

**CAPITAL VILLAGE**  
**(Heritage Park Phase 6 at Quail Run)**  
**A PLANNED COMMUNITY**

**PUBLIC OFFERING STATEMENT**

by  
**Green Matrix, LLC,**  
**A Nevada limited liability company**

**CAPITAL VILLAGE**  
**(Heritage Park Phase 6 at Quail Run)**  
**A PLANNED COMMUNITY**

**PUBLIC OFFERING STATEMENT**

**1. Names and Addresses:**

**1.1 Name and Address of Declarant:**

Green Matrix, LLC, a Nevada corporation ("Master Declarant")  
PO BOX 8070  
Reno, Nevada 89509  
Attention: Rob Fitzgerald  
Phone: 775-825-9280  
Fax: 775-201-0117

**1.2 Name and Address of Common Interest Community:**

Heritage Park Phase 6 at Quail Run  
Intersection of Fairview Dr. and S. Saliman Rd.  
Carson City, Nevada 895704  
C/O Lynne Cauley Management Group  
1374 Highway 395  
Gardnerville, NV 89410

**2. Type of Common Interest Community:**

Heritage Park Phase 6 at Quail Run is a planned community.

**3. General Description of the Project:**

Heritage Park Phase 6 at Quail Run (the "Project") is a residential subdivision located in Carson City, Carson County, Nevada comprising up to one hundred thirty seven (137) single family residential lots. Construction of the subdivision improvements for the Project are substantially completed. Successor Declarant anticipates that the subdivision improvements will be fully completed by December of 2010. Construction of the residences has commenced and is estimated to be completed by September of 2012.

The Project is within a larger community known as Quail Run.

**4. Estimated Number of Lots in the Project**

It is estimated that the Project will consist of up to one hundred thirty seven (137) residential lots (each a "Lot").

**5. Governing Documents:**

Unless otherwise noted, the following described documents governing the Project are to be delivered to buyer(s) concurrently herewith and are hereby incorporated herein by this reference:

- (i) Declaration of Covenants, Conditions and Restrictions for Capital Village, and any amendments and supplements thereto (the "Declaration");
- (ii) Articles of Incorporation of Capital Village Community Association (the "Association");

- (iii) Bylaws of the Association;
- (iv) Rules and Regulations of Capital Village Community Association (if any);
- (v) The current financial statement of the Association, if any; and
- (vii) The budget for common expenses ("Budget") for the Association.

The Association's present monthly assessment for common expenses per Lot is ~~One Hundred~~ <sup>seventy five</sup> and No/100ths Dollars (\$100.00), payable monthly, which includes an amount forty five dollars and 86/100 (\$45.86) for reserves for repairs, replacement and restoration of common elements in the Community. <sup>75</sup>

**6. Services or Subsidies not reflected in the Budget:**

The Developer is not providing any services or paying any expenses with regard to the Community that it anticipates to be a Common Expense of the Association.

**7. Initial or Special Fees:**

A transfer fee of one hundred dollars (\$100.00) shall be due and payable upon transfer of each property within the association.

**8. Buyer's Right to Cancel:**

Unless the purchaser has personally inspected the Lot, the purchaser may cancel, by written notice, the contract for purchase of the Lot until midnight of the fifth calendar day following the date of execution of the contract for purchase of the Lot.

**9. Unsatisfied Judgments or Pending Suits Against the Association:**

Developer has no actual knowledge of any unsatisfied judgments or pending suits against the Association, or of any pending suits material to the Community.

**10. Fees or Charges for Use of Common Elements:**

There are no current or expected fees or charges to be paid by the Owners for use of the common elements within the Project.

**11. Developmental Rights:**

In order to comply with certain provisions of Nevada law regarding public offering statements for planned communities (specifically, NRS 116.4104), neither Master Declarant nor Seller make any representations or assurances regarding the development rights reserved by Master Declarant on the following matters:

- (i) restrictions on use;
- (ii) the extent to which any buildings or other improvements that may be erected pursuant to any development rights in any part of Capital Village will be compatible with existing buildings and improvements in Capital Village in terms of architectural style, quality of construction, and size;
- (iii) other improvements that may be made and limited common elements that may be created within any part of Capital Village pursuant to any development right reserved by Master Declarant;
- (iv) any limitations as to the locations of any building or other improvement that may be constructed or made within any part of Capital Village pursuant to a development right reserved by the Master Declarant;

- (v) any limited common elements created pursuant to any developmental right reserved by Master Declarant of the same general types and sizes as the limited common elements within other parts of Capital Village;
- (vi) the proportion of limited common elements to Lots created pursuant to any development right reserved by Master Declarant being approximately equal to the proportion existing within other parts of Capital Village;
- (vii) all restrictions in the Declaration affecting use, occupancy and alienation of the Lots applying to any lots created pursuant to any developmental right reserved by Master Declarant; and
- (viii) the extent to which any assurances pursuant to this section apply or do not apply if any development right is not exercised by Master Declarant.

12. **Information Statement Set Forth in NRS 116.41095:**

STATE OF NEVADA  
 DEPARTMENT OF BUSINESS AND INDUSTRY  
 REAL ESTATE DIVISION  
 788 Fairview Drive, Suite 200 \* Carson City, NV 89701-5453 \* (775) 687-4280  
 2501 East Sahara Avenue, Suite 102 \* Las Vegas, NV 89104-4137 \* (702) 486-4033  
 e-mail: [realest@red.state.nv.us](mailto:realest@red.state.nv.us)    <http://www.red.state.nv.us>

**BEFORE YOU PURCHASE PROPERTY IN A  
 COMMON-INTEREST COMMUNITY**

**DID YOU KNOW...**

**1. YOU GENERALLY HAVE FIVE (5) DAYS TO CANCEL THE PURCHASE AGREEMENT?**

When you enter into a purchase agreement to buy a home or unit in a common-interest community, in most cases you should receive either a public offering statement, if you are the original purchaser of the home or unit, or a resale package, if you are not the original purchaser. The law generally provides for a 5-day period in which you have the right to cancel the purchase agreement. The 5-day period begins on different starting dates, depending on whether you receive a public offering statement or a resale package. Upon receiving a public offering statement or a resale package, you should make sure you are informed of the deadline for exercising your right to cancel. In order to exercise your right to cancel, the law generally requires that you hand deliver the notice of cancellation to the seller within the 5-day period, or mail the notice of cancellation to the seller by prepaid United States mail within the 5-day period. For more information regarding your right to cancel, see Nevada Revised Statutes 116.4108, if you received a public offering statement, or Nevada Revised Statutes 116.4109, if you received a resale package.

**2. YOU ARE AGREEING TO RESTRICTIONS ON HOW YOU CAN USE YOUR PROPERTY?**

These restrictions are contained in a document known as the Declaration of Covenants, Conditions and Restrictions. The CC&Rs become a part of the title to your property. They bind you and every future owner of the property whether or not you have read them or had them explained to you. The CC&Rs, together with other "governing documents" (such as association bylaws and rules and regulations), are intended to preserve the character and value of properties in the community, but may also restrict what you can do to improve or change your property and limit how you use and enjoy your property. By purchasing a property encumbered by CC&Rs, you are agreeing to limitations that could affect your lifestyle and freedom of choice. You should review the CC&Rs, and other governing documents before purchasing to make sure that these limitations and controls are acceptable to you.

**3. YOU WILL HAVE TO PAY OWNERS' ASSESSMENTS FOR AS LONG AS YOU OWN YOUR PROPERTY?**

As an owner in a common-interest community, you are responsible for paying your share of expenses relating to the common elements, such as landscaping, shared amenities and the operation of any homeowners' association. The obligation to pay these assessments binds you and every future owner of the property. Owners' fees are usually assessed by the homeowners' association and due monthly. You have to pay dues whether or not you agree with the way the association is managing the property or spending the assessments. The executive board of the association may have the power to change and increase the amount of the assessment and to levy special assessments against your property to meet extraordinary expenses. In some communities, major components of the common elements of the community such as roofs and private roads must be maintained and replaced by the association. If the association is not well managed or fails to provide adequate funding for reserves to repair, replace and restore common elements, you may be required to pay large, special assessments to accomplish these tasks.

**4. IF YOU FAIL TO PAY OWNERS' ASSESSMENTS, YOU COULD LOSE YOUR HOME?**

If you do not pay these assessments when due, the association usually has the power to collect them by selling your property in a nonjudicial foreclosure sale. If fees become delinquent, you may also be required to pay penalties and the association's costs and attorney's fees to become current. If you dispute the obligation or its amount, your only remedy to avoid the loss of your home may be to file a lawsuit and ask a court to intervene in the dispute.

**5. YOU MAY BECOME A MEMBER OF A HOMEOWNERS' ASSOCIATION THAT HAS THE POWER TO AFFECT HOW YOU USE AND ENJOY YOUR PROPERTY?**

Many common-interest communities have a homeowners' association. In a new development, the association will usually be controlled by the developer until a certain number of units have been sold. After the period of developer control, the association may be controlled by property owners like yourself who are elected by homeowners to sit on an executive board and other boards and committees formed by the association. The association, and its executive board, are responsible for assessing homeowners for the cost of operating the association and the common or shared elements of the community and for the day to day operation and management of the community. Because homeowners sitting on the executive board and other boards and committees of the association may not have the experience or professional background required to understand and carry out the responsibilities of the association properly, the association may hire professional community managers to carry out these responsibilities. Homeowners' associations operate on democratic principles. Some decisions require all homeowners to vote, some decisions are made by the executive board or other boards or committees established by the association or governing documents.

Although the actions of the association and its executive board are governed by state laws, the CC&Rs and other documents that govern the common-interest community, decisions made by these persons will affect your use and enjoyment of your property, your lifestyle and freedom of choice, and your cost of living in the community. You may not agree with decisions made by the association or its governing bodies even though the decisions are ones which the association is authorized to make. Decisions may be made by a few persons on the executive board or governing bodies that do not necessarily reflect the view of the majority of homeowners in the community. If you do not agree with decisions made by the association, its executive board or other governing bodies, your remedy is typically to attempt to use the democratic processes of the association to seek the election of members of the executive board or other governing bodies that are more responsive to your needs. If you have a dispute with the association, its executive board or other governing bodies, you may be able to resolve the dispute through the complaint, investigation and intervention process administered by the Office of the Ombudsman for Owners in Common-Interest Communities and Condominium Hotels, the Nevada Real Estate Division and the Commission for Common Interest Communities and Condominium Hotels. However, to resolve some disputes, you may have to mediate or arbitrate the dispute and, if mediation or arbitration is unsuccessful, you may have to file a lawsuit and ask a court to resolve the dispute. In addition to your personal cost in mediation or arbitration, or to prosecute a

lawsuit, you may be responsible for paying your share of the association's cost in defending against your claim.

**6. YOU ARE REQUIRED TO PROVIDE PROSPECTIVE PURCHASERS OF YOUR PROPERTY WITH INFORMATION ABOUT LIVING IN YOUR COMMON-INTEREST COMMUNITY?**

The law requires you to provide a prospective purchaser of your property with a copy of the community's governing documents, including the CC&Rs, association bylaws, and rules and regulations, as well as a copy of this document. You are also required to provide a copy of the association's current year-to-date financial statement, including, without limitation, the most recent audited or reviewed financial statement, a copy of the association's operating budget and information regarding the amount of the monthly assessment for common expenses, including the amount set aside as reserves for the repair, replacement and restoration of common elements. You are also required to inform prospective purchasers of any outstanding judgments or lawsuits pending against the association of which you are aware. For more information regarding these requirements, see Nevada Revised Statutes 116.4109.

**7. YOU HAVE CERTAIN RIGHTS REGARDING OWNERSHIP IN A COMMON-INTEREST COMMUNITY THAT ARE GUARANTEED YOU BY THE STATE?**

Pursuant to provisions of Chapter 116 of Nevada Revised Statutes, you have the right:

- (i) To be notified of all meetings of the association and its executive board, except in cases of emergency.
- (ii) To attend and speak at all meetings of the association and its executive board, except in some cases where the executive board is authorized to meet in closed, executive session.
- (iii) To request a special meeting of the association upon petition of at least ten percent (10%) of the homeowners.
- (iv) To inspect, examine, photocopy and audit financial and other records of the association.
- (v) To be notified of all changes in the community's rules and regulations and other actions by the association or board that affect you.

**8. QUESTIONS?**

Although they may be voluminous, you should take the time to read and understand the documents that will control your ownership of a property in a common-interest community. You may wish to ask your real estate professional, lawyer or other person with experience to explain anything you do not understand. You may also request assistance from the Office of the Ombudsman for Owners in Common-Interest Communities and Condominium Hotels, Nevada Real Estate Division, at:

2501 E. Sahara Ave., Suite 202  
Las Vegas, NV 89104-4137  
Voice: (702) 486-4480  
or toll free at (877) 829-9907  
Fax: (702) 486-4520

**OR**

788 Fairview Dr., Suite 200  
Carson City, NV 89701  
Voice: (775) 687-4280

**The below signed purchasers have received and had ample opportunity to review this information statement disclosing homeowners' rights and obligations under Nevada law. Buyers acknowledge receipt of this six (6) page disclosure statement.**

Buyer or prospective buyer's signature: \_\_\_\_\_

Date: \_\_\_\_\_

THE STATEMENTS SET FORTH ABOVE ARE ONLY SUMMARY IN NATURE. A PROSPECTIVE PURCHASER SHOULD REFER TO THE ENTIRE SET OF DISCLOSURE MATERIALS AND THE PURCHASE AGREEMENT. ALL DISCLOSURE MATERIALS AND THE PURCHASE AGREEMENT ARE IMPORTANT DOCUMENTS AND IF NOT UNDERSTOOD, THE PROSPECTIVE PURCHASER SHOULD SEEK COMPETENT ADVICE.

THIS PUBLIC OFFERING STATEMENT IS CURRENT AS OF APRIL 01, 2009. RECENT DEVELOPMENTS REGARDING (I) THE GENERAL DESCRIPTION OF THE COMMON INTEREST COMMUNITY (NRS 116.4103(1)(b)), (II) GOVERNING DOCUMENTS OF THE COMMUNITY (NRS 116.4103(1)(D) AND (E)); (III) SERVICES OR SUBSIDIES OF DECLARANT NOT REFLECTED IN THE BUDGET (NRS 116.4103(1)(F)), AND (IV) PENDING SUITS AGAINST THE ASSOCIATION (NRS 116.4103(1)(j)), MAY NOT BE REFLECTED IN THIS STATEMENT. DECLARANT IS REQUIRED TO UPDATE THIS PUBLIC OFFERING STATEMENT NO MORE FREQUENTLY THAN A QUARTERLY BASIS. DECLARANT ASSUMES NO OBLIGATION TO SUPPLY BUYER WITH EACH UPDATED VERSION OF THIS PUBLIC OFFERING STATEMENT. THE MOST RECENT VERSION OF THIS PUBLIC OFFERING STATEMENT WILL BE MADE AVAILABLE TO BUYER, UPON REQUEST, AT SELLER'S SALES OFFICE.

Receipt of the Public Offering Statement is hereby acknowledged this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**BUYER(S):**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

**Balance Sheet (Accrual)**  
**Consolidated Statement**  
**Apr 2009**

Page 1  
capitalv  
5/20/2009  
04:54 PM

<b>ASSETS</b>	
<b>OPERATING CASH ACCOUNT</b>	
Nevada State Bank	<u>34,526.34</u>
<b>TOTAL OPERATING CASH</b>	<b>34,526.34</b>
<b>RESERVE CASH ACCOUNT</b>	
Nevada State Bank-Reserve Acct	<u>144,364.77</u>
<b>TOTAL RESERVE CASH</b>	<b>144,364.77</b>
<b>OTHER ASSETS</b>	
Accounts Receivable	10,883.21
Prepaid Insurance	<u>1,960.68</u>
<b>TOTAL OTHER ASSETS</b>	<b>12,843.89</b>
<b>TOTAL ASSETS</b>	<b>191,735.00</b>
<b>LIABILITIES &amp; CAPITAL</b>	
<b>LIABILITIES</b>	
Accounts Payable	412.09
Prepayments	<u>6,645.00</u>
<b>TOTAL LIABILITIES</b>	<b>7,057.09</b>
<b>CAPITAL &amp; RESERVE FUNDING</b>	
Retained Earnings	<u>184,677.91</u>
<b>TOTAL CAPITAL</b>	<b>184,677.91</b>
<b>TOTAL OF ALL</b>	<b>191,735.00</b>

**Income Statement (Accrual)  
Consolidated Statement  
Apr 2009**

Page 1  
capitalv  
5/20/2009  
04:54 PM

	Month to Date	%	Year to Date	%
<b>INCOME</b>				
Assessment Fees	13,600.00	67.22	86,203.11	48.84
Violation Fee	100.00	0.49	100.00	0.06
Late Charge	25.00	0.12	1,600.00	0.85
Other Income	112.55	0.56	112.55	0.06
Refund	102.00	0.50	102.00	0.06
Gate Remote	0.00	0.00	255.00	0.14
<b>TOTAL INCOME</b>	<b>13,939.55</b>	<b>68.90</b>	<b>88,272.68</b>	<b>50.01</b>
<b>EXPENSE</b>				
<b>ADMINISTRATIVE EXPENSE</b>				
Bank Charges	0.20	0.00	133.75	0.08
Lien/Demand Letter Origination	0.00	0.00	30.00	0.02
Management Fees	950.00	4.70	4,000.00	2.27
Legal Fees	22.50	0.11	320.55	0.18
Accounting	0.00	0.00	1,275.00	0.72
Insurance - exp.	245.08	1.21	980.32	0.56
<b>TOTAL ADMINISTRATIVE EXP</b>	<b>1,217.78</b>	<b>6.02</b>	<b>6,739.62</b>	<b>3.82</b>
<b>OPERATING EXPENSE</b>				
Water	89.54	0.44	241.43	0.14
Gate & Fence	63.34	0.31	167.65	0.09
Electric	361.60	1.79	1,448.22	0.82
Landscape Maint.	0.00	0.00	889.00	0.32
Landscape Contract	0.00	0.00	2,898.00	1.64
Misc. Expense	57.50	0.28	157.80	0.09
<b>TOTAL OPERATING EXPENSE</b>	<b>571.98</b>	<b>2.83</b>	<b>5,480.10</b>	<b>3.10</b>
<b>RESERVE TRANSFERS</b>				
Transfer to Reserves	6,191.10	30.60	88,021.00	49.87
<b>TOTAL RESERVE TRANSFERS</b>	<b>6,191.10</b>	<b>30.60</b>	<b>88,021.00</b>	<b>49.87</b>
<b>TOTAL EXPENSE</b>	<b>7,980.86</b>	<b>39.45</b>	<b>100,240.72</b>	<b>56.79</b>
<b>NET OPERATING INCOME</b>	<b>5,958.69</b>	<b>29.45</b>	<b>-11,968.06</b>	<b>-6.78</b>
<b>RESERVES</b>				
<b>RESERVE INCOME</b>				
Reserve Interest Income	101.21	0.50	214.13	0.12
Reserve Account Contributions	6,191.10	30.60	88,021.00	49.87
<b>TOTAL RESERVE INCOME</b>	<b>6,292.31</b>	<b>31.10</b>	<b>88,235.13</b>	<b>49.99</b>
<b>NET RESERVE INCOME/LOSS</b>	<b>6,292.31</b>	<b>31.10</b>	<b>88,235.13</b>	<b>49.99</b>
<b>NET CASH FLOW</b>	<b>12,251.00</b>	<b>60.55</b>	<b>76,267.07</b>	<b>43.21</b>

**Cash Flow (Accrual)  
Consolidated Statement  
Apr 2009**

Page 1  
capitalv  
5/20/2009  
04:54 PM

	Month to Date	%	Year to Date	%
<b>INCOME</b>				
Assessment Fees	13,800.00	67.22	86,203.11	48.84
Violation Fee	100.00	0.49	100.00	0.06
Late Charge	25.00	0.12	1,500.00	0.85
Other Income	112.55	0.56	112.55	0.06
Refund	102.00	0.50	102.00	0.06
Gate Remote	0.00	0.00	255.00	0.14
<b>TOTAL INCOME</b>	<b>13,939.55</b>	<b>68.90</b>	<b>88,272.66</b>	<b>50.01</b>
<b>EXPENSE</b>				
<b>ADMINISTRATIVE EXPENSE</b>				
Bank Charges	0.20	0.00	133.75	0.08
Lien/Demand Letter Origination	0.00	0.00	30.00	0.02
Management Fees	950.00	4.70	4,000.00	2.27
Legal Fees	22.50	0.11	320.55	0.18
Accounting	0.00	0.00	1,275.00	0.72
Insurance - exp.	245.08	1.21	980.32	0.56
<b>TOTAL ADMINISTRATIVE EXP</b>	<b>1,217.78</b>	<b>6.02</b>	<b>6,739.62</b>	<b>3.82</b>
<b>OPERATING EXPENSE</b>				
Water	89.54	0.44	241.43	0.14
Gate & Fence	63.34	0.31	167.65	0.09
Electric	361.60	1.79	1,448.22	0.82
Landscape Maint.	0.00	0.00	569.00	0.32
Landscape Contract	0.00	0.00	2,896.00	1.64
Misc. Expense	57.60	0.28	157.80	0.09
<b>TOTAL OPERATING EXPENSE</b>	<b>571.98</b>	<b>2.83</b>	<b>5,480.10</b>	<b>3.10</b>
<b>RESERVE TRANSFERS</b>				
Transfer to Reserves	6,191.10	30.60	88,021.00	49.87
<b>TOTAL RESERVE TRANSFERS</b>	<b>6,191.10</b>	<b>30.60</b>	<b>88,021.00</b>	<b>49.87</b>
<b>TOTAL EXPENSE</b>	<b>7,980.86</b>	<b>39.45</b>	<b>100,240.72</b>	<b>56.79</b>
<b>NET OPERATING INCOME</b>	<b>5,958.69</b>	<b>29.45</b>	<b>-11,968.06</b>	<b>-6.78</b>
<b>RESERVES</b>				
<b>RESERVE INCOME</b>				
Reserve Interest Income	101.21	0.50	214.13	0.12
Reserve Account Contributions	6,191.10	30.60	88,021.00	49.87
<b>TOTAL RESERVE INCOME</b>	<b>6,292.31</b>	<b>31.10</b>	<b>88,235.13</b>	<b>49.99</b>
<b>NET RESERVE INCOME/LOSS</b>	<b>6,292.31</b>	<b>31.10</b>	<b>88,235.13</b>	<b>49.99</b>
<b>NET CASH FLOW</b>	<b>12,251.00</b>	<b>60.55</b>	<b>76,267.07</b>	<b>43.21</b>
<b>CASH FLOW</b>	<b>12,251.00</b>		<b>76,267.07</b>	
Beginning Cash	27,285.10			
Ending Balance	34,526.34			



# ❖ Association Bylaws

BY-LAWS OF  
CAPITAL VILLAGE HOMEOWNERS ASSOCIATION Inc.

ARTICLE I

Definitions

Section 1. "Declaration" shall mean that certain Declaration of Covenants, Conditions and Restrictions applicable to the project property dated December 18, 2003, and filed in the Office of the Recorder of Carson City, Nevada, on the 18<sup>th</sup> day of December, 2003, as Document Number 311253, the First Amendment to Declaration of Covenants, Conditions and Restrictions for Capital Village, A Planned Community recorded with the Carson City Recorder on April 5, 2004, file number 316562 and the Second Amendment to Declaration of Covenants, Conditions and Restrictions for Capital Village, A Planned Community recorded with the Carson City Recorder on August 4, 2004, file number 323165, as the same may be amended from time to time in accordance with the terms thereof.

Section 2. Other terms used herein shall have the meaning given to them in the Declaration and the Articles of Incorporation of this corporation.

ARTICLE II

Qualification for Membership

Section 1. Membership. The qualifications for membership shall be as provided in Article Sixth of the Articles of Incorporation of this corporation.

ARTICLE III

Voting Rights

Section 1. Exercise of Voting Rights. Voting rights of members shall be as set forth in Article Seventh of the Articles of Incorporation of this corporation. Any holder of an outstanding membership entitled to vote may attend and vote at meetings in person, or by a proxy holder duly appointed by a written proxy signed by the member and filed with the Secretary. Any proxy shall terminate immediately after the conclusion of the meeting for which it was executed and may be revoked at any time by written notice to the Secretary. It shall be deemed revoked when the Secretary shall receive actual notice of the death or judicially declared incompetence of such member or upon disqualification of the member to exercise the rights of membership pursuant to the terms hereof.

A vote may not be cast pursuant to a proxy for the election of a member of the executive board.

#### ARTICLE IV

##### Meeting of Members

Section 1. Quorum. The presence at any meeting of the members or their proxies having at least twenty percent (20%) of the total votes shall constitute a quorum. Unless otherwise expressly provided herein or in the Declaration and the Articles of Incorporation any action may be taken at any meeting of the members upon the affirmative vote of a majority of the total votes present at such meeting in person or by proxy.

Section 2. Annual Meeting. There shall be a meeting of the members on the first Saturday day of March of each year at 10:00 o'clock a.m. upon the common area or at such other reasonable place or time (not more than fifteen (15) days before or after such date) as may be designated by written notice of the Board delivered to the members not less than ten (10) days prior to the date fixed for said meeting.

Section 3. Special Meetings. Special meetings of the members may be called at any time for the purpose of considering matters which, by the terms of the Articles of Incorporation, these By-Laws or the Declaration, require the approval of all or some of the members, or for any other reasonable purpose. Said meetings shall be called by written notice signed by the President, a majority of the Board, or by any members having ten percent (10%) of the total votes and delivered not less than ten (10) nor more than sixty (60) days prior to the date fixed for said meeting. Said notices shall specify the date, time and place of the meeting and the matters to be considered thereat.

#### ARTICLE V

##### Powers

Section 1. Exercise of Powers. The powers of the Association shall be vested in, exercised by, under the authority of, and the affairs of the Association shall be controlled by the Board of Directors consisting of not less than three (3) nor more than five (5) members.

#### ARTICLE VI

##### Election, Tenure and Proceedings of Board of Directors

Section 1. Election. At each annual meeting, the

members shall elect a Board of Directors for the forthcoming year, consisting of not less than three (3) nor more than five (5) members.

Section 2. Term and Removal. Board members shall serve for a term of two (2) years or until their respective successors are elected, or until their death, resignation or removal, which ever is the earlier. Any Board member may resign at any time by giving written notice to the President or Secretary, and any person may be removed from office by vote of the member.

Section 3. Vacancies. Vacancies on the Board shall be filled by a majority of the remaining Board members though less than a quorum, and each Board member so elected shall hold office until his successor is elected by the members. Upon tender of a resignation by a Board member, the Board shall have the power to elect his successor to take office at such time as the resignation becomes effective.

Section 4. Conduct of Business. For a Board comprised of three (3) members, two (2) members of the Board shall constitute a quorum. For a Board comprised of four (4) or more members, three (3) members shall constitute a quorum. If a quorum is present, the decision of a majority of those present shall be the act of the Board. Meetings of the Board may be called, held and conducted in accordance with such regulations as the Board may adopt. The Board may also act without a meeting by unanimous written consent of the Board members.

Section 5. Tenure of Initial Board. The Directors named in the Articles of Incorporation shall hold office until the first meeting of members at which an election of Directors shall be had. Thereafter, the term of office of each Director shall be two (2) years until the annual meeting of members and the election of his successor.

Section 6. Number of Directors. The authorized number of Directors is not less than three (3) nor more than five (5) members. This number may be changed by an amendment to the Articles of Incorporation or by a By-Law duly adopted by the vote or written assent of members entitled to exercise a majority of the voting power of this corporation.

## ARTICLE VII

### Powers and Duties of Board of Directors

Section 1. Powers and Duties Set Forth in Restrictions. The Board of Directors shall have the exclusive right and responsibility to perform diligently all of the obligations and functions of the Association as set forth in the Declaration and

shall have all rights of the Association in connection therewith.

Section 2. Accounting for Common Expense. At the annual meeting, the Board shall present to the members a written budget of the Common Expenses itemizing receipts and disbursements for the preceding calendar year, the allocation thereof to each member, and the budget for Common Expenses for the coming calendar year. The budget shall be distributed to each member not less than thirty (30) days or more than sixty (60) days before the beginning of the fiscal year of the Association. The Board shall cause to be maintained a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles.

Section 3. Other Books and Records. The Board shall cause to be maintained a complete record of all their minutes and acts and of the proceedings of the members. Such records and documents shall be kept and maintained in a manner consistent with reasonably prudent practice which would be applicable to a business for profit.

Section 4. Appointment and Removal of Officers. The Board shall appoint and remove at pleasure all officers, agents and employees of the Association, prescribing their duties, fixing their compensation and requiring from them security or a fidelity bond for faithful performance of the duties to be prescribed for them to the extent deemed reasonably necessary by the Board or required by the Declaration.

Section 5. Supervision of Officers. The Board shall supervise all officers, agents and employees of the Association and see that their duties are properly performed.

## ARTICLE VIII

### Officers

Section 1. Enumeration of Offices. The officers of this corporation shall be a President and Vice President, who shall at all times be members of the Board of Directors, and a Secretary and Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Term. The officers of this Association, except such officers as may be appointed in accordance with Sections 3 or 5 of this Article, shall be chosen annually by the Board and each shall hold his office for two (2) years unless he shall sooner resign, or shall be removed, or be otherwise disqualified to serve.

Section 3. Special Appointments. The Board may appoint

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.

Section 4. Resignation and Removal. Any officer may be removed from office either with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or Secretary. Such resignation shall take effect at 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.

Section 5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or other cause may be filled in the manner prescribed in the By-Laws for regular appointment to such office. The appointee to such vacated office shall serve the remainder of the term of the officer he replaces.

Section 6. Multiple Offices. The offices of Secretary or Assistant Secretary and Treasurer may be held by the same person. No person shall be appointed to more than one of any of the other offices except in the case of special offices created pursuant to Section 3 of this Article.

## ARTICLE IX

### President

Section 1. Election. At their first meeting, the Board shall elect one of their number to act as President.

Section 2. Duties. The President shall:

(a) preside over all meetings of the members and of the Board;

(b) sign as President all deeds, contracts and other instruments in writing which have been first approved by the Board, unless the Board, by duly adopted resolution, has authorized the signature of a lesser officer;

(c) call meetings of the Board whenever he deems it necessary in accordance with rules and upon notice agreed upon by the Board. The notice period shall, with the exception of emergencies, in no event be less than three (3) days;

(d) have, subject to the advice of the Board, general supervision, direction and control of the affairs of the Association and discharge such other duties as may be required of

him by the Board.

## ARTICLE X

### Vice President

Section 1. Election. At its first meeting, the Board may elect one of its number to act as Vice President.

Section 2. Duties. The Vice President shall:

(a) act in the place and stead of the President in the event of his absence, inability or refusal to act;

(b) exercise and discharge such other duties as may be required of him by the Board. In connection with any such additional duties, the Vice President shall be responsible to the President.

## ARTICLE XI

### Secretary and Assistant Secretary

Section 1. Election. At its first meeting, the Board shall elect one of its number to act as Secretary.

Section 2. Duties. The Secretary shall:

(a) keep a record of all meetings and proceedings of the Board and of the members;

(b) keep the corporate seal of the Association and affix it on all papers requiring said seal;

(c) serve such notices of meetings of the Board and the members required either by law or by these By-Laws;

(d) keep appropriate current records showing the members of this corporation together with their addresses;

(e) sign as secretary all deeds, contracts and other instruments in writing which have been first approved by the Board if said instruments require a second Association signature unless the Board has authorized another officer to sign in the place and stead of the Secretary by duly adopted resolution.

Section 3. Appointment and Duties of the Assistant Secretary. The Board may, in its discretion, appoint one of its number to act as an Assistant Secretary who, in the case of absence, inability or refusal to act on the part of the Secretary,

shall perform the duties thereof. The Assistant Secretary shall also perform such other duties as may be required of him by the Board.

## ARTICLE XII

### Treasurer

Section 1. Election. At its first meeting, the Board shall elect one of its number to act as a Treasurer.

Section 2. Duties. The Treasurer shall:

(a) receive and deposit in such bank or banks as the Board may, from time to time, direct all of the funds of the Association;

(b) be responsible for and shall supervise the maintenance of the books and records to account for such funds and other Association assets;

(c) disburse and withdraw said funds as the Board may from time to time direct and in accordance with prescribed procedures.

## ARTICLE XIII

### Subordinate Officers

Section 1. Appointment. The Board may appoint such subordinate officers as it deems desirable from time to time.

Section 2. Duties. Such subordinate officers shall have the duties that the Board may, from time to time prescribe, including the right to act in the place and stead of such officers, other than the President, as the Board may designate.

## ARTICLE IX

### Miscellaneous

Section 1. Inspection of Books and Records. The books, records and such papers as may be placed on file by the members or the Board shall, at all times during reasonable business hours, be open to the inspection of any member.

Section 2. Corporate Seal. The Association shall have a seal in circular form having within its circumference the words "CAPITAL VILLAGE HOMEOWNERS ASSOCIATION, INC."

Section 3. Adoption and Amendment of These By-Laws. The Board of Directors is authorized to adopt these initial By-Laws to govern the affairs of the Association by the vote of a majority of the Board of Directors. Thereafter these By-Laws as adopted may be amended or repealed and new By-Laws adopted by the vote or written consent of a majority of the voting power of the members.

Section 4. Consent to Waiver of Notice. The transactions at any meeting of the members, however called or noticed, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present, in person or by proxy, if either before or after the meeting, each member entitled to vote but not present thereat signs a written waiver of notice, or a consent to the holding of such meeting or approval of the true and correct minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

Section 5. Rules. Subject to the limitations contained in the Declaration, the Board of Directors may from time to time make, publish and enforce rules and establish and collect fines for the violation thereof, governing the use of the property over which this corporation has jurisdiction and the conduct of the users thereof, in the manner set forth in such Declaration. A current record of all rules, as amended from time to time, and a record of the amount of the fines (if any) established for the violation thereof, shall be kept by the Secretary of the corporation and shall be available to any member at any reasonable time.

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned, being the Directors of CAPITAL VILLAGE HOMEOWNERS ASSOCIATION, INC., a non-profit corporation, do hereby consent to the foregoing By-Laws and adopt the same as and for the By-Laws of said corporation.

6th IN WITNESS WHEREOF, we have hereunto set our hands this day of May, 2007.5

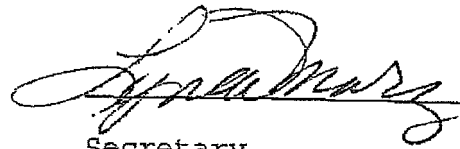
RSO

Synedman

CERTIFICATE OF SECRETARY

KNOW ALL MEN BY THESE PRESENTS THAT:

The undersigned, Secretary of the Association known as CAPITAL VILLAGE HOMEOWNERS ASSOCIATION, INC., does hereby certify that the above and foregoing By-Laws were duly adopted by the Board of Directors of said Association on the 6<sup>th</sup> day of May, 2005, and that they now constitute said By-Laws.

  
Secretary

DEAN HELLER  
Secretary of State

RENEE L. PARKER  
Chief Deputy  
Secretary of State

PAMELA RUCKEL  
Deputy Secretary  
for Southern Nevada

STATE OF NEVADA



OFFICE OF THE  
SECRETARY OF STATE

CHARLES E. MOORE  
Securities Administrator

SCOTT W. ANDERSON  
Deputy Secretary  
for Commercial Recordings

ELLYCK HSU  
Deputy Secretary  
for Elections

Certified Copy

May 2, 2005

Job Number: C20050502-1146  
Reference Number: 20050159722-03  
Expedite:  
Through Date:

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number(s)	Description	Number of Pages
20050159722-03	Articles of Incorporation	6 Pages/1 Copies



Respectfully,

Handwritten signature of Dean Heller in cursive.

DEAN HELLER  
Secretary of State

By

Handwritten signature of the Certification Clerk in cursive.

Certification Clerk

Commercial Recording Division  
202 N. Carson Street  
Carson City, Nevada 89701-4069  
Telephone (775) 684-5708  
Fax (775) 684-7138



DEAN HELLER  
 Secretary of State  
 206 North Carson Street  
 Carson City, Nevada 89701-4299  
 (775) 684 5708  
 Website: secretaryofstate.biz

Entity #  
**E0253752005-3**  
 Document Number:  
**20050159722-03**

**Nonprofit Articles of Incorporation**  
 (PURSUANT TO NRS 82)

Date Filed:  
 5/2/2005 11:58:29 AM  
 In the office of

*Dean Heller*

Important: Read attached instructions before completing form.

ABOVE SPACE # Dean Heller

<b>1. Name of Corporation:</b>	CAPITAL VILLAGE HOMEOWNERS ASSOCIATION, INC.			Secretary of State	
<b>2. Resident Agent Name and Street Address:</b> <small>(Must be a Nevada address where process may be served.)</small>	SCOTT HEATON				
	3064 SILVER SAGE DRIVE, STE. 102		CARSON CITY	NEVADA 89701	
	Physical Street Address		City	State Zip Code	
P.O. BOX 605		CARSON CITY	NV	89702	
Additional Mailing Address		City	State	Zip Code	
<b>3. Names, Addresses, Number of Board of Directors/Trustees:</b>	The names and addresses of the First Board of Directors/Trustees are as follows:				
	1. DEAN PEARSON				
	985 DAMONTE RANCH PKY., STE 300		RENO	NV	89521
	Street Address		City	State	Zip Code
	2. LYNDA MARZ				
	985 DAMONTE RANCH PKY., STE 300		RENO	NV	89521
	Street Address		City	State	Zip Code
	3. LOU BORREGO				
	985 DAMONTE RANCH PKY., STE 300		RENO	NV	89521
	Street Address		City	State	Zip Code
	4. N/A				
	N/A		N/A	N/A	N/A
	Street Address		City	State	Zip Code
<b>4. Purpose:</b>	The purpose of this Corporation shall be: THE SPECIFIC AND PRIMARY PURPOSE FOR WHICH THE CORPORATION IS (continued)				
<b>5. Names, Addresses and Signatures of Incorporators:</b> <small>(Attach additional pages if there is more than 1 incorporation.)</small>	DEAN PEARSON		<i>[Signature]</i>		
	Name		Signature		
985 DAMONTE RANCH PKY., STE 300		RENO	NV	89521	
Street Address		City	State	Zip Code	
<b>6. Certificate of Acceptance of Appointment of Resident Agent:</b>	I hereby accept appointment as Resident Agent for the above named corporation.				
	<i>[Signature]</i>		Date		
Authorized Signature of R.A. or On Behalf of R.A. Company		5/2/05			

This form must be accompanied by appropriate fees. See attached fee schedule.

THE PURPOSE OF THE CORPORATION (continued):

to operate as a homeowners association pursuant to Chapter 116 of the Nevada Revised Statutes and to manage, maintain, preserve and operate for the benefit of its members the real and personal property over which this corporation has jurisdiction and the improvements thereon for the benefit of the owners thereof, for their pleasure, recreation and use, and in furtherance of the foregoing purposes to do any and all things which may be authorized, required or permitted to be done by this corporation under and by virtue of that certain Declaration of Covenants, Conditions and Restrictions for Capital Village, A Planned Community recorded with the Carson City Recorder on December 18, 2003, file number 311253, the First Amendment to Declaration of Covenants, Conditions and Restrictions for Capital Village, a Planned Community recorded with the Carson City Recorder on April 5, 2004, file number 316562, and the Second Amendment to Declaration of Covenants, Conditions and Restrictions for Capital Village, a Planned Community recorded with the Carson City Recorder on August 4, 2004, file number 323165 and all subsequent amendments thereto.

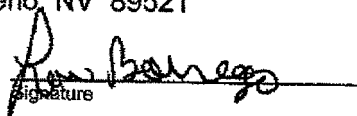
ADDITIONAL ORIGINAL INCORPORATORS:

Lynda Marz

  
signature

985 Damonte Ranch Pky., Ste., 300, Reno, NV 89521

Lou Borrego

  
signature

985 Damonte Ranch Pky., Ste., 300, Reno, NV 89521

ADDITIONAL PROVISIONS OF ARTICLES OF INCORPORATION

FIRST: The general purposes for which the corporation is formed are:

1. To fix, levy, collect and enforce payment by any lawful means of all assessments pursuant to the terms of the Declaration, these articles of incorporation and the corporation's by-laws; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the activities of the corporation, and all taxes and other governmental charges levied or imposed against the property or activities of the corporation;

2. To acquire by gift, purchase or otherwise, and to own, hold, enjoy, lease, operate and maintain, and to convey, sell, lease, transfer, mortgage or otherwise encumber, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the corporation;

3. To borrow money and to mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

4. To have and to exercise any and all powers, rights and privileges which a non-profit corporation may now or hereafter have or exercise under the laws of the State of Nevada;

5. To act in the capacity of principal, agent, joint-venturer or partner or in any other capacity which may be authorized or approved by the board of directors of the corporation.

SECOND: The foregoing statement of purposes shall be construed as a statement both of purposes and of powers, and the purposes and powers set forth in each clause shall be in no wise limited or restricted by reference to or inference from the terms and provisions of any other clause, but shall be broadly construed as independent purposes and powers.

THIRD: Nothing contained in the foregoing statement of purposes shall be construed to authorize this corporation to carry on any activity for the profit of its

members, or to distribute any gains, profits or dividends to any of its members as such, except upon dissolution or winding up.

FORTH: "Property over which this corporation has jurisdiction" or "property subject to the jurisdiction of this corporation", as the foregoing terms are used in these articles of incorporation, is and refers to that certain real property, or any part or parts or portion or portions thereof, or interest or estate therein, in Carson City, Nevada, more particularly described as CAPITAL VILLAGE A PLANNED UNIT DEVELOPMENT, which is or may hereafter be, but only as and when, made subject to a recorded Declaration of Covenants, Conditions and Restrictions.

FIFTH: The number of directors of the corporation shall be three (3), which number shall constitute the authorized number of directors until changed by amendment by these articles or by a by-law adopted by the members of this corporation.

SIXTH: Except as otherwise provided in the Declaration, this corporation shall have one class of members whose rights and interests shall be identical, except only as to voting rights as hereinafter provided. Each person who or which is shown by a duly acknowledged instrument recorded in the Office of the Carson City Recorder, State of Nevada, to be the owner of a fee interest in one or more numbered parcels embraced within the property described hereinabove, shall be a member of this corporation, except that:

(a) When more than one person holds an interest in any lot, while all such persons shall be members, the vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any particular lot;

(b) Membership shall continue only for so long as such interest is shown of record to be the interest of the member;

(c) Notwithstanding that the corporation may own any such interest as would otherwise entitle the corporation to be a member, the corporation shall not be a member.

SEVENTH: The voting rights of the corporation shall be vested in the members thereof. Except as otherwise provided in the Declaration, each member shall be entitled to as many votes as the number of numbered parcels embraced within the property hereinabove described of which such member is shown by an instrument duly

acknowledged and recorded in the Office of the Carson City Recorder, State of Nevada, to be the owner, but only one vote shall be allowed for each such parcel, notwithstanding that such interest may be owned jointly or in common with others.

EIGHTH: The term for which this corporation is to exist shall not exceed seventy (70) years.

NINTH: The number of parcels and the interest of each member of the corporation therein shall be subject to such charges and assessments, and to costs, fees, penalties and interest or the late payment thereof, as shall from time to time be determined by the board of directors by resolution adopted at any regular or special meeting, and the members shall be subject to such membership fees as provided in the by-laws of the corporation, all subject, however, to the limitations contained in the Declaration affecting the property hereinabove described.

TENTH: By-laws may be adopted or repealed by the vote or written consent of a majority of the voting power of the members.

IN WITNESS WHEREOF, the incorporators have signed this instrument this 27 day of April, 2005.

Lynda Marz

  
Signature

Lou Borrego

  
Signature

Dean Pearson

  
Signature

# SECRETARY OF STATE



## CORPORATE CHARTER

I, DEAN HELLER, the duly elected and qualified Nevada Secretary of State, do hereby certify that **CAPITAL VILLAGE HOMEOWNERS ASSOCIATION, INC.**, did on May 2, 2005, file in this office the original Articles of Incorporation; that said Articles of Incorporation are now on file and of record in the office of the Secretary of State of the State of Nevada, and further, that said Articles contain all the provisions required by the law of said State of Nevada.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of State, at my office on May 2, 2005.

DEAN HELLER  
Secretary of State

By

Certification Clerk

