

BYLAWS OF
RAINBOW BEND HOMEOWNERS ASSOCIATION

ARTICLE I

DEFINITIONS

As used in the Articles of Incorporation, the following definitions shall apply, unless the context otherwise requires:

1.1 Association: Rainbow Bend Homeowners Association, its successors and assigns.

1.2 Common Area: Those areas, other than the numbered Lots, shown on the Map as Common Area.

1.3 Lessee: The owner and occupant of a Living Unit situated on a Lot that is leased to the occupant pursuant to a lease wherein Declarant is lessor which had an initial term of thirty-five (35) years.

1.4 Owner: Each person shown by a duly acknowledged instrument recorded in the office of the County Recorder of Storey County, Nevada, to be the owner of a fee interest in a lot.

1.5 Declarant: Richard E. Hoy, Linda N. Terry, David R. Hoy and Sally Ann Hoy, their successors or assigns.

1.6 The Property: The real property described in the Articles of Incorporation, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

1.7 The Project: The entire parcel of real property.

ARTICLE II

MEMBERSHIP

2.1 Eligibility: Eligibility for membership is set forth in Article V of the Articles of Incorporation.

2.2 Rights of Enjoyment: Each member shall be entitled to the use and enjoyment of the Common Properties subject to the limitations set forth in the Declaration.

2.3 Voting Rights: Voting rights of members are as follows:

Each member shall have one vote for each Lot owned or leased. The Association may not vote or cast any vote otherwise allocated to it for any Lot it may own, nor may any vote allocated to a Lot owned by the Association be cast or voted by anyone else.

When more than one person holds an interest in any Lot or Living Unit, the vote for such Lot or Living Unit shall be exercised as they among themselves determine.

2.4 Voting: Where any vote of the membership is provided in these Bylaws, the Articles of Incorporation or the Declaration, the result of the vote shall be determined by the number of Units voting for or against any question.

ARTICLE III

MEETINGS OF MEMBERS

3.1 Annual Meeting: The annual meeting of the members shall be held in Rainbow Bend, Lockwood, Nevada, or at such other place in Storey County and at such date and time in the month of February of each year as may be prescribed by the Board of Directors.

3.2 Special Meetings: Special meetings of the members may be called at any time by the Board of Directors, or upon written request of ten percent (10%) of the members.

3.3 Notice: Notice of all meetings of members shall be mailed by or at the direction of the secretary to each member, postage prepaid, at the address thereof as shall appear in the records of the Association or supplied by such member to the Association for the purpose of notice. Such notice shall be mailed not less than seven (7) days nor more than fifty (50) days prior to the date of such meeting. However, notice shall be mailed to each member as hereinabove set forth not less than thirty (30) days nor more than fifty (50) days prior to the date of such meeting if such meeting is called to consider any of the following matters:

- Merger or consolidation;
- Mortgage of any part of the Common Properties;
- Dissolution of the Association;
- Levy of special assessment for capital improvements or change in the maximum annual assessment.

The notice of the meeting shall specify the place, day and hour of the meeting and

in the case of a special meeting, the purpose of the meeting.

3.4. Quorum: Presence at any meeting in person or by proxy of members entitled to cast a majority of the votes of each class of membership shall constitute a quorum for any action. However, if such quorum shall not be present or represented at any meeting, the members entitled to vote thereon shall have the power to adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum as set forth above shall be present or be represented.

3.5 Proxy: A member may vote in person or by proxy executed in writing and filed with the Secretary. Each proxy shall be revocable and shall automatically terminate upon the termination of membership.

ARTICLE IV

BOARD OF DIRECTORS

4.1 Number: The affairs of this Association shall be managed by a board of five directors. Directors need not be members of the Association, except as provided in the Declaration.

4.2 Term: The directors named in the Articles of Incorporation shall serve until the first annual meeting or until their successors are elected and take office. The Board of Directors and all officers shall be appointed or removed by the Declarant, subject to the provisions hereafter, until the earlier of the following events:

(a) Sixty (60) days after conveyance of seventy-five percent (75%) of the Lots to Owners other than Declarant;

(b) Two (2) years after Declarant has ceased to offer for sale in the ordinary course of business any Lots within the Property, or any annexed Property;

(c) Two (2) years after Declarant last exercises its rights to record a Supplemental Declaration wherein Annexed Property is added to the Project;

(d) In the event and at such time as Declarant waives by written instrument the rights reserved by Declarant under this Article IV. The date on which the rights reserved by Declarant under this Article IV terminate is hereby called "the Declarant's Control Termination Date". From and after the Declarant's Control Termination Date, the Board of Directors and the officers of the Association shall be elected and appointed as provided in the Articles and Bylaws.

Notwithstanding anything to the contrary set forth herein, not later than sixty (60) days after Declarant's conveyance of Lots equal to twenty-five percent (25%) of the total number of Lots within the Property to Owners other than Declarant, at least one member and not less than twenty-five percent (25% of the members of the Board shall be elected by Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Lots within the Property to Owners other than Declarant, not less than thirty-three and one-third percent (33-1/3%) of the members of the Board shall be elected by Owners other than the Declarant. Not later than on the Declarant's Control Termination Date, the Owners shall elect a Board of at least three (3) members, at least a majority of whom must be Owners.

Thereafter, the members entitled to vote for directors as provided in the Articles of Incorporation shall elect directors for a term of two years to fill the term of office of the directors whose terms expire at such annual meeting. Directors shall serve until their successors are elected and assume office.

4.3 Vacancies: In the event of death, resignation or removal of a director, his successor shall be selected by a majority vote of the remaining directors. A director elected to fill a vacancy shall hold office during the remainder of the term of the director succeeded.

4.4 Compensation: No director shall receive compensation for any service he may render to the Association as a director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties as a director and may receive compensation for services to the Association in other capacities than as a director.

4.5 Manner of Election: In any case where the number of nominations for the board of directors exceeds the number of vacancies, election shall be by secret written ballot. At each election the members or their proxies may cast in respect to each vacancy as many votes as they are entitled to vote by the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE V

MEETINGS OF THE BOARD OF DIRECTORS

5.1 Regular Meeting: Within ten (10) days after each annual meeting of members, the directors elected at such meeting and those holding over shall hold an organizational meeting for the purpose of electing officers as hereinafter provided and for transaction of such other business as may come before the meeting. If all directors are present at the time and place of such meeting, no prior notice of such meeting shall be required to be given to the directors.

The board of directors, by resolution, may establish the date, time and place for other regular meetings of the board.

5.2 Special Meetings: Special meetings may be called by the president and must be called by the president at the request of at least two directors. Such special meeting may be held at such time and place as the board of directors or the president shall determine and any business may be transacted at such meeting.

5.3 Notices: No notice need be given of regular meetings held pursuant to resolution of the board of directors as hereinabove specified. Notice of special meetings shall be given at least three days prior to the date of such meeting, either personally, by mail, telephone or telegraph. Attendance at a meeting shall constitute a waiver of notice thereof.

5.4 Quorum: A majority of the directors shall constitute a quorum but no action of the board of directors shall be valid unless it is approved by an affirmative vote of at least three directors.

5.5 Action Without A Meeting: Directors may take any action in the absence of a meeting which they would take at a meeting by obtaining the written approval of all of the directors to such action. Any action so taken shall have the same effect as though taken at a meeting of the directors.

ARTICLE VI

DUTIES AND POWERS OF THE BOARD OF DIRECTORS

6.1 General Powers: The board of directors shall have the power to exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

6.2 Duties of the Board of Directors: It shall be the duty of the board of directors to:

A. Cause the Common Area to be maintained and take such action as may be required to provide exterior maintenance of the properties assessed by the Association in accordance with the requirements of the Declaration.

B. Cause to be kept a complete record of all of its acts and the proceedings of its meetings and to cause to be presented at the annual meeting of the members a report reviewing the business and affairs of the Association for the year.

C. As more fully provided in the Declaration, to fix the amount of the annual assessment against each Unit, and give the Owner subject thereto written notice of such assessment not less than thirty (30) days prior to the due date thereof.

D. Cause to be obtained and maintained in full force and effect policies of casualty and liability insurance meeting the specifications therefor set forth in the Declarations.

E. Cause all officers or employees having fiscal responsibilities to be bonded with sufficient surety for the faithful performance of their official duties, the premium on such bond to be paid by the Association.

ARTICLE VII

COMMITTEES

7.1 Committees: The board of directors shall appoint such committees as it, in its discretion, deems necessary to assist in the operation of the affairs of the Association.

ARTICLE VIII

OFFICERS

8.1 Officers: The officers of this Association shall be a president and vice president who shall be members of the board of directors, and one or more vice presidents and a secretary and treasurer who may, but need not be, members of the board of directors. The board of directors may appoint an assistant secretary or an assistant treasurer by resolution entered in its minutes. The officers shall be elected at the organization meeting of the board of directors each year and the term of office shall be for a period of one year and until their successors are elected and assume office, unless such officer resigns or is removed.

8.2 Removal, Resignation and Vacancy: Except during the time when the Declarant has the right to appoint officers, any officer may be removed from office with or without cause by the board upon the vote of a majority of the board. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

8.3 President: The president shall preside at all meetings of the members of the Association and of the board of directors. He shall sign for the Association such contracts and other documents as he may be authorized by the board of directors to sign and

in writing setting forth whether the assessments on the property of the owner have been paid. The secretary of the Association may cause to be recorded in the office of the County Recorder of Storey County within ninety (90) days after delinquency with respect to an assessment, a statement of the amount of the delinquent assessment together with interest, and upon payment in full thereof shall execute and file a proper release of such lien.

ARTICLE X

BOOKS, RECORDS, SEAL, AUDIT

10.1 Inspection by Members: The books, records and papers of the Association shall at all times during reasonable business hours be subject to inspection by any member at the office of the Association.

10.2 Corporate Seal: The corporate seal of the Association shall be circular in form and shall have inscribed thereon the name of the Association, the state of incorporation, and the year of incorporation.

10.3 Audit: An audit shall be made at any time upon order of the board of directors or upon a majority vote of all of the Class A membership entitled to vote at a regular or special meeting of members of the Association.

10.4 Execution of Corporate Documents: When the execution of any instrument has been authorized by the board of directors without specifying the executing officer, such instrument may be executed by any two of the following officers: the president, vice president, secretary, treasurer and assistant secretary. The board of directors may, however, authorize any one of such officers to sign any of such instruments for and on behalf of the Association and may designate officials or employees of the Association other than those named above who may sign such instrument.

ARTICLE XI

AMENDMENTS

11.1 Amendments: These Bylaws may be amended at a regular or special meeting of the members provided that such amendment shall have the assent of two-thirds of the votes of each class of members who are voting in person or by proxy at such meeting and that notice of the amendment had been included in the notice of the meeting. Any matter stated in these Bylaws to be or which is in fact governed by the Declaration may not be amended except as provided in such Declaration.

shall perform all acts and duties usually performed by a president or as prescribed by the board of directors.

8.4 Vice President: In the absence or disability of the president, the vice president shall preside and perform the duties of the president. He shall also perform such other duties as may be delegated to him by the board of directors.

8.5 Secretary: The secretary shall keep or cause to be kept a complete record of all meetings of the Association and of the board of directors; serve notice of the meetings of the board of directors and of its members; keep appropriate current records showing the members of the Association together with their addresses; perform such duties as he is required to perform in connection with assessments; and shall perform such other duties as may be required by the board. The assistant secretary may be authorized by the board of directors to perform the duties of the secretary.

8.6 Treasurer: The treasurer shall keep such records, make such reports and perform such other duties as may be required from time to time.

8.7 Delegation and Change of Duties: In the event of absence or disability of any officer, the board of directors may delegate during such absence or disability the powers or duties of such officer to any other officer or any director.

8.8 Delegation of Powers: No powers of the board of directors or the officers may be delegated to any other person without unanimous consent of the board of directors.

8.9 Amendments to Declaration. The president, or the vice president acting on the president's behalf, and the secretary may prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

ARTICLE IX

ASSESSMENTS

9.1 Basis and Determination: The basis for annual assessments on Units is set forth and established in the Declaration. The board of directors may fix an annual assessment in any amount less than the maximum set forth in the Declaration. The maximum annual assessment established in the Declaration may be changed as provided in the Declaration by vote of the membership. Special assessments for capital improvements may likewise be established by vote of the membership as set forth in the Declaration.

9.2 Certificates With Respect to Assessment: The secretary shall cause to be furnished to the owner liable for an assessment upon demand of such owner a certificate

The undersigned, representing a majority of the vote of the original members of Rainbow Bend Homeowners Association hereby adopt the foregoing Bylaws in accordance with the provisions of NRS 81.470(1).

DATED:

David R. Hoy

Carl E. Hoy

Linda D. Jarry