

**BYLAWS  
OF  
MOUNTAIN VIEW ESTATES COMMUNITY ASSOCIATION**

**ARTICLE ONE  
NAME AND LOCATION**

1.1 Name and Location. The name of the corporation is "Mountain View Estates Community Association" (the "Association"), a Nevada non-profit corporation formed under NRS Chapter 82. The initial principal place where the business of the Association shall be transacted and carried on, will be at 1180 West Peckham Lane, Reno, Nevada 89509.

**ARTICLE TWO  
DEFINITIONS**

2.1 "Declaration" for the purposes of these Bylaws shall mean that certain Declaration of Covenants, Conditions and Restrictions for Mountain View Estates recorded on November 28, 2006, as Document No. 3468012, Official Records, Washoe County, Nevada, as the same may from time to time be amended in accordance with the terms thereof.

2.2 Terms used herein and not defined herein shall have the meanings given to them in the Declaration and the Articles of Incorporation, which are incorporated herein and made a part hereof by this reference.

**ARTICLE THREE  
MEMBERSHIP, VOTING RIGHTS OF MEMBERS  
AND RIGHT OF DECLARANT TO APPOINT  
DIRECTORS AND OFFICERS**

3.1 Membership. The Members of the Association shall be the Owners of the Lots. All Owners, including Declarant, shall be Members of the Association. Each Member shall have the rights, duties, and obligations set forth in the Declaration, the Articles, these Bylaws, and any design standards or rules and regulations as the same may from time to time be amended. No person shall exercise the rights or privileges of membership in the Association until satisfactory proof of ownership has been furnished to the Board of Directors. Proof of ownership of a Lot may consist of a copy of a duly executed and acknowledged grant, bargain and sale deed, or a title insurance policy showing that person to be the Owner of a Lot, or such documentary or other proof as the Board of Directors, in its discretion, shall deem to be satisfactory. The decision of the Board of Directors as to qualification for membership shall be final and conclusive for all purposes.

3.2 Voting Rights. Only Members of the Association shall have voting rights. The voting privileges of the Members shall be as set forth below and as otherwise provided in the Declaration and the Articles of Incorporation. Votes may be cast either in person or by proxy at a duly called meeting of the Members or, if required by the Bylaws or applicable law, by secret written ballot.

(a) General. One (1) vote shall be allocated to each Lot. Except as otherwise provided in subsections (b) and (c) of this Section 3.2, on any Association matter subject to Member voting, a Member (including Declarant), in accordance with the provisions of the Declaration, these Articles, and the Bylaws, may cast the vote(s) allocated to such Member's Lot(s); provided, however, that no vote allocated to a Lot owned by the Association may be cast. In the case of a Lot owned by two (2) or more persons or entities, the vote allocated to that Lot shall be cast by only one of them, in accordance with these Bylaws.

(b) Appointment and Removal of Members of Board and Officers of Association by Declarant. Declarant has reserved the right to appoint and remove all of the members of the Board and all of the officers of the Association until the earlier of the following events:

(i) Sixty (60) days after conveyance, to Owners other than a declarant, of seventy-five percent (75%) of the maximum number of Lots that may be created in the Property; or

(ii) Five (5) years after Declarant has ceased to offer for sale in the ordinary course of business any Lots within the Project; or

(iii) Five (5) years after any right to add new Lots was last exercised.

Declarant shall have the right to designate a person or persons who are entitled to exercise the rights reserved to Declarant under this subparagraph (b). The date on which the rights reserved by Declarant under this subparagraph (b) terminate is herein called "the Declarant's Control Termination Date." From and after the Declarant's Control Termination Date, the Board of Directors and the officers of the Association shall be elected and appointed as provided in the Articles and these Bylaws.

(c) Composition of Board of Directors. Notwithstanding anything to the contrary set forth herein, not later than sixty (60) days after conveyance, to Owners other than a declarant, of twenty-five percent (25%) of the maximum number of Lots that may be created within the Property, at least one member and not less than twenty-five percent (25%) of the members of the Board shall be elected by Owners other than the Declarant. Not later than sixty (60) days after conveyance, to Owners other than a declarant, of fifty percent (50%) of the maximum number of Lots that may be created within the Property, not less than thirty-three and one-third percent (33-1/3%) of the members of the Board shall be elected by Owners other than the Declarant. Not later than the Declarant's Control Termination Date, the Owners shall elect the Board. The transition of control set forth in this subsection shall take place in accordance with Article VI of these Bylaws.

3.3 Proxies. At any meeting of the Members of the Association, any Member may designate another person or persons as provided in this Section to act as a proxy or proxies for any vote such Member is authorized to cast. A Member may give a proxy only to a member of his immediate family, a tenant of the Member who resides in the Project or another Member who resides in the Project. If a Lot is owned by more than one person or entity, each owner of a Lot may vote or register protest to the casting of votes by the other Owner or Owners of such Lot through an executed proxy. An Owner of a Lot 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, the proxy must: (a) be dated; (b) not purport to be revocable without notice; (c) designate the meeting for which it is executed; (d) designate each specific item on the agenda of the meeting for which the Member has executed the proxy, except that the Member 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; and (e) indicate, for each specific item designated in the proxy, if any, whether the holder of the proxy must cast a vote in the affirmative or the negative on behalf of the Member. If a proxy does not indicate whether the holder of the proxy must cast a vote in the affirmative or the negative on a particular item, then the proxy must be treated, with regard to that particular item, as if the Member were present but not voting on that particular item.

The holder of a 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. The holder of a proxy may not cast a vote on behalf of a Member who executed the proxy in a manner that is contrary to the proxy. Furthermore, a proxy is void if the proxy or the holder of the proxy violates any part of this Section 3.3. A proxy terminates immediately after the conclusion of the meeting for which it was executed.

3.4 Exercise of Voting Rights. In the case of a Lot owned by two (2) or more persons or entities, the voting power shall be exercised by only one of them. If only one (1) of several Owners of a Lot is present at a meeting of the Association, that Owner is deemed to be the designated Owner (as though such owner had been designated in writing to the Board), and is entitled to cast the vote allocated to that Lot. If more than one (1) of the Owners are present, the vote allocated to that Lot may be cast by only one such owner, in accordance with the agreement of a majority in interest of the Owners of that Lot. Such owner shall be deemed the designated Owner (as though such owner had been designated in writing to the Board). For purposes of these Bylaws, there shall be deemed to be a majority agreement among several Owners of a Lot if any one of the Owners casts the vote allocated to that Lot without protest made promptly to the person presiding over the meeting by any of the other Owners of the Lot. In the event there is no such protest, it will be conclusively presumed for all purposes that the Owner who cast the vote for a particular Lot was acting with the authority and consent of all other Owners of the same Lot.

3.5 Counting of Votes. Only a vote cast in person or by proxy at a meeting, or by secret ballot, may be counted.

#### **ARTICLE FOUR** **MEETINGS OF MEMBERS**

4.1 Quorum. The presence at any meeting of the Members representing twenty percent (20%) of the total voting power of the Association shall constitute a quorum for the transaction of business. If a quorum exists at the outset of a meeting, a quorum of the Members shall be deemed present throughout the meeting until adjournment, notwithstanding a withdrawal of voting power; provided, however, that a majority of a quorum (or such greater number as may be expressly required by the Governing Documents) shall be necessary to take any action on behalf of the Members. Notwithstanding the foregoing or anything else herein, a quorum is not required for the election of any Member to the Board, nor is a quorum required at an annual

meeting of Members for the approval of prior annual meeting minutes or prior special meeting minutes, nor is a quorum required to be present when the secret ballots for Board elections or removals are opened and counted.

#### 4.2 Meetings.

4.2.1 Annual Meetings. The first annual meeting of Members shall be held within 12 months after the close of escrow for the sale of the first Lot by Declarant. Subsequent annual meetings of Members shall be held on a date and time specified by the Board of Directors in accordance with the Declaration and these Bylaws. Should any annual meeting day fall upon a legal holiday, then the annual meeting of Members shall be held at the same time and place on the next day thereafter ensuing which is not a legal holiday. The purpose of each Annual Meeting is the opening and counting of secret ballots for the election of Directors (in accordance with the procedures set forth in these Bylaws), the ratification of the budget for the next fiscal year, any other matter included within the notice for such annual meeting, and any emergency matters.

4.2.2 Special Meetings Removal Elections. Special meetings of the Members may be called by the President of the Association, a majority of the Board or by Members constituting at least ten percent (10%) of the total number of Members of the Association. The same percentage of Members may also call for an election for the removal of a member of the Board pursuant to Section 116.31036 of the Act. The demand by the Members for a special meeting or removal election must be in the form of a written petition signed by the required percentage of Members, which petition must be mailed, return receipt requested, or served by process server to the Board or the Manager of the Association. The Association shall hold a special meeting called by the Members not less than fifteen (15) days nor more than sixty (60) days after the date on which the petition calling for such special meeting is received. In the case of a removal election called by the Members, the Association shall circulate secret ballots for such election, in the manner required by these Bylaws and Section 116.31036 of the Act, not less than fifteen (15) days nor more than sixty (60) days after the date on which the petition calling for such removal election is received, and shall hold the special meeting at which the secret ballots are to be opened and counted not more than fifteen (15) days after the deadline for returning the secret written ballots.

4.2.3 Scheduling and Notice of Annual Meetings. Not less than ninety (90) days before the beginning of each fiscal year of the Association other than the first fiscal year, the Board shall meet for the purpose of preparing and adopting a proposed budget for the next fiscal year. Not less than thirty (30) nor more than sixty (60) days before the beginning of each fiscal year, the Board shall distribute a proposed budget for such fiscal year, prepare and distribute a secret ballot for the election of Directors (such ballot to be based on the nominations received pursuant to Section 6.5.1), and set a date for the annual meeting of the owners to consider ratification of the budget, which date shall not be less than fifteen (15) nor more than thirty (30) days after mailing notice of the annual meeting. Within five (5) days of this meeting, the Secretary shall provide notice of the annual meeting to each Owner, which notice shall include: (1) a written secret ballot in accordance with Section 6.5.3 (as well as any secret ballot required under Section 6.7), subject to Declarant's right to appoint Directors; (2) a summary of the proposed budget adopted by the Board; (3) a written agenda of the annual meeting; and (4) written notice of the time and place of the annual meeting. In addition, notice shall be given to all Eligible Mortgage Holders in the manner specified in the Declaration. The notice shall

specify the time and place of the meeting and the agenda which must consist of: (a) a clear and complete statement of the topics scheduled to be considered at the meeting, including, but not limited to, the general nature of 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 or member of the Board; (b) a list describing the items on which action may be taken, clearly denoting that action may be taken on those items; and (c) a period devoted to comments by Members and discussion of those comments. In an emergency, the Owners may take action on an item which is not listed on the agenda as an item on which action may be taken. Except in emergencies, no action may be taken upon a matter raised during the Member-comments period until the matter itself has been specifically included on an agenda as an item upon which action may be taken pursuant to this section. As used in this section, "emergency" means any occurrence or combination of occurrences that: (i) could not have been reasonably foreseen; (ii) affects the health, welfare and safety of Owners or the residents in the Project; (iii) requires the immediate attention of, and possible action by, the Board and (iv) makes it impracticable to comply with the notice provisions of these Bylaws. Notice of the meetings shall include a notification of the right of a Member within thirty (30) days after any meeting to have a copy of the minutes or a summary of minutes of the meeting distributed to that Member upon request, if the Member pays the Association the cost of making the distribution, and to speak to the Association or the Board unless the Board is meeting in executive session.

**4.2.4 Notice of Special Meetings.** Written notice of each special meeting shall be given to each Member. In addition, notice shall be given to all Eligible Mortgage Holders in the manner specified in the Declaration. Except as otherwise provided in Section 4.2.5 and subject to Section 4.2.2, all such notices shall be sent not less than fifteen (15) days and not more than sixty (60) days before the relevant meeting, or within such other time period as is prescribed by applicable law. The notice shall specify the time and place of the meeting and the agenda which must consist of: (a) a clear and complete statement of the topics scheduled to be considered at the meeting, including, but not limited to, the general nature of 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 or member of the Board; (b) a list describing the items on which action may be taken, clearly denoting that action may be taken on those items; and (c) a period devoted to comments by Members and discussion of those comments. In an emergency, the Owners may take action on an item which is not listed on the agenda as an item on which action may be taken. Except in emergencies, no action may be taken upon a matter raised during the Member-comments period until the matter itself has been specifically included on an agenda as an item upon which action may be taken pursuant to this section. As used in this section, "emergency" means any occurrence or combination of occurrences that: (i) could not have been reasonably foreseen; (ii) affects the health, welfare and safety of Owners or the residents of the Project; (iii) requires the immediate attention of, and possible action by, the Board and (iv) makes it impracticable to comply with the notice provisions of these Bylaws. Notice of the meetings shall include a notification of the right of a Member within thirty (30) days after any meeting to have a copy of the minutes or a summary of minutes of the meeting distributed to that Member upon request, if the Member pays the Association the cost of making the distribution, and to speak to the Association or the Board unless the Board is meeting in executive session.

**4.2.5 Notices for Certain Actions.** The Board shall provide written notice to the Owner of each Lot of a meeting at which an assessment for a capital improvement or the commencement of a civil action is to be considered or action is to be taken on such an

assessment at least twenty-one (21) calendar days before the meeting. The Association may commence a civil action only in accordance with the provisions of the Declaration and NRS 116.3115.

4.3 Minutes of Meetings of the Members. The Secretary shall prepare minutes for each annual and special meeting of the Members, which minutes may be approved by the Members at the next annual meeting of Members (which approval may occur whether or not a quorum is present). In addition, the Secretary shall cause the minutes or a summary of the minutes of the meeting to be made available to the Members within thirty (30) days after the meeting, provided the Member pays the cost of providing a copy to that Member. Subject to the Board's right to establish reasonable limitations on the materials, remarks, or other information to be included in the minutes, the minutes of each meeting of the Members must include: (a) the date, time, and place of the meeting; (b) the substance of all matters proposed, discussed or decided at the meeting; and (c) 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.

4.4 Adjourned Meetings and Notice Thereof. Any membership meeting, annual or special, whether or not a quorum is present (provided a quorum existed at the outset of such meeting) may be adjourned from time to time by the vote of a majority of the voting power present in person or by proxy in accordance with the Governing Documents.

Unless a meeting is adjourned for more than thirty (30) days, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting other than by an announcement at the meeting at which such adjournment is taken of the time and place of the adjourned meeting. When any membership meeting, either annual or special, is adjourned for more than thirty (30) days, notice of the adjourned meeting shall be given as in the case of the original meeting. If a time and place for the adjourned meeting is not announced at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of, or new date for, the adjourned meeting shall be given as in the case of the original meeting.

4.5 Record Date for Members. Only those Members appearing as record Owners in the official records of the Association on the date forty-five (45) days prior to the scheduled date of any meeting of the Members required or permitted to be held under these Bylaws or the Declaration shall be entitled to notice of or to vote at any such meeting.

4.6 Place of Meetings. Meetings of the Members shall be held within Washoe County, Nevada, at such meeting place as the Board may determine which is reasonably convenient to the Members.

4.7 Membership Approval. Except as otherwise provided in these Bylaws or the Declaration, if there are any provisions in these Bylaws or the Declaration calling for membership approval of action to be taken by the Association then such approval shall be by the prescribed percentages of the voting power of the membership.

4.8 Eligible Mortgage Holder Representation. Each Eligible Mortgage Holder shall have the right to attend all membership meetings through a representative designated in writing and delivered to the Board of Directors.

4.9 Written Consent. Except as to the election and removal of Directors, any action required or permitted to be taken at any meeting of the Members may be taken without a meeting if, before or after the action, a written consent thereto is signed by those Members holding a majority of the voting power of the Association. If the vote of a greater proportion of the Association's voting power is required for an action, then the greater proportion of written consents is required. Such written consent must be filed with the minutes of the proceedings of the Association.

4.10 Vote Appurtenant to Lot. The right to vote may not be severed or separated from the ownership of the Lot to which it is appurtenant, except that any Member may give a revocable proxy in the manner described above, or may assign his or her right to vote to a lessee or tenant actually occupying his Lot or Eligible Mortgage Holder of the Lot concerned, for the term of the lease or security interest, and any sale, transfer or conveyance of such Lot to a new Owner or Owners shall operate automatically to transfer the appurtenant vote to the new Owner, subject to any assignment of the right to vote to a lessee or Eligible Mortgage Holder as provided herein.

#### **ARTICLE FIVE** **NOTICES**

5.1 Method for Giving Notice. Except as otherwise expressly set forth herein, any notice permitted or required to be delivered by the terms of these Bylaws may be delivered either by hand delivery or by mail. If delivery is by mail, it must be directed to the Member at the mailing address of each Lot or to any other mailing address designated in writing by a Member, and the notice shall be deemed to have been received within seventy-two (72) hours after the mailing thereof, except as otherwise stated in the Declaration. The address of any Member may be changed on the records of the Association from time to time by notice in writing to the Secretary. The notice of any meeting shall be in writing and shall be signed by the President or the Secretary of the Association or by such other persons as may be designated by the Board of Directors. The notice of any meeting of Members must state, among other things, the time and place of the meeting and the items set forth in Sections 4.2.3 and 4.2.4, as applicable.

5.2 Waiver of Notice. Whenever any notice is required to be given under the provisions of the statutes or of the Articles of Incorporation or of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

#### **ARTICLE SIX** **NOMINATION, ELECTION, TENURE, MEETINGS**

6.1 Number, Qualification and Initial Board. The affairs of the Association will be managed by a Board of not less than three (3) and no more than five (5) Directors. Except for Directors appointed by Declarant prior to Declarant's Control Termination Date in accordance with the Declaration, the Articles and these Bylaws, and the members of the first Board named in the Articles, each Director must be a Member. The number of members of the Board of Directors will be three (3) until such time as the number is increased as provided in Section 6.3(a) or the number of Directors is changed by amendment to these Bylaws.

6.2 Directors Prior to Declarant's Control Termination Date. Prior to Declarant's Control Termination Date, the Board of Directors will be selected by Declarant, and will serve at the sole discretion of Declarant, subject, however, to the provisions of Section 3.2 and Section 116.31032 of the Act (providing for gradual transition of control of the Board as Lots are sold). The Directors selected by Declarant need not be Members of the Association.

6.3 Election of Directors as Lot Sales Close. From time to time as sales of Lots in the Project proceed, Declarant will yield control of one or more seats on the Board of Directors as necessary to comply with NRS 116.31032 and Section 3.2. Each time that Declarant is required to transfer control of a Director's position, a special election by secret ballot will be held for the purpose of electing a new Director to take the place of the Director designated by Declarant as resigning, and a special meeting shall be scheduled by the Board and held to open and count the ballots of the special election. Pursuant to the foregoing:

(a) After Sales of 25% of Lots. Not later than sixty (60) days after conveyance to Owners other than a declarant of twenty-five percent (25%) of the maximum number of Lots that may be created within the Property, or whenever Declarant earlier determines, the Board of Directors shall be increased to 5 Directors and Members other than Declarant shall elect two (2) Directors. The remaining three (3) Directors shall be appointees of Declarant. The new Directors elected by the Members pursuant to this Section 6.3(a) shall not be subject to removal by the Declarant acting alone and shall be elected for terms of two (2) years from the next occurring annual meeting. If the term of a Director elected pursuant to this provision expires prior to Declarant's Control Termination Date, a successor shall be elected at the annual meeting by Members other than Declarant for a 2-year term.

(b) Election of Directors after Declarant Control Termination Date. Not later than Declarant's Control Termination Date, the Association shall hold a special election by which the Members shall elect three (3) additional Directors who shall take the positions of the Directors appointed by the Declarant. The three (3) Directors elected by the Members pursuant to this Section 6.3(b) shall not be subject to removal by the Declarant acting alone and shall serve for initial terms to be established by the Board of Directors so as to provide for the future election of Directors at annual meetings on alternating years (that is, two (2) Directors to be elected every two (2) years with the remaining three (3) Directors to be elected on alternating years).

(c) Voluntary Surrender. Notwithstanding anything else herein, Declarant may, within its sole and absolute discretion, voluntarily surrender rights to appoint and remove Directors at any time prior to Declarant's Control Termination Date.

6.4 Term of Office of Directors After Declarant's Control Termination Date. At the expiration of the initial terms of office of each member of the Board of Directors provided in Section 6.3, and at each election thereafter, a successor shall be elected to serve for a term of two (2) years. The Directors elected by the Members shall hold office until their respective successors have been elected. Directors may be elected to serve any number of consecutive terms.

## 6.5 Nomination and Election of Directors.

6.5.1 Nominations. Except with respect to Directors appointed by Declarant, nominations for election to the Board of Directors shall be made pursuant to this Section 6.5.1. At least thirty (30) days prior to such time as the Board holds its yearly meeting to adopt a proposed budget for the coming fiscal year pursuant to Section 6.4.3 of the Declaration and Section 4.2.3 of these Bylaws, and at least forty-five (45) days prior to any special meeting required under Section 6.3 hereof, the Board of Directors shall send Director candidate applications to all Members which shall include a notification of the Member's eligibility to serve as a Director. Any Member in good standing (that is, current on all assessments and not subject to any proceedings regarding fines, construction penalties or Violation Assessments) who completes the candidate application form, including the disclosures (in writing) referenced in Section 6.5.3, and submits it to the designated return address within thirty (30) days of the date of such notice shall be placed on the written ballot which shall be mailed to all Members listing all of the candidates. Nominations will not be accepted from the floor of any meeting.

6.5.2 Persons Entitled to Serve on Board. Except for the members of the Board appointed by Declarant in accordance with the Declaration, the Articles and the Bylaws, and the members of the first Board named in the Articles, all members of the Board shall be Members of the Association, and must be at least eighteen (18) years of age. Unless appointed by Declarant, a person may not be a member of the Board (or an officer of the Association) if the person, his spouse, or his parent or child (by blood, marriage, or adoption) performs the duties of Manager for the Association. One (1) officer, employee, agent or director of a corporation, one (1) trustee or designated beneficiary of a trust, one (1) partner of a partnership, one (1) manager or member of a limited liability company, or one (1) personal representative of an estate may serve as an officer or a member of the Board. In all events where the person serving or offering to serve as an officer of the Association or member of the Board is not the record Owner, such person shall file proof of his or her authority in the records of the Association.

6.5.3 Election. Subject to the right of the Declarant to appoint the Board in accordance with these Bylaws, the Declaration, and the Articles, the election of the members of the Board must be conducted by secret ballot and pursuant to the terms of this Section 6.5.3. At least thirty (30) days prior to any special meeting required under Section 6.3, or in advance of each annual meeting at the time required under Section 4.2.3, the Secretary of the Association shall cause to be sent prepaid by United States mail to the mailing address of each Lot within the Property or to any other mailing address designated in writing by the Owner, a secret ballot and a return envelope, which ballot shall state the number of days the Owner has to return the ballot to the Association (which shall be not less than fifteen (15) days from the date the ballot is sent to the Owners). In addition, each Member shall receive a summary of each candidate's qualifications as submitted on his candidate application form, as well as a disclosure for each candidate as to whether such candidate is a member in good standing and a disclosure of each candidate's financial, business, professional, or personal relationships or interests 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 the Board (if any). Only ballots that are returned to the Association may be counted in the election, and write-in votes shall be considered void. Votes cast for the election of a member of the Board must be counted in public at a meeting of the Association. Except as set forth in Section 6.3, the term of any Board Member elected by the Owners may not exceed two (2) years; provided, however, that each Director elected shall hold office until his successor shall have been elected and qualified. A Board Member may be elected

to succeed himself or herself. Each member of the Board shall, within ninety (90) days after his appointment or election, certify in writing, on a form prescribed by the Real Estate Administrator, that he has read and understands the Governing Documents of the Association and the provisions of Chapter 116 of NRS to the best of his or her ability. Subject to the right of the Declarant to appoint the Board in accordance with these Bylaws, the Declaration, and the Articles, the Directors shall be chosen by a plurality of the votes cast at the election for such Directors to be held in accordance with the Articles and these Bylaws.

#### 6.6 Vacancies.

(a) During Declarant Control Period. During the Declarant Control Period, if a Director appointed by Declarant dies, becomes disabled, resigns, or is removed by the Commission for Common-Interest Communities pursuant to the Act, Declarant will appoint a new Director to serve the balance of the term of the resigning, disabled, deceased, or removed Director; and if a Director elected by the Members dies, becomes disabled, resigns, or is removed by the Commission for Common-Interest Communities pursuant to the Act, the remaining Directors will within sixty (60) days of the vacancy appoint a new Director from among the Members other than Declarant to serve the remainder of the term of the resigning, disabled, deceased, or removed Director representing Members other than Declarant.

(b) Following Period of Declarant's Control. After the expiration or termination of the Declarant Control Period, any vacancy occurring on the Board may be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors. The term of the Director so elected will be coincident with the term of the replaced Director. If the Board of Directors fails to appoint a new Director within sixty (60) days of the vacancy, the President or acting President shall call for a special election for the purpose of electing a new Director to fill the vacancy

6.7 Removal by Members. The Members may remove any member of the Board, with or without cause, other than a member of the Board appointed by Declarant (who may be removed only in Declarant's sole and absolute discretion prior to Declarant's Control Termination Date), by a vote in favor of removal that constitutes (i) at least thirty-five percent (35%) of the total number of voting Members, and (ii) at least a majority of all votes cast in such removal election. Any vote for removal must be conducted by secret written ballot, which ballots must be opened and counted at a meeting of the Association; provided, however, that a quorum need not be present when the secret written ballots are opened and counted at the meeting. Subject to any earlier timeline required under Section 4.2.2, at least thirty (30) days before the annual meeting or special meeting at which the ballots regarding removal are to be opened and counted, the Secretary of the Association shall cause to be sent prepaid by United States mail to the mailing address of each Lot within the Property or to any other mailing address designated in writing by the Owner, a secret ballot and a return envelope. The ballot shall state the number of days the Owner has to return the ballot to the Association, which shall be not less than fifteen days from the date the ballot is sent to the Owners. Only ballots that are returned to the Association may be counted to determine the outcome. 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.

## 6.8 Meetings of Board.

6.8.1 Annual Meeting and Schedule of Regular Meetings. An annual meeting of the Board of Directors shall be held immediately following the adjournment of each of the annual meetings of the Members. The purpose of each such annual meeting of the Board of Directors is organization, election of officers, and the transaction of any other matter included within the notice for such annual meeting and any emergency matters permitted under the Act. At each annual organizational meeting, the Board of Directors shall adopt a schedule of regular meetings, at such time and place as may be fixed from time to time by resolution of the Board of Directors, but such meetings will be held no less frequently than once every ninety (90) days, and shall include a meeting to adopt a proposed budget and prepare a secret ballot for election of directors. The purpose of each regular meeting of the Board of Directors is the review of matters described in Section 6.8.5 of these Bylaws, the transaction of any other matter included within the notice for such meeting and any emergency matters permitted under the Act.

6.8.2 Special Meetings. Special meetings of the Board not on the schedule adopted under Section 6.8.1 may be called by the President or on the written request of two (2) or more Directors.

6.8.3 Notice. Regular and special meetings of the Board shall be noticed and held as provided in the Articles, these Bylaws and the Declaration. Except in an emergency, the Secretary of the Association shall, not less than ten (10) days before the date of a meeting of the Board, cause notice of the meeting to be given to the Owners. Such notice must be (a) sent prepaid by United States mail to the mailing address of each Lot within the Property or to any other mailing address designated in writing by the Owner of the Lot or (b) published in a newsletter or other similar publication that is circulated to each Owner. In an emergency, the Secretary of the Association 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 Property. If delivery of the notice in this manner is impracticable, the notice must be hand delivered to each Lot within the Property or posted in a prominent place or places within the Common Elements. The notice of a meeting of the Board must state the time and place of the meeting of the Board and 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 each Owner to (a) have a copy of the minutes or a summary of the minutes of the meeting distributed to such Owner upon request and, if required by the Board, upon payment to the Association of the cost of making the distribution and (b) speak to the Association or Board, unless the Board is meeting in executive session. As used in this section, "emergency" means any occurrence or combination of occurrences that (a) could not have been reasonably foreseen; (b) affects the health, welfare and safety of the Owners or residents of the Project; (c) requires the immediate attention of, and possible action by, the Board and (d) makes it impracticable to comply with the provisions of subsections 2 or 5 of NRS 116.31083.

6.8.4 Agenda. The agenda of a meeting of the Board must comply with the provisions of subsection 3 of NRS 116.3108. The period required to be devoted to comments by Owners and discussion of those comments must be scheduled for the beginning of each meeting. In an emergency, the Board may take action on an item which is not listed on the agenda as an item on which action may be taken.

6.8.5 Financial Review. At each regular meeting, the Board shall review, at a minimum, the following financial information: (a) a current year-to-date financial statement of the Association; (b) a current year-to-date schedule of revenues and expenses for the operating account and the reserve account, compared to the budget for those accounts; (c) a current reconciliation of the operating account of the Association; (d) a current reconciliation of the reserve account of the Association; (e) the latest account statements prepared by the financial institutions in which the accounts of the Association are maintained; and (f) the current status of any civil action or claim submitted to arbitration or mediation in which the Association is a party.

6.8.6 Minutes. The Secretary shall prepare minutes for each meeting of the Board. In addition, the Secretary shall cause the minutes or a summary of the minutes of each Board meeting to be made available to the Members within thirty (30) days after the meeting, provided the Member pays the cost of providing a copy to that Member. Subject to the Board's right to establish reasonable limitations on the materials, remarks, or other information to be included in the minutes, the minutes of each Board meeting must include: (a) the date, time, and place of the meeting; (b) those members of the Board who were present and those who were absent at the meeting; (c) the substance of all matters proposed, discussed or decided at the meeting; (d) the record of each Board member's vote on any matter decided by vote at the meeting; and (e) 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.

6.8.7 Owner's Right to Attend; Executive Sessions. Except as otherwise provided in this section, an Owner may attend any meeting of the Association or 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. The Board may meet in closed, executive session only to (a) 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 privilege set forth in NRS 49.35 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; (b) discuss the character, alleged misconduct, professional competence, or physical or mental health of a community manager or an employee of the association; (c) discuss a violation of the Governing Documents, including, without limitation, the failure to pay an assessment, except as set forth in the next sentence; or (d) discuss the alleged failure of an Owner to adhere to a construction schedule established pursuant to Article VIII of the Declaration. The Board shall meet in closed, executive session to hold a hearing on the alleged violation of the Governing Documents unless the person who may be sanctioned for the alleged violation requests in writing that an open hearing be conducted by the Board. If the person who may be sanctioned for the alleged violation requests in writing that an open hearing be conducted, the person is entitled to attend all portions of the hearing related to the alleged violation, including, without limitation, the presentation of evidence and the testimony of witnesses, but the person is not entitled to attend the deliberations of the Board. Except as otherwise provided in this subsection, any matter discussed in executive session must be generally noted in the minutes of the meeting of the Board. The Board shall maintain detailed minutes of any matter discussed regarding an alleged violation of the Governing Documents, and, upon request, provide a copy of the decision to the person who was subject to being sanctioned at the meeting or to his designated representative. Except for a person who may be sanctioned for an alleged violation as set forth above, an Owner is not entitled to attend or speak at a meeting of the executive board held in executive session.

6.9 Place of Meetings; Telephonic Meetings. The Board may hold meetings, both regular and special, upon the Project or at any other reasonable place within Washoe County, State of Nevada. The Board and members of any Committee designated by the Board may participate in a meeting by means of a conference telephone network or similar communications method by which all persons participating in the meeting hear each other. Participation in a meeting pursuant to this Section 6.9 constitutes presence in person at such meeting.

6.10 Compensation of Directors. No Director shall receive compensation for any services he may render to the Association; however, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

6.11 Action Taken Without a Meeting. Unless otherwise restricted by the Articles of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if, before or after the action, a written consent thereto is signed by a majority of the members of the Board. If the vote of a greater proportion of the Directors is required for an action, then the greater proportion of written consents is required. Such written consent must be filed with the minutes of the proceedings of the Board.

6.12 Quorum in Voting. A majority of the members of the Board at a meeting duly assembled is necessary to constitute a quorum, and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board, except as may be otherwise specifically provided by statute or by the Articles. If a quorum exists at the outset of a meeting, a quorum of the Directors shall be deemed present throughout the meeting until adjournment, notwithstanding a withdrawal of Directors; provided, however, that a majority of a quorum (or such greater number as may be expressly required by the Governing Documents) shall be necessary to take any action on behalf of the Board. If a quorum shall not be present at any meeting of the Board, the Directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. Additionally, a quorum of the Directors may adjourn any Directors' meeting to meet again at a stated time and hour.

6.13 Waiver of Notice. Attendance of a Director at any meeting will constitute a waiver of notice of such meeting, except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Before, at, or after any meeting of the Board of Directors, any Director may waive in writing notice of such meeting, and such waiver will be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the waiver of notice of such meeting.

## ARTICLE SEVEN POWERS AND DUTIES OF THE BOARD OF DIRECTORS

7.1 Powers. The Board of Directors may act in all instances on behalf of the Association, except as provided in the Declaration, these Bylaws or the Act. The Board of Directors shall have all the powers of a non-profit corporation organized under the laws of the State of Nevada and the powers conferred upon it pursuant to appropriate Chapters of the Nevada Revised Statutes, subject only to such limitations on the exercise of such powers as are set forth in the Articles, the Bylaws, and this Declaration. It shall have the power to do any

lawful thing that may be authorized, required, or permitted to be done by the Association under this Declaration, the Articles, and the Bylaws, and to do and perform any act that may be necessary or proper for or incidental to the exercise of any of the express powers of the Association.

7.2 Duties. The Board of Directors shall have the duty to perform those obligations delegated to the Board pursuant to the Articles, the Declaration, and these Bylaws, and any duty otherwise required by law. Without limiting the generality of the foregoing, the Board shall cause the financial statements of the Association to be audited by an independent certified public accountant as required by the Act, and in accordance with the regulations established by the State of Nevada Commission for Common Interest Communities.

7.3 Restrictions on Powers of Board of Directors.

(a) In addition to any restrictions contained in the Declaration, the Association shall be prohibited from taking any of the following actions without the vote or written assent of a majority of the voting power of the Association:

(1) Paying compensation to Directors or to officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board of Directors may cause a Director or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

(2) Filling a vacancy on the Board of Directors created by the removal of a Director.

(3) Incurring aggregate expenditures payable by the Association for capital improvements to the Common Elements or Association Property required to be maintained by the Association in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(4) Commence or maintain a civil action on behalf of the Association, except as otherwise permitted under the Declaration and the Act.

(b) The Association shall be prohibited from taking any of the following actions without the vote or written assent of sixty-seven percent (67%) of the total voting power of the Members of the Association:

(1) Sell any real property owned by the Association.

(2) Hypothecate any or all of the real or personal property owned by the Association as security for money borrowed or debts incurred.

(c) Fines. The amount of any fine imposed for a violation of the Governing Documents and the remedies for failure to pay such a fine shall be subject to any limitations imposed by the Act and the Declaration.

7.4 Committees. Committees to perform such tasks and to serve for such periods as may be designated by the Board of Directors are hereby authorized. Such committees shall

perform such duties and have such powers as may be provided by Board resolution. Each committee shall be composed as required by law and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors. All committees must maintain and publish notice of their actions to Owners and the Board of Directors. However, actions taken by a committee may be appealed to the Board of Directors by any Owner within five (5) days of publication of notice of that action, and the committee's action must be ratified, modified or rejected by the Board of Directors at its next regular meeting.

7.5 Delegation to Manager. The Board may engage the services of a professional Manager to manage the Association Property, the Common Elements, and the general affairs of the Association. The Board may delegate any of its powers, duties, and responsibilities to a professional Manager.

## ARTICLE EIGHT OFFICERS

8.1 Designation. The principal officers of the Association shall be a President, Vice President, a Secretary and a Treasurer, all of whom shall be elected by and from the Board. The Directors may appoint an assistant secretary-treasurer or such other officers as in their judgment may be necessary.

8.2 Election of Officers. Except as otherwise provided in this Section 8.2, the officers of the Association shall be elected annually by the Board and shall hold office at the pleasure of the Board. The Directors named in the Articles shall elect officers to serve until the first annual meeting of Members. The Directors elected at such annual meeting shall elect officers to serve until the annual meeting of the Directors or until their successors shall be elected and qualified.

8.3 Removal of Officers. Upon affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his successor elected at any special meeting of the Board called for such purpose.

8.4 President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board. He shall have all the general powers and duties which are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the Owners from time to time as he may in his discretion decide are appropriate to assist in the conduct of the affairs of the Association. The President shall execute all leases, deeds of trust, deeds and other written instruments and shall co-sign all checks and promissory notes on behalf of the Association unless others are so authorized by resolution of the Board.

8.5 Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as from time to time shall be imposed upon him by the Board.

8.6 Secretary. The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association; he shall have charge of such books and papers as

the Board may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

**8.7 Treasurer.** The Treasurer shall have responsibility for the Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements and books belonging to the Association. He shall be responsible for the deposit of all monies and valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board. The Treasurer shall co-sign all checks and promissory notes on behalf of the Association unless others are so authorized by resolution of the Board.

**8.8 Execution of Amendments to Declaration.** The President, the Secretary and the Treasurer of the Association, or any one of them, may prepare or cause to be prepared, and shall execute, certify and record amendments to the Declaration on behalf of the Association.

#### **ARTICLE NINE AMENDMENT TO BYLAWS**

These Bylaws may be amended at any regular or special meeting of the Members by a vote of a majority of the voting power of the Association or by written consent of a majority of the voting power of the Association in lieu of a meeting. Notwithstanding the foregoing or anything else herein, the percentage of the voting power of the Members necessary to amend a specific clause or provision of these Bylaws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision.

#### **ARTICLE TEN RECORDS TO BE MAINTAINED BY THE CORPORATION**

The Association shall keep a copy of the following records at its registered office:

- (a) A copy, certified by the Secretary of State, of the Articles and all amendments thereto;
- (b) A copy, certified by an officer of the Association, of these Bylaws and all amendments hereto;
- (c) A Members' ledger or a duplicate Members' ledger, revised annually, containing the names, alphabetically arranged, of all persons who are members of the Association, showing their places of residence, if known, or, in lieu of the Members' ledger or duplicate Members' ledger specified above, a statement setting out the name of the custodian of the Members' ledger or duplicate Members' ledger, and the present and complete post office address, including street and number, if any, where the Members' ledger or duplicate Members' ledger specified in this Article Ten is kept. No Member's address, telephone number or other personal information shall be disclosed to any person or entity without such Member's written consent.
- (d) Minutes of each meeting of the Members and each meeting of the Board, and the committees thereof.

(e) Current copies of the Declaration, the Rules, and all other books, records and other papers of the Association, including, but not limited to, the financial statements, budgets, reserve studies and books of account.

(f) The Association must maintain the records required by subsections (a), (b), (c), (d) and (e) in written form or in another form capable of conversion into written form within a reasonable time.

#### **ARTICLE ELEVEN** **INDEMNIFICATION**

When a member of the Board is sued for liability for actions undertaken in his role as a member of the Board, the Association shall indemnify him for his losses or claims, and undertake all costs of defense, until and unless it is proven that he acted with willful or wanton misfeasance or with gross negligence. After such proof the Association is no longer liable for the cost of defense, and may recover costs already expended from the member of the Board who so acted. Members of the Board are not personally liable to the victims of crimes occurring on the Project.

#### **ARTICLE TWELVE** **MISCELLANEOUS**

12.1 **Fiscal Year.** The fiscal year of the Association will begin on the first day of July of each year and end on the 30<sup>th</sup> day of June of the next year, except that the first fiscal year will begin on the date of incorporation.

12.2 **Construction.** Unless the context otherwise requires, the masculine gender includes the feminine and neuter, the singular number includes the plural and the plural includes the singular. The captions herein are for purposes of reference only.

12.3 **Conflicts of Documents.** In the case of any conflict between the Articles and these Bylaws, the Articles will control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration will control. The general provisions of the Declaration regarding the interpretation of that document shall, to the extent not inconsistent with these Bylaws, govern the interpretation of these Bylaws. Without limiting the foregoing, these Bylaws are intended to comply with the provisions of the Act and NRS Chapter 82, and to the extent any provision of this instrument does not so comply, such provision shall be ineffective, without however, affecting the remaining provisions of these Bylaws. References to particular provisions of the Act or NRS Chapter 82 refer to such sections as are now or hereafter in effect. The provisions of the Act and NRS Chapter 82 shall be construed, as far as possible as being consistent with each other, if there is a conflict, however, between any provision of the Act applicable to the Association or the Documents and a provision of NRS Chapter 82, the Act shall be deemed to prevail.

12.4 **Execution of Contracts.** The Board of Directors by majority vote, may, except as otherwise provided in these Bylaws, authorize any officer or officers or agent or agents to enter into any contract or execute any other instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; provided, however, that unless so authorized by the Board of Directors, no officer, agent or employee shall have the

authority to pledge the Association's credit or to render the Association liable for any purpose or to any amount.

12.5 Recordation of Meetings. An Owner may record on audiotape or any other means of sound reproduction a meeting of the Members 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. Similarly, an Owner may record on audiotape or any other means of sound reproduction a meeting of the Board (except if the Board is 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 other Owners who are in attendance at the meeting

12.6 Compliance with NRS 116.31185. The Directors, Officers, and Manager (if applicable) of the Association shall at all times observe and comply with the requirements of NRS 116.31185 of the Act.

12.7 Procedural Rules. The procedural rules applicable to meetings of the Members or the Board of Directors shall be Robert's Rules of Order.

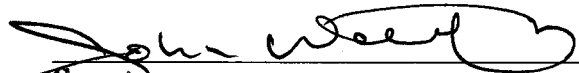
CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the Secretary of Mountain View Estates Community Association, a Nevada nonprofit corporation; and

THAT the foregoing Bylaws comprising nineteen (19) pages, including this page, constitute the original Bylaws of the Association, as duly adopted by written consent of the Board of Directors.

IN WITNESS WHEREOF, I have hereunto subscribed my name on this 4<sup>th</sup> day of December, 2006.

  
Secretary