
BYLAWS
OF
AVADA HOMEOWNERS ASSOCIATION, INC

TABLE OF CONTENTS

ARTICLE I

GENERAL 1

1.01	Registered Office.....	1
1.02	Principal Office	1
1.03	Other Offices	1
1.04	Defined Terms.....	1
1.05	Powers	1

ARTICLE II

MEMBERS

2.01	Membership Rights	1
2.02	Control of Association	2
(a)	Voting Rights	2
(b)	Declarant Control of Association	2
(c)	Composition of the Board	2
(d)	Election of Directors.....	3
(i)	Annual election	3
(ii)	Notice of Eligibility; Nominations	3
(iii)	Qualifications	3
(iv)	Required Disclosure.....	3
(v)	Election Procedure.....	3
(vi)	Director Certification	4
(vii)	Term of Office	4
(e)	Removal of Board Members	4
(f)	Joint or Common Ownership	5
(g)	Proxy Voting	5
(h)	Cumulative Voting.....	5
2.03	Meetings of Members	6
(a)	Annual Meeting.....	6
(b)	Special Meetings	6
(c)	Place of Meetings	6
(d)	Notice	6
(e)	Agenda	6
(f)	Emergency	7
(g)	Quorum.....	7
(h)	Organization	7
(i)	Action by Members	7
(j)	Owners' Right to Record Meetings	8
(k)	Minutes	8
2.04	Action By Members Without a Meeting.....	8

2.05 ... Fixing Date for Determination of Members	8
2.06 ... Assessments	9

ARTICLE III

BOARD OF DIRECTORS	9
3.01 General Powers	9
3.02 Number of Board Members	9
3.03 Board Meetings	9
(a) Regular Meetings	9
(b) Special Meetings	9
(c) Place of Meetings	9
(d) Notice to Directors	9
(e) Notice to Members	10
(f) Agenda	10
(g) Emergency	10
(h) Quorum	11
(i) Organization	11
(j) Quarterly Review	11
(k) Owners' Right to Record Meetings	11
(l) Owners' Right to Speak at Meetings	11
(m) Executive Sessions	11
(n) Minutes	12
3.04 Action by Directors Without a Meeting	13
3.05 Resignations	13
3.06 Vacancies	13

ARTICLE IV

OFFICERS	13
4.01 Officers	13
4.02 Election and Term of Office	14
4.03 Agents; Managers	14
4.04 Removal	14
4.05 Resignations	14
4.06 Vacancies	14
4.07 President	14
4.08 Vice President	15
4.09 Secretary	15
4.10 Treasurer	15
4.11 Assistant Officers	16

ARTICLE V

COMMITTEES	16
------------------	----

ARTICLE VI

NOTICE AND HEARING.....	17
6.01 Notice of Violation	17
6.02 Opportunity for Hearing	17

ARTICLE VII

SEAL.....	17
-----------	----

ARTICLE VIII

INDEMNIFICATION OF DIRECTORS AND OFFICERS.....	18
8.01 Indemnification	18
8.02 Determination	18
8.03 Payment in Advance	19
8.04 Insurance	19
8.05 Other Coverage.....	19

ARTICLE IX

PROHIBITED ACTS OF DIRECTORS, OFFICERS, AND AGENTS	19
9.01 Compensation / Conflicts of Interest.....	19
9.02 Alleged Misconduct	20
9.03 Retaliatory Action Prohibited	20

ARTICLE X

MISCELLANEOUS.....	20
10.01 Execution of Contracts	20
10.02 Attestation	20
10.03 Checks, Drafts.....	21
10.04 Deposits	21
10.05 Fiscal Year	21
10.06 Severability	21
10.07 Priorities, Inconsistencies	21

ARTICLE XI

AMENDMENTS.....	21
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CERTIFICATE OF SECRETARY	23
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BYLAWS
OF
AVADA HOMEOWNERS ASSOCIATION, INC.

ARTICLE 1

GENERAL

1.01 Registered Office. The registered office of the Association shall be located at 4535 W. Russell, Road, Suite 1, Las Vegas, Nevada 89118.

1.02 Principal Office. The principal office of the Association shall be located at 4535 West Russell Road, Suite 1, Las Vegas, Nevada 89118, or such other place as the Board may from time to time determine.

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

1.04 Defined Terms. Capitalized terms used herein, unless otherwise defined herein, shall have the meanings ascribed to such terms in the Declaration of Covenants, Conditions, and Restrictions for Avada, Recorded or to be Recorded in the Office of the Clark County Recorder and applicable to the Development (the "Declaration").

1.05 Powers. The Association shall have all of the powers of a nonstock, nonprofit corporation organized under the laws of the State of Nevada in operating for the benefit of its members, including, without limitation, all of the powers set forth in NRS 116.3102, subject only to such limitations upon the exercise of such power as are expressly set forth in the Articles, these Bylaws, and the Declaration. It shall have the power to do any and all lawful things that may be authorized, required, or permitted to be done under and by virtue of the Declaration and to do any perform any and all acts that may be necessary or proper for or incidental to the exercise of any of the express powers of the Association for the peace, health, comfort, safety, or general welfare of the Owners.

ARTICLE II

MEMBERS

2.01 Membership Rights. Only Owners, including Declarant, shall be Members of the Association. Each Owner shall automatically be a Member of the Association without the necessity of any further action on its part, and membership in

the Association shall be appurtenant to and shall run with the property interested ownership that qualifies the Owner to membership in the Association. Membership in the Association may not be severed from or in any way transferred, pledged, mortgaged, or alienated except with the title to the property ownership interest that qualifies the Owner thereof to membership and then only to the transferee of title to the property interest. Any attempt to make a prohibited severance, transfer, pledge, mortgage, or alienation shall be void.

2.02 Control of the Association.

(a) Voting Rights. Subject to subsections (b) and (c) below, Members shall be entitled to one (1) vote per Lot. Only votes cast in person, by secret ballot, or by proxy may be counted. If any votes are allocated to a Lot that is owned by the Association, those votes may not be cast, by proxy or otherwise, for any purpose.

(b) Declarant Control of Association. Notwithstanding any other provision of the Declaration or of these Bylaws and subject to subsection (c) below, there shall be a period during which the Declarant shall control the Association, and the Declarant or a Person designated by the Declarant may appoint and remove all or some of the officers and Directors of the Association terminates no later than the earlier of:

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

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

(iii) five (5) years after any right to annex new Lots was last exercised by Declarant.

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

(c) Composition of the Board. Not later than sixty (60) days after conveyance by Declarant of twenty-five percent (25%) of the Lots that may be created within the Property to Owners other than Declarant, at least one (1) member of the Board and not less than twenty-five percent (25%) of the members of the Board must be elected by Owners other than Declarant. Not later than sixty (60) days after conveyance by Declarant of fifty percent (50%) of the Lots that may be created 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 must be elected by Owners other than the Declarant. Upon expiration of the Declarant control period set forth in subsection (b) above, the

Owners shall elect the Board, which shall consist of at least three (3) members, at least a majority of who must be Owners.

(d) Election of Directors.

(i) Annual Elections. After termination of the Declarant's control period, elections of Board members must be held annually.

(ii) Notice of Eligibility; Nominations. Not less than thirty (30) days before the preparation of any ballot for the election of any member of the Board, the Secretary of the Association shall cause notice to be given to each Owner of his or her eligibility to serve as a member of the Board. Each Owner who is qualified to serve as a member of the Board may have his or her name placed on the ballot along with the names of the nominees selected by the members of the Board or by the nominating committee established by the Association.

(iii) Qualifications. Each member of the Board must either be a Member or an employee, partner, manager, member, director, trustee, beneficiary, fiduciary, officer, or agent of a Member that is not a natural person. In all events where the Person shall file proof in the records of the Association that: (a) states that the Person is associated with the Owner; and (b) identifies the Lot(s) owned by the Owner. Unless a Person is appointed by the Declarant, a Person may not be a member of the Board if the Person, his or her spouse, or his or her parent or child, by blood, marriage, or adoption, performs the duties of a community manager for the Association.

(iv) Required Disclosure. Each person whose name is placed on the ballot as a candidate for a member of the Board must make a good faith effort to disclose any financial, business, professional, or personal relationship or interest that would result or would appear to a reasonable person to result in a potential conflict of interest for the candidate if the candidate were to be elected to serve as a member of the Board. The candidate must make the disclosure, in writing, to each member of the Association in the manner established by the Association.

(v) Election Procedure. The election of any member of the Board must be conducted by secret written ballot. A vote may not be cast pursuant to a proxy for the election of any Board member. The Secretary of the Association shall cause a secret ballot and a return envelope to be sent, prepaid by United State mail, to the mailing address of each Lot within the Development or to any other mailing address designated in writing by Lot Owner. Each Owner must be provided with at least fifteen (15) days after the date the secret written ballot is mailed to the Owner to return the secret written ballot to the Association. A quorum is not required for the election of any member of the Board. Only the secret written ballots that are returned to the Association may be counted to determine the outcome of the election. The secret written ballots must be opened and counted at a meeting of the Association. A quorum is not required to be present when the secret written ballots are opened and counted at the meeting. The incumbent members of the Board and each Person whose name is placed on the

ballot as a candidate for a member of the Board may not possess, be given access to, or participate in the opening or counting of the secret written ballots that are returned to the Association before those secret written ballots have been opened and counted at a meeting of the Association. The candidates receiving the highest number of votes up to the number of Directors to be elected shall be elected. Each member of the Board shall take office upon election and hold office until his or her successor is elected. Each member of the Board shall take office upon election and hold office until his or her successor is elected or appointed and qualified.

(vi) Director Certification. Each member of the Board shall, within ninety (90) days after his or her appointment or election, certify in writing to the Association, on a form prescribed by the Real Estate Administrator, that he or she has read and understands the governing documents of the Association and the provisions of the Act to the best of his or her ability.

(vii) Term of Office. The term of office of Board members shall be one (1) year, or such other term not to exceed two (2) years as the Board may from time to time establish. If any Board member serves a term in excess of one (1) year, the terms of office for Board members must be staggered in such a manner that, to the extent possible, an equal number of Board members are elected at each election. The foregoing provisions of this subsection 2.02(d)(vii) do not apply to Board members who are appointed by the Declarant. There is no limitation on the number of terms that a Person may serve as a member of the Board.

(e) Removal of Board Members. Notwithstanding any provisions of the Declaration or these Bylaws to the contrary, the Owners, by a two-thirds (2/3) vote of all Persons entitled to vote at any meeting of the Owners at which a quorum is present, may remove any member of the Board with or without cause, other than a member appointed by the Declarant. The removal of any member of the Board must be conducted by secret written ballot. A vote may not be cast pursuant to a proxy for the removal of any Board member. The Secretary of the Association shall cause a secret ballot and a return envelope to be sent, prepaid by United States mail, to the mailing address of each Lot within the Development or to be any other mailing address designated in writing by the Lot Owner. Each Owner must be provided with at least fifteen (15) days after the date the secret written ballot is mailed to the Owner to return the secret written ballot to the Association. Only the secret written ballots that are returned to the Association may be counted to determine the outcome. The secret written ballots must be opened and counted at a meeting of the Association. A quorum is not required to be present when the secret written ballots are opened and counted at the meeting. The incumbent members of the Board, including, without limitation, the member who is subject to the removal, may not possess, be given access to, or participate in the opening or counting of the secret written ballots that are returned to the Association before those secret written ballots have been opened and counted at a meeting of the Association.

(f) Joint or Common Ownership. If any property interest, ownership of which entitles the Owner thereof to vote, is held jointly or in common by more than one (1) Person, the vote or votes to which such property interest is entitled shall also be held jointly or in common in the same manner. However, the vote or votes for such property interest shall be cast, if at all, as a unit, and neither fractional votes nor split votes shall be allowed. In the event joint or common Owners are unable to agree among themselves as to how their vote or votes shall be cast as a unit, they shall lose the right to cast their vote or votes on the matter in question. Any joint or common Owner shall be entitled to cast the vote or votes belonging to the joint or common Owners unless another joint or common Owner shall have delivered to the Secretary of the Association prior to the time for casting such vote a written statement to the effect that the Owner wishing to cast the vote or votes has not been authorized to do so by the other joint or common Owner or Owners.

(g) Proxy Voting. Except as otherwise provided in this subsection 2.02(g), votes allocated to a Lot may be cast pursuant to a proxy executed by the Owner thereof. An Owner may give a proxy only to a member of his immediate family, his tenant who resides in the Development, another Owner who resides in the Development, or any other Person permitted by the Act. If a Lot is owned by more than one (1) Person, each Owner of the Lot may vote or register protest to the casting of votes by the other Owners of the Lot through an executed proxy. An owner may revoke a proxy only by actual notice of revocation to the person presiding over a meeting of the Association. Before a vote may be cast pursuant to a proxy: (i) the proxy must be dated; (ii) the proxy must not purport to be revocable without notice; (iii) the proxy must be designate the meeting for which it is executed; (iv) the proxy must designate each specific item on the agenda of the meeting for which the Owner has executed the proxy, except that the Owner may execute the proxy without designating any specific items on the agenda of the meeting if the proxy is to be used solely for determining whether a quorum is present for the meeting (If the proxy designates one (1) or more specific items on the agenda of the meeting for which the Owner has executed the proxy, the proxy must indicate, for each specific item designated in the proxy, whether the holder of the proxy must cast a vote in the affirmative or the negative on behalf of the Owner. If the proxy does not indicate whether the holder of the proxy must cast a vote in the affirmative or the negative for a particular item on the agenda of the meeting, the proxy must be treated, with regard to that particular item, as if the Owner were present but not voting on that particular item); and (v) the holder of the proxy must disclose at the beginning of the meeting for which the proxy is executed the number of proxies pursuant to which the holder will be casting votes. A proxy terminates immediately after the conclusion of the meeting for which it is executed. A vote may not be cast pursuant to a proxy for the election or removal of a member of the Board. The holder of a proxy may not cast a vote on behalf of the Owner who executed the proxy in a manner that is contrary to the proxy. A proxy is void if the proxy or the holder of the proxy violates any provisions of this subsection 2.02(g).

(h) Cumulative Voting. Voting shall not be cumulative.

2.03 Meetings of Members.

(a) Annual Meeting. The Association shall hold an annual meeting of the Members. The annual meeting of the Members shall be held on or about one (1) year after the date of the last annual meeting. If the Members have not held a meeting for one (1) year, a meeting of the Members must be held in accordance with the Act.

(b) Special Meetings. Special meetings of the Members may be called by the President of the Association, a majority of the Board, or Members having ten percent (10%) or more of the votes in the Association.

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

(d) Notice. Not less than ten (10) days (twenty-one (21) days in the event of a meeting at which an Assessment for a capital improvement or commencement of a civil action is to be considered or action is to be taken on such an Assessment) nor more than sixty (60) days in advance of each meeting of the Members, the Secretary shall cause notice of the meeting to be hand-delivered, sent prepaid by United States mail to the mailing address of each Lot or to any other mailing address designated in writing by the Lot Owner, or if the Association offers to send notice by electronic mail, sent by electronic mail at the request of the Owner to an electronic mail address designated in writing by the Owner. The notice of the meeting must state the time and place of the meeting and include a copy of the agenda for the meeting. The notice must also include notification of the right of an Owner: (i) to have a copy of the minutes or a summary of the minutes of the meeting provided to the Owner upon request and, if required by the Board, upon payment to the Association of the cost of providing the copy to the Owner; and (ii) to speak to the Association or the Board, unless the Board is meeting in executive session.

(e) Agenda. The agenda for every meeting of the Owners must consist of: (i) a clear and complete statement of the topics scheduled to be considered during the meeting, including, without limitation, any proposed amendment to the Declaration or Bylaws, any fees or Assessments to be imposed or increased by the Association, any budgetary changes, and any proposal to remove an officer of the Association or member of the Board; (ii) a list describing the items on which action may be taken and clearly denoting that action may be taken on those items; and (iii) a period devoted to comments by Owners and discussion of those comments. In an Emergency (as hereinafter defined), the Owners may take action on an item which is not listed on the agenda. Except in Emergencies, no action may be taken upon a matter raised during the owner comment period until the matter itself has been specifically included on an agenda as an item upon which action may be taken.

(f) Emergency. As used in this Section 2.03, "Emergency" means any occurrence or combination of occurrences that: (i) could not have been reasonably foreseen; (ii) affects the health, welfare, and safety of the Owners; (iii) requires the immediate attention of, and possible action by, the Board; and (iv) makes it impracticable to comply with the notice provisions of this Section.

(g) Quorum. A quorum is present throughout any meeting of the Association if the number of Members who are present in person or by proxy at the beginning of the meeting equals or exceeds a majority of the total number of voting Members of the Association. If after proper notice has been given for a meeting, the Members who are present in person or by proxy at the meeting are unable to hold the meeting because a quorum is not present at the beginning of the meeting, the Members who are present in person at the meeting may adjourn the meeting to a time that is not less than forty-eight (48) hours or more than thirty (30) days from the date of the meeting, at which subsequent meeting, a quorum shall be deemed to be present if the number of Members who are present in person or by proxy at the beginning of the subsequent meeting equals or exceeds twenty percent (20%) of the total number of voting Members of the Association. If such a quorum is deemed to be present at the subsequent meeting but the actual number of Members who are present in person or by proxy at the beginning of the subsequent meeting is less than the number of Members who are required for a quorum under the governing documents of the Association, the Members who are present in person or by proxy at the subsequent meeting may take action only on those matters that were included as items on the agenda of the original meeting. The provisions of this subsection 2.03(g) do not change the actual number of votes that are required under the governing documents of the Association for taking action on any particular matter. Anything herein to the contrary notwithstanding, a quorum is not required for the election of any members of the Board nor is a quorum required to be present when the secret written ballots for the election of any member of the Board are opened and counted.

(h) Organization. The President, or in his or her absence the Vice-President, shall call meetings of Members to order and act as chairman of such meetings. In the absence of both of said officers, any officer of the Association may call the meeting to order and act as chairman of the meeting. The Secretary of the Association, or in his or her absence the Assistant Secretary, shall act as secretary of the meeting. In the absence of both the Secretary and the Assistant Secretary, any officer of the Association may act as secretary of the meeting.

(i) Action by Members. Except as otherwise provided in the Declaration or these Bylaws, any action (including any approvals required under the Declaration or these Bylaws) may be taken at any legally convened meeting of the Members at which a quorum is present upon the affirmative vote of the Members having a majority (or such greater percentage as may be required in the Declaration or these Bylaws for approval of the Member of any matter) of the total votes present at such meeting in person, by secret ballot, or by proxy. Only votes cast in person, by secret ballot, or by proxy may be counted.

(j) Owner's Right to Record Meetings. An Owner may record on audiotape or any other means of sound reproduction a meeting of the Owners if the Owner, before recording the meeting, provides notice of his intent to record the meeting to the other Owners who are in attendance at the meeting.

(k) Minutes. The Secretary of the Association shall cause minutes to be recorded or otherwise taken at each meeting of the Owners. Not more than thirty (30) days after each such meeting, the Secretary shall cause the minutes or a summary of the minutes of the meeting to be made available to the Owners. A copy of the minutes or a summary of the minutes must be provided to any Owner upon request and, if required by the Board, upon payment to the Association of the cost of providing the copy to the Owner. The minutes of each meeting of the Owners must include: (i) the date, time, and place of the meeting; (ii) the substance of all matters proposed, discussed, or decided at the meeting; and (iii) the substance of remarks made by any Owner at the meeting if he requests that the minutes reflect his remarks or, if he has prepared written remarks, a copy of his prepared remarks if he submits a copy for inclusion. Notwithstanding the foregoing, the Board may establish reasonable limitations on materials, remarks, or other information to be included in the minutes of a meeting of the Owners. The Association shall maintain the minutes of each meeting of the Owners until the common-interest community is terminated.

2.04 Action by Members Without a Meeting. Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting, without notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by the Members with the percentage of the voting power required to take such action. Prompt notice of the taking of any such action shall be given to any such Members entitled to vote who have not so consented in writing.

2.05 Fixing Date for Determination of Members. In order that the Association may determine the Members entitled to notice of and to vote at any meeting of Members or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or for the purpose of any other lawful action, the Board may fix in advance a record date, which shall not be more than sixty (60) nor less than ten (10) days (twenty-one (21) days in the event of a meeting at which an Assessment for a capital improvement or commencement of a civil action is to be considered or action is to be taken on such an Assessment) prior to the date of such meeting or such action, as the case may be. If the Board has not fixed a record date for determining the Members entitled to notice of and to vote at a meeting of Members, the record date shall be at close of business on the day next preceding the day on which notice is given, or if notice is waived, on the close of business on the day next preceding the day on which the meeting is held. If the Board has not fixed a record date for determining the Members entitled to express consent to action in writing without a meeting, when no prior action by the Board is necessary the record date shall be the day on which the first written consent is expressed by any Member. If the Board has not fixed a record date for determining Members for any other purpose, the record date shall be at the close of business on the day on which the Board adopts the resolution relating thereto. A

determination of Members of record entitled to notice of or to vote at a meeting of Members shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

2.06 Assessments. The Owner of any Lot, by acceptance of the deed therefore, covenants and agrees to pay to the Association annual Assessments and special Assessments, such Assessments to be established and collected as set forth in the Declaration.

ARTICLE III

BOARD OF DIRECTORS

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

3.02 Number of Board Members. The Board shall consist of not less than two (2) nor more than five (5) members, the number thereof to be determined from time to time by the Board. Upon expiration of the Declarant control period, the Board shall consist of at least three (3) members, at least a majority of whom must be Owners.

3.03 Board Meetings.

(a) Regular Meetings. Regular meeting of the Board shall be held at such regular times, at least once every ninety (90) days, as may be fixed from time to time by resolution of the Board.

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

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

(d) Notice to Directors. Except as otherwise provided in subsection 3.03(h) hereof, notice of each meeting of the Board shall be mailed to each Director, addressed to him or her at his or her residence or usual place of business at least two (2) days before the day on which such meeting is to be held or shall be sent addressed to him or her at such place by telegraph, cable, wireless, or other form of recorded communication or delivered personally or by telephone not later than the day before the day on which such meeting is to be held. The notice shall state the time and place of

such meeting, but need not state the purposes thereof. A written waiver of notice, whether given before or after the meeting to which it relates, shall be equivalent to the giving of notice of such meeting to the Director or Directors signing such waiver. Attendance of a Director at a Board meeting shall constitute a waiver of notice of such meeting, except when he or she attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

(e) Notice to Members. Except in an Emergency (as hereinafter defined), the Secretary of the Association shall, not less than ten (10) days before the date of each meeting of the Board, cause notice of the meeting to be given to the Owners. Such notice must be either sent prepaid by United State mail to the mailing address of each Lot within the Development or to any other mailing address designated in writing by the Lot Owner, published in a newsletter or other similar publication that is circulated to each Owner, or, if the Association offers to send notice by electronic mail, sent by electronic mail at the request of the Owner to an electronic mail address designated in writing by the Owner. In an Emergency, the Secretary shall, if practicable, cause notice of the meeting to be sent prepaid by United States mail to the mailing address of each Lot within the Development. If delivery of the notice in this manner is impracticable, then notice must be hand-delivered to each Lot within the Development or posted in a prominent place or places within the Common Area. The notice of a meeting of the Board must state the time and place of the meeting and include a copy of the agenda for the meeting or the date on which and the locations where copies of the agenda may be conveniently obtained by the Owners. The notice must include notification of the right of an Owner: (i) to have a copy of the minutes or a summary of the minutes of the meeting provided to the Owner upon request and, if required by the Board, upon payment to the Association of the cost of providing the copy to the Owner; and (ii) to speak to the Association or the Board, unless the Board is meeting in executive session.

(f) Agenda. The agenda for every meeting of the Board must consist of: (i) a clear and complete statement of the topics scheduled to be considered during the meeting, including, without limitation, any proposed amendment to the Declaration or these Bylaws, any fees or Assessments to be imposed or increased by the Association, any budgetary changes, and any proposal to remove an officer of the Association or member of the Board; (ii) a list describing the Items on which action may be taken and clearly denoting that action may be taken on those items; and (iii) a period devoted to comments by Owners and discussion of those comments. The period required to be devoted to comments by Owners and discussion of those comments must be scheduled for the beginning of the meeting. In an Emergency (as hereinafter defined), the Board may take action on an Item which is not listed on the agenda. Except in Emergencies, no action may be taken upon a matter raised during the owner comment period until the matter itself has been specifically included on an agenda as an item upon which action may be taken.

(g) Emergency. As used in this Section 3.03, "Emergency" means any occurrence or combination of occurrences that (i) could not have been reasonably foreseen, (ii) affects the health, welfare, and safety of the Owners, (iii) requires the immediate attention of, and possible action by, the Board, and (iv) makes it impracticable to comply with the notice provisions of this Section.

(h) Quorum. A quorum is deemed present throughout any meeting of the Board if members of the Board entitled to cast fifty percent (50%) of the votes of the Board are present at the beginning of the meeting, and except as otherwise specified in these Bylaws and except also as otherwise expressly provided by Nevada law, the vote of a majority of the Directors present at any such meeting at which a quorum is present shall be the act of the Board. In the absence of a quorum from any such meeting, a majority of the Directors present thereat may adjourn such meeting from time to time to another time or place without additional notice to the Board members other than announcement at the meeting until a quorum shall be present thereat. The Directors shall act only as a Board, and the individual Directors shall have no power as such.

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

(j) Quarterly Review. At least once every ninety (90) days, the Board shall review at one of its meetings (i) a current reconciliation of operating accounts of the Association, (ii) a current reconciliation of the reserve accounts of the Association, (iii) the actual revenues and expenses for the reserve accounts, compared to the budget for those accounts for the current year, (iv) the latest account statements prepared by the financial institutions in which the accounts of the Association are maintained, (v) an income and expense statement, prepared on at least a quarterly basis, for the operating and reserve accounts of the Association, and (vi) the current status of an civil action or claim submitted to arbitration or mediation in which the Association is a party.

(k) Owners' Right to Record Meetings. An Owner may record on audiotape or any other means of sound reproduction a meeting of the Board, unless the Board is meeting in executive session, if the Owner, before recording the meeting, provides notice of his intent to record the meeting to the members of the Board and the other Owners who are in attendance at the meeting.

(l) Owners' Right to Speak at Meetings. Except as otherwise specifically provided in the Declaration or these Bylaws, an Owner may attend any meeting of the Board and speak at any such meeting. The Board may establish reasonable limitations on the time an Owner may speak at such a meeting.

(m) Executive Sessions. The Board may not meet in executive session to enter into, renew, modify, terminate or take any other action regarding a contract, unless it is a contract between the Association and an attorney. The Board may meet in executive session only to: (i) consult with the attorney for the Association on matters relating to proposed or pending litigation, if the contents of the discussion would otherwise be governed by the attorney-client privilege set forth in NRS 49.035 to 49.115, inclusive or to enter into, renew, modify, terminate, or take any other action regarding a contract between the Association and the attorney; (ii) discuss the character, alleged misconduct, professional competence, or physical or mental health of a community manager or an employee of the Association; (iii) except as otherwise provided below in this subsection 3.03(m), discuss a violation of the governing documents of the Association, including, without limitation, the failure to pay an Assessment; (iv) discuss the alleged failure of an Owner to adhere to a construction schedule required or established pursuant to the Act or Section 7.14 of the Declaration, if the alleged failure may subject the Owner to a construction penalty. The Board shall meet in executive session to hold a hearing on an alleged violation of the governing documents of the Association, unless the Person who may be sanctioned for the alleged violation requests in writing that the hearing be conducted by the Board at an open meeting. The Person who may be sanctioned for the alleged violation is entitled to attend the hearing and testify concerning the alleged violation, but he Person may be excluded by the Board from any other portion of the hearing, including, without limitation, the deliberations of the Board. Except as otherwise provided in this subsection 3.03(m), any matter discussed by the Board when it meets in executive session must be generally noted in the minutes of the meeting of the Board. The Board shall maintain minutes of any decision made pursuant to this subsection 3.03(m) concerning an alleged violation and, upon request, provide a copy of the decision to the Person who was subject to being sanctioned at the hearing or to his designated representative. Except as otherwise provided in this subsection 3.03(m), an Owner is not entitled to attend or speak at a meeting of the Board held in executive session.

(n) Minutes. The Secretary of the Association shall cause minutes to be recorded or otherwise taken at each meeting of the Board. Not more than thirty (30) days after each such meeting, the Secretary shall cause the minutes or a summary of the minutes of the meeting to be made available to the Owners. A copy of the minutes or a summary of the minutes must be provided to any Owner upon request and, if required by the Board, upon payment to the Association of the cost of providing the copy to the owner. The minutes of each meeting of the Board must include; (i) the date, time, and place of the meeting; (ii) those members of the Board who were present at and those members who were absent from the meeting; (iii) the substance of all matters proposed, discussed, or decided at the meeting; (iv) a record of each member's vote on any matter decided by vote at the meeting; and (v) the substance of remarks made by any Owner who addresses the Board at the meeting if he requests that the minutes reflect his remarks or, if he has prepared written remarks, a copy of his prepared remarks if he submits a copy for inclusion. Notwithstanding the forgoing, the Board may establish reasonable limitations on materials, remarks, or other information to be

included in the minutes of its meetings. The Association shall maintain the minutes of each meeting of the Board until the common-interest community is terminated.

3.04 Action by Directors Without a Meeting. Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by all Directors and such consent is filed with the minutes of the proceedings of the Board.

3.05 Resignations. Any Director may resign at any time by giving written notice of his or her resignation to the Association. Any such resignation shall take effect at the time specified therein, or if the time when it shall become effective is not specified therein, it shall take effect immediately upon its receipt by the President or the Secretary, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. In addition, any Director, other than a Director appointed by the Declarant, whose assessments are more than forty-five (45) days delinquent or who is absent from three (3) consecutive meetings of the Board shall be deemed to have submitted an immediate resignation. A written resignation shall not be required nor shall the acceptance of any such resignation be necessary to make it effective. Any Director who is deemed to resign from the Board due to delinquent assessments or excessive absences may thereafter only serve on the Board if he or she cures any delinquency, otherwise meets the requirements of an Owner in good standing, and is re-elected or reappointed in accordance with the terms of these Bylaws and the Act.

3.06 Vacancies. A vacancy due to death, resignation, removal, or disqualification may be filled for the unexpired portion of the term thereof by a majority of the Directors then in office, although less than a quorum, or by a sole remaining Director. Vacancies resulting from an increase in the number of Board positions must be filled by vote of the Members. If at any time, by reason of death or resignation or other cause, the Association has no Directors in office, then any officer or any Member may call a special meeting of Members for the purpose of filling vacancies in the Board. If one or more Directors shall resign from the Board, effective at a future date, a majority of the Directors then in office, including those who have so resigned, shall have the power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective.

ARTICLE IV

OFFICERS

4.01 Officers. The Association shall have the following officers: a President, a Secretary, and a Treasurer. At the discretion of the Board, the Association may also have one or more Vice President, one or more Assistant Vice President, one or more Assistant Secretaries, and one or more Assistant Treasurers. Any two or more offices may be held by the same person. An Owner or an employee, partner, manager, member, director, trustee, beneficiary, fiduciary, officer, or agent of Owner may be an

officer. In all events where the Person serving as an officer is not the record Owner, the Person shall file proof in the records of the Association that: (a) states that the Person is associated with the Owner; and (b) identifies the Lot(s) owned by the Owner. Unless a Person is appointed by the Declarant, a Person may not be an officer of the Association if the Person, his or her spouse, or his or her child, by blood, marriage or adoption, performs the duties of a community manager for the Association.

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

4.03 Agents; Managers. In addition to the officers mentioned in Section 4.01 hereof, the Board may, subject to the provisions of the Declaration, appoint such agents or community managers as the Board may deem necessary or advisable, each of which these Bylaws or as the Board may from time to time determine, including the delegation to such agents or managers of any of the powers of the Board or the officers of the Association. The Board may delegate to any officer or to any committee the power to appoint or remove any such agents or managers. Except as otherwise provided in the Act, any Person so appointed must hold either a permit to engage in property management pursuant to NRS Chapter 646 or a certificate for the management of a common-interest community issued by the Real Estate Division of the Nevada Department of Business and Industry.

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

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

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

4.07 President. The President shall be the chief executive officer of the Association and shall have, subject to the control of the Board, general and active supervision and direction over the business and affairs of the Association and over its several officers. The President shall: (a) preside at all meetings of the Members and at all meetings of the Board; (b) make a report of the state of the business of the Association at each annual meeting of the Members; (c) see that all orders and resolutions of the Board are carried into effect; (d) sign, with the Secretary or an Assistant Secretary, any certificates for the Association; (e) have the right to sign,

execute, and deliver in the name of the Association all deeds, mortgages, bonds contracts, or other instruments authorized by the Board, except in cases where the signing, execution, or delivery thereof is expressly delegated by the Board or by these Bylaws to some other officer or agent of the Association or where any of them are required by law otherwise to be signed, executed, or delivered; and (f) have the right to cause the corporate seal, If any, to be affixed to any instrument that requires it. In general, the President shall perform all duties incident to the office of the President and such other duties as from time to time may be assigned to him or her by the Board.

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

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

4.10 Treasurer. If required by the Board, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board shall determine. The Treasurer shall: (a) have charge and custody of and be responsible for all funds, securities, notes, and valuable effects of the Association; (b) receive and give receipt for moneys due and payable to the Association from any sources whatsoever; (c) deposit all such moneys to the credit of the Association or otherwise as the Board or the President shall direct in such banks, trust companies, or other depositories as such be selected in accordance with the provisions of Section 10.04 of these Bylaws; (d) cause such funds to be disbursed by checks or drafts on the authorized depositories of the Association signed as provided in Section 10.04 of these Bylaws; (e) be responsible for the accuracy of the amounts of and cause to be preserved proper vouchers for all moneys so disbursed; (f) have the right to require from time to time reports or statements giving such information as he or she may desire with respect to any and all financial transactions of the Association from the officers or agents transacting the same; (g) render to the President or the Board whenever they, respectively, shall request him or her so to do an account of the financial condition of

the Association and of all his or her transactions as Treasurer, and (h) upon request, exhibit or cause to be exhibited at all reasonable times the cash books and other records to the President or any of the Directors of the Association. In general, the Treasurer shall perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or the Board.

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

ARTICLE V

COMMITTEES

The Board, by resolution adopted by a majority of the whole Board, may constitute one (1) or more committees, which shall in each case consist of one (1) or more of the Directors, and at the discretion of the Board, such officers or other Persons who are not Directors. The Board may designate one (1) or more Directors, officers, or other Persons who are not Directors as alternate members of any committee who may replace any absent or disqualified member at any meeting of the committee. Each such committee shall have and may exercise such powers as the Board may determine and specify in the respective resolutions appointing them; provided, however, that unless all of the members of any committee shall be Directors, such committee shall not have authority to exercise any of the power of the Board in the management of the business and affairs of the Association. A majority of all the member of any such committee may fix its rules of procedure, determine its action, fix the time and place of its meetings, and specify what notice thereof, if any, shall be given, unless the Board shall otherwise by resolution provide. Any member of a committee may resign therefrom at any time by giving written notice of his or her resignation to the President or the Secretary. Any such resignation shall take effect at the time specified therein, or if the time when it shall become effective is not specified therein, it shall take effect immediately upon its receipt by the President or the Secretary, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any vacancy in a committee shall be filled by the vote of a majority of the whole Board. The Board, by resolution adopted by a majority of the whole Board, may, with or without cause, dissolve any committee and, with or without cause, remove any member thereof.

ARTICLE VI

NOTICE AND HEARING

6.01 Notice of Violation. In the event of an alleged violation of the Declaration, these Bylaws, or the Rules and Regulations of the Association, and after written notice of such alleged failure has been delivered to the Member or other Person alleged to be in violation, the Board shall be the right, after affording an opportunity for an appropriate hearing as hereinafter provided, to take any of the remedial measures available to the Board under the Declaration or these Bylaws.

6.02 Opportunity for Hearing. The Board shall set a date, time, and place for the hearing on any alleged violation of the Declaration, These Bylaws, the Rules and Regulations or any other governing documents of the Association and shall notify the Member or other Person who is alleged to have committed the violation in writing of the date, time, and place set for the hearing. The Board shall meet in executive session to hold a hearing on an alleged violation of the governing documents of the Association, unless the Person who may be sanctioned for the alleged violation requests in writing that the hearing be conducted by the Board at an open meeting. The Person who may be sanctioned for the alleged violation is entitled to attend the hearing and testify concerning the alleged violation, but the Person may be excluded by the Board from any other portion of the hearing, including, without limitation, the deliberations of the Board. Except as otherwise provided in this Section, no Owner may attend or speak at a meeting of the Board held in executive session. Except as otherwise provided in this Section, any matter discussed by the Board when it meets in executive session must be generally noted in the minutes of the meeting of the Board. The Board shall maintain minutes of any decision made pursuant to this Section concerning an alleged violation and, upon request, provide a copy of the decision to the Person who was subject to being sanctioned at the hearing or to his designate representative.

ARTICLE VII

SEAL

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

ARTICLE VIII

INDEMNIFICATION OF DIRECTORS AND OFFICERS

8.01 Indemnification. The Association shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that the Person is or was a Director, officer, employee, servant, or agent of the Association against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such Person in connection with such action, suit or proceeding and undertake all costs of defense, until and unless it is proved that the Person acted with willful or wanton misfeasance or with gross negligence and provided that the Person acted in good faith and in a manner that the Person reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had no reasonable cause to believe that its conduct was unlawful. After such proof that the Person acted with willful or wanton misfeasance or with gross negligence or that the Person did not act in good faith, did not reasonably believe its actions were in or not opposed to the best interests of the Association, or had no reasonable cause to believe that its conduct was unlawful, the Association shall no longer liable for the cost of defense, and may recover costs already expended from the Person who so acted. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the Person did not act in good faith or in a manner that the Person reasonably believed to be in or not opposed to the best interests of the Association, or with respect to any criminal action or proceeding, had reasonable cause to believe that the Person's conduct was unlawful. Board members shall not be personally liable to the victims of crimes that may occur on the Property. Punitive damages may not be recovered against the Association but may be recovered from Persons whose activity gave rise to the damages.

8.02 Determination. Any indemnification that the Association has elected to provide under this Article VIII (unless ordered by a court) shall be made by the Association only as authorized in the specific case by a determination that indemnification of the officer, Director, employee, servant, or agent is proper in circumstances because it has met the applicable standard of conduct set forth in Section 8.01. Such determination shall be made: (a) by the Board by a majority vote of quorum consisting of Directors who were not parties to such action, suit, or proceeding; or (b) if such a quorum is not obtainable, or even if obtainable and a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion; provided, however, that if a Director, officer, employee, servant, or agent of the Association has been successful on the merits or otherwise in the defense of any action, suit, or proceeding referred to in Section 8.01, or in defense of any claim, issue, or matter therein, then to the extent that the Association has elected to provide indemnification, it shall automatically be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by it in connection therewith without

the necessity of any such determination that it has met the applicable standard of conduct set forth in Section 8.01.

8.03 Payment in Advance. Expenses incurred in defending a civil or criminal action, suit, or proceeding may, upon action by the Board in accordance with Section 8.02, be paid by the Association in advance of the final disposition of such action, suit, or proceeding upon receipt of an undertaking by or on behalf of the Director, officer, employee, servant, or agent to repay such amount unless it shall ultimately be determined that it is entitled to be indemnified by the Association as authorized in this Article VIII.

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

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

ARTICLE IX

PROHIBITED ACTS OF DIRECTORS, OFFICERS, AND AGENTS

9.01 Compensation / Conflicts of Interest. Except as otherwise provided in this Section 9.01, a Director or officer of the Association shall not: (a) enter into a contract or renew a contract with the Association to provide goods or services to the Association; or (b) otherwise accept any commission, personal profit, or compensation of any kind from the Association for providing goods or services to the Association. The foregoing provision does not prohibit the Declarant, an affiliate of the Declarant, or an officer, employee, or agent of the Declarant or an affiliate of a Declarant from receiving any commission, personal profit, or compensation from the Association, the Declarant, or an affiliate of the Declarant for any goods or services furnished to the Association, entering into contracts with the Association, the Declarant, or an affiliate of the Declarant, or serving as a Director or as an officer of the Association. In addition, a Director, officer, community manager, or other agent of the Association shall not solicit or accept any form of compensation, gratuity, or other remuneration that would improperly influence or would appear to a reasonable person to improperly influence the decisions made by those Persons or would result or would appear to a reasonable person to result in conflict of interest for those Persons. Unless a Person is appointed

by the Declarant, a Person may not be a member of the Board or an officer of the Association if the Person, his or her spouse, or his or her parent or child, by blood, marriage or adoption, performs the duties of a community manager for the Association.

9.02 Alleged Misconduct. If the Board receives a written complaint from an Owner alleging that the Board has violated any provision of the Act or any provision of the Declaration, these Bylaws, or other governing documents of the Association, the Board shall, if action is required by the Board, place the subject of the complaint on the agenda of the next regularly scheduled meeting of the Board. Not later than ten (10) business days after the date that the Association receives such a complaint, the Board or an authorized representative of the Association shall acknowledge receipt of the complaint and notify the Owner that, if action is required by the Board, the subject of the complaint will be placed on the agenda of the next regularly scheduled meeting of the Board.

9.03 Retaliatory Action Prohibited. A Director, officer, employee, or other agent of the Association shall not take, direct, or encourage another Person to take any retaliatory action against an Owner because that individual has; (a) complained in good faith about any alleged violation of any provision of the Act or the governing documents of the Association; or (b) requested in good faith to review the books, records, or other papers of the Association.

ARTICLE X

MISCELLANEOUS

10.01 Execution of Contracts. Except as otherwise required by law or by these Bylaws, any contract or other instrument may be executed and delivered in the name of the Association and on its behalf by the President or any Vice President. In addition, the Board may authorize any other officer or officers or agent or agents to execute and deliver any contract or other instrument in the name of the Association and on its behalf, and such authority may be general or confined to specific instances as the Board may by resolution determine. The Association shall not, without the consent of a majority of the Members entitled to vote, enter into a contract for goods or services for a term of more than one (1) year, except: (a) a contract with a public utility company if the rate charged for the material or service are regulated by the Nevada Public Service Commission (provided, however that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate); (b) prepaid casualty and liability insurance policies of no greater than three (3) years duration; or (c) a management contract approved by the Veterans Administration or the Federal Housing Administration.

10.02 Attestation. Any Vice President, the Secretary, or any Assistant Secretary may attest the execution of any instrument or document by the President or any other duly authorized officer or agent of the Association and may affix the corporate

seal, if any, in witness thereof, but neither such attestation nor the affixing of a corporate seal shall be requisite to the validity of any such document or instrument.

10.03 Checks, Drafts. All checks, drafts, orders for the payment of money, bills of lading, warehouse receipts, obligations, bills of exchange, and insurance certificates shall be signed or endorsed (except endorsements for collection for the account of the Association or for deposit to its credit, which shall be governed by the provisions of Section 10.04) by such officer or officers or agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board.

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

10.05 Fiscal Year. The fiscal year of the Association shall correspond with the calendar year.

10.06 Severability. Each of the provisions of these Bylaws shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

10.07 Priorities, Inconsistencies. If there are conflicts or inconsistencies between these Bylaws and the Declaration, the terms and provisions of the Declaration shall prevail. Any provision contained in the Declaration, these Bylaws, or the other governing documents of the Association that violates the provisions of the Act shall be deemed to conform with the Act by operation of law.

ARTICLE XI

AMENDMENTS

These Bylaws may be repealed, altered, or amended by the affirmative vote of the Board and sixty-seven percent (67%) of the Members entitled to vote and such other persons as required by the Declaration. If any change is made to these Bylaws or any of the other governing documents of the Association, the Secretary of the Association shall, within thirty (30) days after the change is made, prepare and cause to be hand-delivered or sent prepaid by United States mail to the mailing address of each

Lot or to any other mailing address designated in writing by the Lot Owner, a copy of the change that was made.

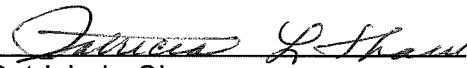
CERTIFICATE OF SECRETARY

I, the undersigned, do certify that:

1. I am duly elected and incumbent Secretary of Avada Homeowners Association, a Nevada nonprofit corporation; and

2. The foregoing Bylaws constitute the Bylaws of the Association as duly adopted by the Board of Directors of the Association by consent dated _____, 2005.

Dated this 15 day of February, 2005.


Patricia L. Shaw

AVADA HOMEOWNERS ASSOCIATION

a Nevada nonprofit corporation

**Consent in Lieu of Organizational Meeting
of Board of Directors**

The undersigned, being all of the Directors of AVADA HOMEOWNERS ASSOCIATION, a Nevada nonprofit corporation (the "Corporation"), do hereby consent to the adoption of, and do hereby adopt, the following resolutions and declare them to be in full force and effect as if they were adopted at a regularly scheduled meeting of the Board of Directors of the Corporation.

I. Resident Agent.

RESOLVED, that the resident agent and location of the Corporation's registered office is Desert Wind Homes, 4535 W. Russell Road, Ste. #1, Las Vegas, Nevada 89118

II. Bylaws.

RESOLVED, that the form of bylaws inserted in the minute book immediately following the minutes of this meeting be, and hereby is, approved and adopted as the Bylaws of the Corporation.

III. Books.

RESOLVED, that the Secretary of the Corporation be, and hereby is, authorized and directed to procure all necessary corporate books in accordance with the Bylaws of the Corporation and the Nevada nonprofit corporations law.

IV. Fiscal Year.

RESOLVED, that the fiscal year of this Corporation for all accounting purposes, income tax purposes, reports to public agencies, and all other purposes usually recognized in connection with the meaning of the term "fiscal year" shall end on December 31 of each year.

V. Officers.

FURTHER RESOLVED, that the following named persons be, and they hereby are, elected to the offices stated beside their names, and they shall hold such offices until their successors have been duly elected and qualified:

President:: Michael J. Galatio
Secretary: Patricia L. Shaw
Treasurer: Patricia L. Shaw

FURTHER RESOLVED, that the officers of the Corporation be, and they hereby are, authorized, empowered, and directed for and on behalf of the Corporation to open such corporate bank accounts and to designate its authorized signatories as may be necessary for the business activities of the Corporation.

FURTHER RESOLVED, that the resolution or resolutions required by any bank for the opening of any bank account and the designation of authorized signatories for any such bank account be, and the same hereby are, considered as passed as if at a duly held meeting of the Board of Directors, and the Secretary is hereby authorized and directed to so certify.

FURTHER RESOLVED, that the President and Secretary of the Corporation be, and each of them hereby is, authorized to enter into, execute, and deliver, in the name of and on behalf of the Corporation, any contract, agreement, deed, conveyance, mortgage, or other instrument that may be deemed by such officer necessary for the business of the Corporation without further act or resolution by the Board of Directors.

FURTHER RESOLVED, that the officers of the Corporation be, and they hereby are, authorized and directed to retain an accountant or accountants to assist in the setting up of the books and records of the Corporation and to advise on accounting matters, such accountants serve at the pleasure of the Board of Directors.

FURTHER RESOLVED, that the President be, and hereby is, authorized to pay all fees and expenses incident to and necessary for the organization of the Corporation.

VI. Initial Budget.

RESOLVED, that the initial budget and reserve account for the Corporation for purposes of establishing annual assessments shall be the budget attached hereto as Exhibit "A".

VII. Assessments.

RESOLVED, that the annual assessments and initial capital assessments for each Lot shall be:

Initial Capital Assessment	\$126.00
Annual Assessment	\$756.00

DATED the 15 day of February, 2005.

DIRECTORS

Michael J. Galatio
Michael J. Galatio

Patricia L. Shaw
Patricia L. Shaw

EXHIBIT "A"
INITIAL BUDGET
