of Directors pursuant to Section 6.1(a) by the time the notice of the meeting at which the election is to be conducted is prepared shall be set forth in such notice.

6.2 Election. At each election of Directors, the Members in Good Standing may cast, in respect to each position on the Board to be filled, one vote for each Lot owned. The persons receiving the largest number of votes shall be elected. The method for voting for Directors shall be as set forth in Section 3.2 of these Bylaws.

## **ARTICLE 7 MEETINGS OF DIRECTORS**

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7.1 Organizational Meetings. Within 30 days after each annual meeting of Members, the Board of Directors shall hold a meeting for the purpose of organization, election of officers, and transaction of other business, as appropriate.

7.2 Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly without notice to the Directors, at a place within the Development, or at a convenient place located as close as reasonably practicable to the Development, and on a day and at a time as fixed from time to time by resolution of the Board, or upon proper notice which conforms to the provisions of Section 7.5 of these Bylaws, at another place, day, and time as set forth in such notice.

7.3 Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association or by any two (2) Directors.

7.4 Emergency Meetings. The President or any two (2) Directors may call an emergency meeting of the Board. An "emergency meeting" is defined as a meeting held to address circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board, and which of necessity make it impracticable to provide the notice to Members required by Section 7.6.

7.5 Notice to Directors. Except as otherwise provided in Section 7.2 of these Bylaws, notice of each meeting of the Board shall be communicated to the Directors by first class mail not less than four days prior to the meeting or by (i) personal delivery, (ii) telephone, including a voice Messaging system or other system or technology designed to record and communicate messages, (iii) telegraph, (iv) facsimile, or (v) electronic mail or other electronic means, not less than 48 hours prior to the meeting. In the event of an emergency meeting as provided in Section 7.4, strict adherence to the notice requirements of this section shall not be required provided that a reasonable effort to give notice to each Director shall be made taking into consideration the nature and circumstances of the emergency. Notice of a meeting need not be given to any Director who signed a waiver of notice or a written consent to holding the meeting, or an approval of the minutes thereof, whether before or after the meeting, nor must notice be given to any Director who attends a meeting without protesting, prior thereto or at its commencement, the lack of notice to that Director.

7.6 Notice to Members. Except for emergency meetings as provided for in Section 7.4 and executive sessions as provided for in Section 7.8, at least four days' prior written notice of the day, time, and place of each meeting of the Board of Directors, whether regular or special, shall be given to all Members by (i) posting it in a prominent place or places within the Common Elements, or (ii) by mailing or delivery to each Residence, or (iii) by newsletter, or (iv) by other means of communication reasonably designed to provide prior actual notice of such meeting, such as by posting at the post office and/or general store servicing the Development.

7.7 Open Meeting. Regular and special meetings of the Board of Directors shall be open to all Members of the Association, except when the Board meets in executive session pursuant to Section 7.8. A reasonable time limit for all Members to speak to the Board shall be established by the Board.

7.8 Executive Session. The Board of Directors may meet in executive session to confer with legal counsel or to discuss and vote upon personnel matters, Member discipline, litigation in which the Association is or may become involved, and matters that relate to the formation of contracts between the Association and others. In any matter relating to the discipline of a Member, the Board shall meet in executive session if requested to do so by that Member, and that Member and any other person whose

participation is, in the judgment of the Board, necessary or appropriate shall be entitled to attend the executive session.

7.9 Telephone Participation. Directors may participate in regular or special Board meetings through the use of conference telephone, electronic video screen communications, or other communications equipment to the extent permitted by law, provided that, if notice to the Members of the meeting is required pursuant to Section 7.6, at least one Director must be physically present at the noticed location of the Board meeting.

7.10 Quorum. A majority of the number of Directors then in office, but not less than two Directors, shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly-held meeting at which a quorum is present shall be regarded as the act of the Board. Business may continue to be conducted if any action taken is approved by at least a majority of the Directors required to constitute a quorum notwithstanding the withdrawal of enough directors to leave less than a quorum.

7.11 Minutes of Meetings of Directors.

(a) Within thirty days after the date of any meeting of the Board, the Board shall make available to the Members either (i) the minutes of that meeting as adopted by the Board, (ii) those minutes as proposed for adoption which shall be marked to indicate draft status, or (iii) a summary of the minutes. Any matter discussed in an executive session shall be generally noted in the minutes of the Board and minutes of executive sessions shall not otherwise be required.

(b) Copies of the minutes, proposed minutes, or summary of minutes shall be provided to any Member of the Association upon request and upon reimbursement of the Association's costs in providing such copies. The Board may, but shall not be required to, post the minutes of its meetings on an internet site.

© Members of the Association shall be notified annually in writing either at the time that the pro forma budget required is distributed or at the time of any other general mailing to the entire membership of the Association of their right to obtain copies of the minutes of meetings of the Board and how and where those minutes may be obtained.

## **ARTICLE 8 POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

8.1 Powers. In addition to such other powers as may be expressly set forth in the Governing Documents or provided by law, (including, but not limited to Section 116.3102(1) of the Act), the Board of Directors shall have the power to:

8.1.1 Rules and Regulations. Adopt, publish, amend, repeal, and enforce Rules and regulations governing the administration, management, operation, use, and occupancy of the Development, including the use of the Common Elements and facilities, the personal conduct of the Members and their tenants and guests within the Development, and any other matter which is within the jurisdiction of the Association;

8.1.2 Contracts. Authorize any officer or officers to enter into any contract in the name of, or on behalf of, the Association. Unless expressly authorized by resolution of the Board, no officer shall have any power or authority to bind the Association or to render the Association liable for any purpose or on any account. No contract with any person or entity to supply or furnish the Association with goods or

services shall be for a term in excess of three (3) years, except upon the prior affirmative vote or written consent of a Simple Majority;

8.1.3 Determination of Good Standing. Determine, after notice to the Member and an opportunity for a hearing by the Board, that a Member is not a Member in Good Standing during any period in which the Member is in default in the payment of any assessment, fine, or other charge levied by the Board or is in violation of any provision of the Governing Documents. However, a Member shall not be denied any privileges of membership except upon an explicit finding by the Board of Directors, after notice and an opportunity for a hearing, that a Member is not a Member in Good Standing for specified reasons. A Member found by the Board to be not a Member in Good Standing shall be deemed to continue in that status until the Board shall make a determination, either upon the Board's own initiative or upon the request of the Member, that such Member is, once again, a Member in Good Standing of the Association;

8.1.4 Sanctions; Hearings; Continuing Violations. Impose any or all of the following sanctions, and conduct hearings, as indicated below:

- (a) Establish and impose fines, which shall be Enforcement Assessments as provided in Section 6.8 of the Declaration, for the infraction of any provision of the Governing Documents in accordance with a schedule of fines adopted by the Board and distributed to all Members. The fines shall be in such amount as the Board of Directors, in its discretion, shall determine and may be imposed on a per day basis for the period that the violation continues in the case of a continuing violation as discussed below.
- (b) Suspend the voting or other membership rights and privileges of a Member, including the right to use the recreational facilities (i) during any period in which such Member shall be in default in the payment of any Assessment, fine or other charge levied by the Association, and (ii) for any infraction of the Governing Documents.
- © Except as provided in Section 11.7 of the Declaration and Section 8.1.4(e) below, before any discipline is imposed upon a Member, the Board shall hold a meeting to consider the matter.
- (d) At least ten days prior to any Board meeting where the imposition of discipline upon a Member is to be considered, the Board shall provide written notice of the meeting to the Member by either personal delivery or first-class mail. The notice shall contain at least (i) the date, time and place of the meeting, (ii) the nature of the alleged violation for which the Member may be disciplined, and (iii) a statement that the Member has a right to attend the meeting and may address the Board at the meeting.
- (e) When corrective action is taken in emergency situations as specified in Section 11.7 of the Declaration:
  - (i) The Board may act on its own initiative to schedule a hearing.
  - (ii) If the Board has not scheduled a hearing and the disciplined Member desires a hearing, the Member's written request therefor shall be delivered to the Association no later than ten days

following the date when the notice of the Board's disciplinary action is transmitted to the Member. The hearing shall be held within 30 days following the receipt by the Board of the Member's request for a hearing.

- (iii) If a hearing is scheduled or requested, any discipline already imposed shall be held in abeyance and shall become effective only if affirmed at the hearing.
- (iv) Notification of all hearings shall be made in accordance with Section 8.1.4(d).
- (f) In the case of a continuing violation, the Board may deem such continuing violation to constitute two or more separate and distinct violations of the same Governing Document provision and may impose separate and successive sanctions for each such violation. However, the Board shall not impose a separate sanction for violation of the same provision more frequently than once per day.
- (g) If the Board imposes discipline upon a Member, the Board shall provide the Member with written notification of the disciplinary action, by either personal delivery or first-class mail, within 15 days following the action.

8.1.5 Manager. Engage the services of a manager or management company as either an employee or an independent contractor, and engage such other employees or independent contractors as the Board may deem necessary, and to prescribe their duties;

8.1.6 Professional Advisors. Consult with, seek the advice of, and reasonably rely on the advice of attorneys, accountants, and other professionals in carrying out its authority and responsibility under the Governing Documents and the law, and to pay for such professional services;

8.1.7 Investment of Reserve Funds. Invest Association reserve funds in prudent investments subject to the provisions of Section 8.2.5 of these Bylaws;

8.1.8 Entry for Repairs. Enter any Lot, whenever such entry is necessary, in the Board's sole discretion, in connection with the performance of any maintenance, repair, construction, or replacement for which the Association is responsible or which it is authorized to perform, including without limitation the authorization provided in Section 8.6 of the Declaration. Although under no obligation to do so, the Board, in its complete and sole discretion, may enter or may authorize the Association's agents to enter any Lot to effect emergency repairs where such repairs are necessary for safety reasons or to prevent or discontinue damage to the entered Lot, any other Lot or the Common Elements. Such entry shall be made with as little inconvenience to the Residents as practicable and only upon reasonable advance written notice of not less than twenty-four (24) hours, except in emergency situations;

8.1.9 Property Taxes. Pay all real property taxes and assessments levied upon any property within the Development to the extent not separately assessed to the Owners. Such taxes and assessments may be contested or compromised by the Association provided that any such taxes are paid or that a bond insuring the payment is posted;

8.1.10 Mergers. To the extent permitted by law, participate in mergers and consolidations with other nonprofit organizations organized for the same purposes as this Association subject to any limitations imposed by the Declaration or Nevada law;

8.1.11 Association Property. Subject to the provisions of the Declaration, including any required approval of Members, acquire, own, hold, convey, transfer, dedicate, or otherwise dispose of real or personal property consistent with the purposes and powers of the Association and the management, administration, and operation of the Development or the business and affairs of the Association, and grant and convey easements, licenses, and rights of way in, over, upon, or under the Common Area;

8.1.12 Indemnification of Agents. Indemnify and hold harmless, to the maximum extent permitted by Nevada law, each person who is or at any time was a director, officer, employee, or agent of the Association or member of any committee appointed by the Board from and against any and all claims, liabilities, expenses, judgments, fines, settlements, and other amounts, as those terms are defined by Nevada law, actually and reasonably incurred by any such person, and to which any such person shall become subject by reason of his or her being a director, officer, employee, or agent of the Association or member of any committee appointed by the Board;

8.1.13 Bank Accounts. Open bank accounts and designate signatories upon such bank accounts, subject to any restrictions set forth in the Governing Documents;

8.1.14 Borrowing. Borrow money in the name of the Association as provided in the Declaration; and

8.1.15 Other Powers and Duties. Exercise for the Association all powers, duties, and authority vested in or delegated to the Association and not reserved to the Members by other provisions of the Governing Documents, and undertake any action on behalf of the Association as the Board shall deem necessary or proper in furtherance of the purposes and powers of the Association and/or the interests of the Association and its Members.

8.1.16 Limitation of Powers. The powers of the Board shall be subject to the limitations set forth in the Governing Documents, including, without limitation, those contained in Article 5 of the Declaration.

8.2 Duties. As provided in Section 116.3103 of the Act, the Officers and members of the Board are fiduciaries and shall exercise the ordinary and reasonable care of directors of a corporation, subject to the business judgment rule. In addition, it shall be the duty of the Board of Directors to:

8.2.1 Records and Minutes. Cause to be kept a complete record of all its acts and the corporate affairs, including an accurate and current record of the Members setting forth their names and addresses, adequate and correct books and records of account, and minutes of the proceedings of the Members, the Board, and Committees of the Board, and to present a statement thereof to the Members at the annual meeting of the Members;

8.2.2 Pro Forma Budget. Prepare and distribute to the Members annually, not less than 30 days nor more than 60 days prior to the beginning of each fiscal year, a pro forma operating budget which shall include all of the following:

- (a) An estimate of the Association's revenue and expenses for such fiscal year on an accrual basis;



- (b) A summary of the Association's reserves based upon the most recent review or study conducted pursuant to law, which summary shall be printed in bold type and shall include all of the following:
- (i) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component the Association is obligated to maintain, restore, repair, or replace;
  - (ii) A current estimate, as of the end of the fiscal year for which the study is prepared, of the amount of cash reserves necessary to maintain, restore, repair, or replace such major components;
  - (iii) The current amount, as of the end of the fiscal year for which the study is prepared, of accumulated cash reserves actually set aside to maintain, restore, repair, or replace such major components;
  - (iv) The percentage of the amount of cash reserves necessary [per Subparagraph (ii)] that is represented by the amount of cash reserves actually set aside [per Subparagraph (iii)];
  - (v) A statement as to whether the Board of Directors has determined or anticipates that the levy of one or more special assessments will be required to restore, repair, or replace any of the major components or to provide adequate reserves therefor; and
  - (vi) A general statement setting forth the procedures used for the calculation and establishment of reserves to defray the future cost of repair, replacement, or additions to those major components that the Association is obligated to maintain, restore, repair, or replace.

In lieu of the distribution of the pro forma operating budget, the Board may distribute a summary of such budget to all Members together with a written notice that the budget is available at the office of the Association or at another suitable location within the boundaries of the Development and that copies will be provided to a Member upon a Member's request and at the expense of the Association. If any Member so requests, the Association shall provide a copy of the pro forma operating budget to such Member by United States mail first-class postage prepaid, and such copy shall be mailed within five (5) days of such request. The written notice that is distributed to each Association Member as set forth herein shall be set forth in at least 10-point bold type on the front page of the summary of the budget.

**8.2.3 Reserve Study.** Cause to be conducted, at least once every five years, a reasonably competent and diligent visual inspection of the accessible areas of the major components which the Association is obligated to repair, replace, restore or maintain as part of a study of the reserve account requirements of the Development if the current replacement value of such major components is equal to or greater than one-half of the gross budget of the Association for the fiscal year, excluding the Association's reserve account for that year. The Board shall review the reserve study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. The reserve study required by this section shall include the minimum requirements specified in Section 116.31152 of the Act or comparable successor statute.

8.2.4 Reserve Funds. Not expend funds designated as reserve funds for any purpose other than the maintenance, restoration, repair, or replacement of, or litigation involving the maintenance, restoration, repair, or replacement of, major components which the Association is obligated to maintain, restore, repair, or replace and for which the reserve fund was established; provided, however, that the Board may authorize a temporary transfer of money from a reserve fund to the Association's general operating fund to meet short term cash flow requirements or other expenses, provided the Board has made a written finding, recorded in the Board's minutes, explaining the reasons that the transfer is needed and describing when and how the money will be repaid to the reserve fund, and provided, further, that any such transferred funds shall be restored to the reserve fund within one year of the date of the initial transfer, except as otherwise expressly provided by law. The Board shall exercise prudent fiscal management in maintaining the integrity of the reserve account;

8.2.5 Investment of Reserve Funds. Manage and invest Association reserve funds in a prudent manner designed to achieve the primary objective of preserving principal while realizing a reasonable return and to assure the availability of funds as they are needed based upon the most recent reserve fund study obtained by the Board as provided in these Bylaws and by law;

8.2.6 Review of Accounts. Review the Association's operating and reserve accounts at least in accordance with the following minimum requirements:

- (a) Review a current reconciliation of the Association's operating accounts on at least a quarterly basis;
- (b) Review a current reconciliation of the Association's reserve accounts on at least a quarterly basis;
- © Review, on at least a quarterly basis, the current year's actual reserve revenues and expenses compared to the current year's budget;
- (d) Review the latest account statements prepared by the financial institutions where the Association keeps its operating and reserve accounts; and
- (e) Review an income and expense statement for the Association's operating and reserve accounts on at least a quarterly basis.

As used in this subsection, the term "reserve accounts" shall mean monies that the Board has identified in its annual budget for use to defray the future costs of repair or replacement of, or additions to, those major components which the Association is obligated to maintain, restore, repair, or replace.

8.2.7 Annual Financial Statements. Cause an annual report to be prepared not later than 120 days after the close of the Association's fiscal year. Such annual report shall contain in appropriate detail (i) a balance sheet as of the end of the fiscal year, (ii) an income statement for such fiscal year, (iii) a statement of changes in financial position for such fiscal year, and (iv) a statement of the place where the names and addresses of the current Members are located. The annual report shall be accompanied by any report of independent accountants, or, if there is no such report, by a certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association. The latest annual report shall be sent to any Member promptly upon his or her written request.

8.2.8 Annual Notifications to Members. Distribute to the Members annually:

- (a) statement describing the Association's policies and practices in enforcing lien rights and other legal remedies for default in payment of assessments;
- (b) a copy of the procedures applicable to imposition of a fine or other monetary penalty, suspension of a Member's rights and privileges, or other sanctions;
- © a pro forma operating budget as required by Section 8.2.2 of these Bylaws;
- (d) a statement explaining the Members' right to obtain copies of minutes of meetings of the Board as required by these Bylaws,

8.2.9 Supervision. Supervise all officers, agents, and employees of the Association, and see that their duties are properly performed;

8.2.10 Notice of Assessments. As more fully provided in the Declaration, (i) send written notice to each Owner in advance of each fiscal year of the regular assessment levied against his or her Lot for that fiscal year; and (ii) collect assessments levied by the Association by foreclosing the lien against any property for which assessments are not paid as required in the Declaration and/or by bringing an action at law against the Owner personally obligated to pay the same;

8.2.11 Certificate of Payment of Assessments. Issue, or cause an appropriate officer to issue, upon demand by any proper person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of such certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

8.2.12 Enforcement of Governing Documents. Enforce the provisions of the Governing Documents, as more particularly set forth in the Declaration, and perform all acts required of the Board under the Governing Documents or required by law.

8.3 Management Contracts. The Association may, but shall not be required to, employ for the Association a professional management agent or agents at such compensation as the Board may such management agent may not be terminated by the Board unless termination is approved by at least a majority of the total Association vote. The Declarant, or an affiliate of the Declarant may be employed as managing agent or manager. The Board may delegate to one of its members the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board.

Subject to the preceding paragraph, if entered into during the Declarant Control period, the following contracts or leases between the Association and the Declarant or an affiliate of the Declarant may be terminated without penalty by the Association at any time after the termination of the Declarant Control Period upon not less than ninety (90) days' notice to the other party:

- (a) any management contract, employment contract, or lease of recreational or parking areas or facilities, to the extent provided by the Act;

- (b) any other contract or lease between the Association and the Declarant or an affiliate of the Declarant; or
- (c) any contract or lease that is not bona fide or was unconscionable to the Lot Owners at the time entered into under the circumstances then prevailing.

8.4 Right of Declarant to Disapprove Actions. During the Declarant Control Period, if the Declarant voluntarily has relinquished its right to appoint and remove officers and directors of the Association, the Declarant shall have a right to disapprove any action, policy or program of the Association, the Board and any committee which, in the sole judgment of the Declarant, would tend to impair rights of the Declarant or Builders under the Declaration or these Bylaws, or interfere with development, construction of any portion of the Properties, or diminish the level of services being provided by the Association.

- (a) The Declarant shall be given written notice of all meetings and proposed actions approved at meetings (or by written consent in lieu of a meeting) of the Association, the Board or any committee. Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, which notice complies as to the Board meetings with Article 7 above, which notice shall, except in the case of the regular meetings held pursuant to the Bylaws, set forth in reasonable particularity the agenda to be followed at said meeting; and
- (b) The Declarant shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy or program which would be subject to the right of disapproval set forth herein. The Declarant, its representatives or agents may make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee.
- (c) No action, policy or program subject to the right of disapproval set forth herein shall become effective or be implemented until and unless the requirements of subsections (a) and (b) above have been met and the time period set forth in subsection (d) below has expired.
- (d) The Declarant, acting through any officer or director, agent or authorized representative, may exercise its right to disapprove at any time within ten (10) days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within ten (10) days following receipt of written notice of the proposed action.

This right to disapprove may be used to block proposed actions, but shall not be extended to the requiring of any action or counteraction on behalf of any committee, the Board, or the not properly noticed and implemented in accordance with these Bylaws. The Declarant shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

## **ARTICLE 9 OFFICERS AND THEIR DUTIES**

9.1 Enumeration of Officers. The officers of the Association shall be a President, a Vice-President, a Secretary, and a Chief Financial Officer (who may from time to time be referred to as the Treasurer), who shall at all times be members of the Board of Directors, and such other officers as the Board of Directors may, from time to time, by resolution appoint.

9.2 Election of Officers. The Board of Directors shall elect the officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

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

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

9.5 Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

9.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he/she replaces, subject to the Board's right to remove an officer.

9.7 Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 9.4 of this article.

9.8 President. The President shall be the chief executive officer of the Association and shall, subject to control of the Board of Directors, have general supervision, direction, and control of the affairs and the other officers and the employees and agents of the Association. The President shall preside at all meetings of the Members and at all meetings of the Board of Directors, shall have the general powers and duties of management usually vested in the office of the President of an Association, and shall have such other powers and duties as may be prescribed by the Board of Directors and the Bylaws, subject, however, to any limitations contained in the Declaration.

9.9 Vice-President. In the absence or disability of the President, the Vice-President shall perform all the duties of the President, and when so acting, shall have all of the powers of, and be subject to all of the restrictions upon, the President. The Vice-President shall have such other powers and perform such other duties as, from time to time, may be prescribed by the Board of Directors.

9.10 Secretary. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board of Directors may prescribe, a book of minutes of all meetings of Directors, Members, and Committees of the Board setting forth the time and place of holding of such meetings; whether regular or special, and if special, how authorized; the notice thereof given; the names of those present at meetings of the Board or of Committees of the Board; the number of memberships and votes present or represented at Members meetings; and all the proceedings thereof. The Secretary shall give, or cause to be given, notice of all meetings of the Members and of the Board of Directors required by the Bylaws or by law to be given and shall maintain a proper record of the giving of such notice, and shall keep the books, records, and documents of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

9.11 Treasurer. The Treasurer shall be responsible for the receipt and deposit in appropriate accounts of all monies of the Association and shall cause disbursement of such funds as directed by resolution of the Board of Directors; may sign all checks and promissory notes of the Association; shall cause to be kept proper books of account; shall cause an annual review of the Association's books and financial statements to be made by a public accountant at the completion of any fiscal year for which such review is required by law or as determined by the Board; shall assist the Board in preparation of an annual budget and a statement of income and expenditures to be presented to the Members of the Association as provided by law; and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors.

## **ARTICLE 10 COMMITTEES**

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10.1 Committees of the Board. Any "Committee of the Board" (that is, a committee consisting only of Directors) shall consist of at least two (2) Directors and shall have such powers and duties as the Board shall determine, subject to the limitations of Nevada law.

10.2 Working Committees. The Board may appoint working committees consisting of at least one (1) person who is not a Director. Directors may be members of committees created pursuant to this section provided that fewer than a majority of Directors then in office serve on any one such committee. Such committees shall not be required to keep minutes but shall report on their activities to the Board from time to time as directed by the Board and shall operate under the supervision of and at the direction of the Board. No working committee shall have the authority to enter into contracts or otherwise act on behalf of the Association. The Board of Directors shall have the right at any time, in its complete discretion, to disband any working committee or remove any member thereof.

10.3 Compensation of Committee Members. No committee member shall receive compensation for any service he or she may render to the Association as a committee member. However, upon approval by the Board, any committee member may be reimbursed for his or her expenses actually incurred in the performance of his or her duties.

## **ARTICLE 11 BOOKS, RECORDS AND FUNDS**

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11.1 Record Keeping. The books, records and other papers of the Association and the minute books of proceedings of the Members, the Board, and Committees of the Board shall, upon written request and during reasonable hours, be subject to inspection by any Member for any purpose, specified in writing, which is reasonably related to such Member's interest as a Member of the Association. The provisions of the preceding sentence shall not apply to (i) the personnel records of the employees of the Association; and (ii) the records of the Association related to another Member's Lot. The Board shall maintain and make available for review (i) the financial statements of the Association; (ii) the budgets of the Association required to be prepared pursuant to Section 116.31151 of the Act; and (iii) the study of the reserves of the Association required to be conducted pursuant to Section 116.31152 of the Act. The Board shall provide a copy of any of the records described in the preceding sentence to a Member within 14 days after receiving a written request therefor. The Board may adopt and publish reasonable rules and regulations establishing procedures relating to a Member's inspection and obtaining copies of Association records, including charging a fee to cover the actual costs of preparing a copy, but not to exceed 25 cents per page. The Association shall keep financial records sufficiently detailed to enable the Association to comply with Section 116.4109 of the

Act. All financial and other records must be made reasonable available for any Member and his or her authorized agents to inspect, examine, photocopy and audit.

11.2 Checks, Drafts, and Evidences of Indebtedness. All checks, drafts, or other orders for payment of money and all notes or other evidences of indebtedness, issued in the name of the Association shall be signed by (i) any two Directors, (ii) any two officers of the Association, (iii) any officer of the Association and any Director, or (iv) in any other manner specified by the Board of Directors; provided, however, that the signatures of at least two persons who shall be members of the Board of Directors or one member of the Board of Directors and one officer who is not a member of the Board of Directors shall be required for the withdrawal of funds from the Association's reserve account.

11.3 Funds and Deposits. Any funds of the Association shall be deposited to the credit of the Association in such banks or other depositories as the Board of Directors shall, from time to time, determine.

11.4 Fiscal Year. The fiscal year of the Association shall run from January 1 through December 31 of each year unless otherwise determined by resolution of the Board of Directors.

11.5 Delivery of Records by Declarant. Within 30 days after the Lot Owners other than the Declarant may elect a majority of the members of the Board of Directors, the Declarant shall deliver to the Association all property and records described in Section 116.31038 of the Act.

## ARTICLE 12 AMENDMENTS

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These Bylaws may be amended by the affirmative vote or written consent of at least an Absolute Majority of the Total Voting Power, provided that no provision of these Bylaws which is for the benefit of the Declarant may be amended without the Declarant's consent, if the Declarant owns a Lot within the Development.

## ARTICLE 13 MISCELLANEOUS

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In the case of any conflict between the Articles and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

The undersigned, incorporator of the corporation known as Canyon Pines Homeowners Association, hereby certifies that the above and foregoing Bylaws, consisting of 19 pages are hereby adopted by action of the incorporator on 10-26-, 2004, and that they now constitute the Bylaws of the Association.

**CANYON PINES HOMEOWNERS ASSOCIATION,**  
a Nevada nonprofit corporation

By: \_\_\_\_\_

  
Greg Fitzmaurice

, Incorporator