

**BYLAWS FOR
SOMERSETT OWNERS ASSOCIATION**

TABLE OF CONTENTS

ARTICLE I	
OFFICES	-1-
Section 1.01. INCORPORATION OF DECLARATION	-1-
Section 1.02. PRINCIPAL OFFICE	-1-
Section 1.03. OTHER OFFICES	-1-
ARTICLE II	
MEMBERSHIP	-1-
Section 2.01. CLASSES/REGULAR MEMBERS	-1-
Section 2.02. INITIATION FEE, MEMBERSHIP DUES AND ASSESSMENTS	-1-
Section 2.03. PLACE OF MEETINGS	-2-
Section 2.04. ANNUAL MEETINGS	-2-
Section 2.05. CONDUCT OF MEETINGS	-2-
Section 2.06. PROXIES	-2-
Section 2.07. ACTION WITHOUT MEETING BY WRITTEN BALLOT	-2-
ARTICLE III	
DIRECTORS	-3-
Section 3.01. POWERS	-3-
Section 3.02. NUMBER OF DIRECTORS AND QUALIFICATIONS	-3-
Section 3.03. ELECTION AND TERM OF OFFICE	-4-
Section 3.04. VACANCIES	-4-
Section 3.05. PLACE OF MEETING	-5-
Section 3.06. ANNUAL MEETINGS	-5-
Section 3.07. REGULAR MEETINGS	-5-
Section 3.08. SPECIAL MEETINGS	-5-
Section 3.09. NOTICE	-5-
Section 3.10. QUORUM	-6-
Section 3.11. PARTICIPATION IN MEETINGS BY CONFERENCE TELEPHONE	-6-
Section 3.12. WAIVER OF NOTICE	-6-
Section 3.13. ADJOURNMENT	-6-
Section 3.14. RIGHTS OF INSPECTION	-6-
Section 3.15. EXECUTIVE COMMITTEE	-6-
Section 3.16. STANDING OR SPECIAL COMMITTEES	-7-
Section 3.17. LIMITATIONS UPON COMMITTEES OF THE BOARD	-7-
Section 3.18. ADVISORY COMMITTEES	-8-
Section 3.19. ACTION BY CONSENT	-8-
ARTICLE IV	
OFFICERS	-8-
Section 4.01. OFFICERS	-8-

Section 4.02. ELECTION AND TERM OF OFFICE.	-8-
Section 4.03. REMOVAL AND RESIGNATION.	-8-
Section 4.04. VACANCIES.	-9-
Section 4.05. PRESIDENT.	-9-
Section 4.06. VICE PRESIDENTS.	-9-
Section 4.07. SECRETARY.	-9-
Section 4.08. TREASURER.	-9-
ARTICLE V	
OTHER PROVISIONS.	-10-
Section 5.01. INSPECTION OF ARTICLES AND BYLAWS.	-10-
Section 5.02. REPRESENTATION OF SHARES OF OTHER CORPORATIONS.	-10-
Section 5.03. CONSTRUCTION AND DEFINITIONS.	-10-
Section 5.04. AMENDMENTS.	-10-
Section 5.05. MAINTENANCE OF CORPORATE RECORDS.	-10-
Section 5.06. INDEMNIFICATION.	-10-
Section 5.07. INSPECTION OF BYLAWS.	-10-
Section 5.08. INSPECTION OF RECORDS.	-11-
Section 5.09. EXECUTION OF DOCUMENTS.	-11-
Section 5.10. FISCAL YEAR.	-11-
ARTICLE VI - AESTHETIC GUIDELINE COMMITTEE.	-11-
Section 6.01. AESTHETIC GUIDELINE COMMITTEE.	-11-
ARTICLE VII - BOARD ACTIONS REGARDING VIOLATIONS.	-12-
Section 7.01. BOARD ACTIONS.	-12-
Section 7.02. PROCEDURES.	-12-
Section 7.03. NON-WAIVER OF RIGHTS.	-12-
Section 7.04. REMEDIES.	-12-
CERTIFICATION.	-13-

BYLAWS OF SOMERSETT OWNERS ASSOCIATION

A Nonprofit Corporation Under Chapter 82 of the Nevada Revised Statutes

These Bylaws are enacted pursuant to and in accordance with the Uniform Common-Interest Ownership Act (NRS Chapter 16), the "Act", and any conflict between the provisions hereof and the Act shall be governed by the provisions of the Act.

ARTICLE I OFFICES

Section 1.01. INCORPORATION OF DECLARATION. The provisions of the Declaration of Covenants, Conditions and Restrictions of Somerset ("Declaration"), as amended from time to time and recorded in the office of the Recorder of Washoe County, Nevada, are incorporated herein by reference.

Section 1.02. PRINCIPAL OFFICE. The Association's principal office shall be fixed and located at such place as the Board of Directors (the "Board") shall determine. The Board is granted full power and authority to change said principal office from one location to another.

Section 1.03. OTHER OFFICES. Branch or subordinate offices may be established at any time by the Board at any place or places.

ARTICLE II MEMBERSHIP

Section 2.01. CLASSES/REGULAR MEMBERS. There shall be one class of voting members, as specified in the Declaration and subject to the provisions in the Declaration on Declarant Control. Owners of parcels are referred to herein as "regular members" or "members". Every person who is an "Owner", as defined in the Declaration, is entitled to membership. Membership is appurtenant to, and inseparable from, ownership of a parcel of real property in the "Subdivision", as defined in the Declaration.

Section 2.02. INITIATION FEE, MEMBERSHIP DUES AND ASSESSMENTS.

(a) No regular member shall pay any initiation fee or periodic dues other than the assessments and a parcel transfer fee specified in the Declaration or determined by the Board.

(b) All assessments shall be collected by the Association. Association funds shall be paid out or distributed as authorized or directed by the Board.

(c) The Board may not waive the assessments of a regular member on grounds of financial hardship or for any other cause.

(d) A regular member whose assessments are delinquent shall not be in good standing and shall not be qualified to vote, to hold office, or to participate in business meetings of the Association, and shall not be entitled to rights and privileges of members until the delinquent assessments are fully paid.

Section 2.03. PLACE OF MEETINGS. Meetings of members shall be held at such places as the Board shall designate.

Section 2.04. ANNUAL MEETINGS. Annual meetings of members shall be held. The date and the time of annual meetings shall be fixed by the Board as provided herein. Any proper business may be transacted at the annual meeting.

Section 2.05. CONDUCT OF MEETINGS. The President or other officer of the corporation shall preside as chairman at all meetings of the members. The chairman shall conduct each such meeting in a businesslike and fair manner. The chairman shall have all of the powers usually vested in the chairman of a meeting of members. Without limiting the generality of the foregoing, the chairman's rulings on procedural matters shall be conclusive and binding on all members, unless at the time of a ruling, a request for a vote is made by the members entitled to vote, in which case the decision of a majority of such members constituting a quorum shall be conclusive and binding on all members.

Section 2.06. PROXIES. Persons entitled to vote may do so by written proxy. The form and manner of the proxy must comply with NRS 82.321(2)(a) or (b) and the Act.

Section 2.07. ACTION WITHOUT MEETING BY WRITTEN BALLOT.

(a) Any action which may be taken at any regular or special meeting of the regular members may be taken without a meeting, provided there is satisfaction of the requirements of NRS 82.326 and the Act, and:

- (1) The Association distributes a written ballot to every regular member entitled to vote on the matter;
- (2) The ballot sets forth the proposed action, provides an opportunity to specify approval or disapproval of any proposal, and provides a reasonable time within which to return the ballot to the Association;
- (3) The number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action; and
- (4) The number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the

total number of votes cast was the same as the number of votes cast by ballot.

ARTICLE III DIRECTORS

Section 3.01. POWERS. Subject to limitations contained in the Articles, these Bylaws or in the applicable law relating to action required to be approved by the members or by a majority of all members, the activities and affairs of the Association shall be conducted and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of the corporation to any person or persons, a management company or committees however composed, or otherwise delegate any or authority of the Board, provided that the activities and affairs of the association shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws and applicable law:

(a) To select and remove all agents and employees of the Association, prescribe powers and duties for them as may not be inconsistent with law, the Articles or these Bylaws, fix their compensation and require from them such security, if any, for faithful service as the Board may deem appropriate.

(b) To conduct, manage and control the affairs and activities of the Association and to make such rules and regulations therefore not inconsistent with law, the Articles or these Bylaws, as they may deem appropriate.

(c) To adopt, make and use a corporate seal, and to prescribe the forms of certificates of membership, if any, and to alter the form of such seal and of such certificates from time to time as they may deem appropriate.

(d) To authorize the issuance of memberships of the corporation from time to time, upon such terms and for such consideration as may be lawful.

(e) To borrow money and incur indebtedness for the purposes of the corporation, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities.

Section 3.02. NUMBER OF DIRECTORS AND QUALIFICATIONS. The number of directors shall be set by the Board, provided that there shall be not less than three (3) director positions and not more than five (5), and provided further that the Board may not reduce the number of director positions if the reduction has the effect of eliminating a director prior to the expiration of his or her term. During the period of Declarant Control (as defined in the Declaration), the directors shall be selected by Declarant (as defined in the Declaration) and will serve at the sole discretion of

Declarant, subject to NRS Chapter 116 (the "Act"), specifically NRS 116.31032 (providing for gradual transition of control of the Board as lots are sold). Only regular members may serve as directors, subject to the provisions of Declarant Control, and during the period of Declarant Control, the directors selected by the Declarant need not be members of the Association. Each director must be familiar with the Declaration, Bylaws and the provisions of the Act and shall provide a written certification to that effect at the time of his or her appointment or election to office in such form, if applicable, as required by the Act. Any member in good standing may be an officer or a director of the Board, including an officer, employee, agent or director of a corporate member, a trustee or designated beneficiary of a trust member, a partner of a partnership member, a manager or member of a limited liability company member, or a fiduciary of other entity member. When the person serving or offering to serve as an officer or director of the Board is not the record member, such person shall provide proof of authority to the Association. From time to time as sales of the lots proceed, Declarant will yield control of one or more director positions on the Board by resignation as necessary to comply with NRS 116.31032.

Section 3.03 ELECTION AND TERM OF OFFICE. To the extent practicable and subject to the provisions of this Section, directors shall be elected at the annual members' meeting each year. Each director shall take office upon the effective date of his or her term and hold office until a successor has been elected. If a successor is not elected to replace a director after the expiration of his or her term, then the director's term shall be extended until a successor is elected. Upon the death, resignation, or removal of a director during his or her term, the Board may call a special meeting of the members to elect a new director to the unexpired portion of the term or the Board may leave the position vacant until the next annual members' meeting, at which time any unexpired vacant director's term shall be filled by election of a new director. Commencing in the calendar year 2002, two (2) of the directors' positions shall have terms of two (2) years and the remaining directors' positions shall have a one (1) year term, then commencing in the calendar year 2003, said remaining directors' positions shall have two (2) year terms. Thereafter, all positions are added or deleted by the Board (within the limitations specified in Section 3.02), the Board may initially designate one or more said added or deleted directors' terms to be one (1) year in duration solely for the purpose of creating staggered terms for election of directors' positions, in order to provide to the extent possible, for the election of all directors to two (2) years on an evenly staggered basis. Any qualified person serving as a director may be reelected, and there shall be no limit on the number of terms a qualified person may serve.

Section 3.04. VACANCIES.

(a) Any director may resign effective upon giving written notice to the Chairman of the Board, the President or the Secretary, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected before such time to take office when the resignation becomes effective.

(b) Vacancies in the Board may be filled in the manner prescribed for regular election, provided that such vacancies may be filled as they occur and not on an annual basis. Each

director so elected shall hold office until the expiration of the term of the replaced director or until such replacement director's successor has been elected and qualifies, whichever is later.

(c) A vacancy or vacancies in the Board shall be deemed to exist in case of the death, resignation or removal of any director, or if the authorized number of directors is increased.

(d) The Board may declare vacant the office of a director who has been declared of unsound mind by a final order of court, convicted of a felony, or been found by a final order or judgment of any court to have breached any duty arising under applicable law. The Board may remove a director and declare vacant the office of a director who fails to attend two consecutive Board meetings without being excused by the Board. The regular members may otherwise remove a director and declare vacant the office, with or without cause, by a two-thirds (2/3) vote, subject to the provisions of Declarant Control.

(e) No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of the director's term of office.

(f) During the period of a vacancy, the Board shall retain all powers to act, notwithstanding the fact that the Board during that period does not have three persons.

Section 3.05. PLACE OF MEETING. Regular or special meetings of the Board shall be held at any place within or without the State of Nevada which has been designated from time to time by the Board. In the absence of such designation, regular meetings shall be held at the principal office of the Association.

Section 3.06. ANNUAL MEETINGS. The Board shall hold an annual meeting for the purpose of organization, approval of an annual budget, and the transaction of other business. Annual meetings of the Board may be held on such dates and at such time as may be fixed by the Board or the Act.

Section 3.07. REGULAR MEETINGS. Regular meetings of the Board may be held on such dates and at such times as may be fixed by the Board, but not less than quarterly.

Section 3.08. SPECIAL MEETINGS. Special meetings of the Board for any purpose or purposes may be called at any time by the President or any three directors.

Section 3.09. NOTICE. Annual and special meetings of the Board shall be held upon at least ten (10) days' notice by first-class mail.

Any such notice shall be addressed or delivered to each member and director at such members' and directors' address as it is shown upon the records of the Association or as may have been given to the Association for purposes of notice or, if such address is not shown on such records or is not readily ascertainable, at the place in which the meetings of the directors are regularly held. Notice by mail shall be deemed to have been given at the time a written notice is deposited in the

United States mail, postage prepaid. **Any** other written notice shall be deemed to have been given at the time it is **personally** delivered to the recipient or is delivered to a common carrier for transmission.

Section 3.10. **QUORUM.** ~~Sixty-six~~ **sixty-six** percent (**66%**) of the directors in office constitutes a quorum of the **Board** for the transaction of business, ~~except to~~ **except to** adjourn as provided in Section 3.13. Every act or decision done or made by a **majority** of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board, unless a greater number be required by law or by the Articles, except as provided in the next sentence. A meeting at which a quorum is **initially** present may continue to transact business notwithstanding the withdrawal of directors. if any action taken is approved by at least a majority of the required quorum for such meeting

Section 3.11. **PARTICIPATION IN MEETINGS BY CONFERENCE TELEPHONE.** Members of the **Board** may participate in a meeting of the Board, or a committee meeting, through use of a conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another.

Section 3.12. **WAIVER OF NOTICE.** Notice of a meeting need not be given to any director who signs a waiver of notice or a written consent to holding the meeting or an **approval** of the minutes thereof, whether before or after the meeting, or who attends **the** meeting without protesting, prior thereto or at its commencement, the lack of notice to **such** director. All such waivers, consent and approvals shall be filed with the corporate records or made a part **of the** minutes of the meetings.

Section 3.13. **ADJOURNMENT.** A majority of the directors present, whether or not a quorum is present, may **adjourn** any directors' meeting to another time and place. Notice **of the** time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned. ~~except as provided in the next sentence.~~ If the meeting is adjourned for more than twenty-four (24) hours, reasonable notice of any adjournment to another time or place shall be **given** prior to the time the adjourned meeting is reconvened to the directors who were not present at the time of the adjournment

Section ~~3.14.~~ **RIGHTS OF INSPECTION.** Every member shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind.

Section 3.15. **EXECUTIVE COMMITTEE.** The Association may have an executive committee which, except when the Board is in session and except as its powers may be otherwise limited by the Board, shall have and may exercise the powers of the Board in the management of the business and affairs of the association, and may authorize the seal of the Association to be **affixed** to all papers which may require it. The executive committee shall also have the power of general supervision, management, and control of the business of the Association and over its several employees

The executive committee shall be composed of the President, the Secretary, and the Treasurer. A majority of all the members of the executive committee may determine its rules of procedure unless the Board shall otherwise provide. The President shall conduct all meetings of the executive committee or, in his absence, the Secretary.

Any action which under the provisions of applicable law may be taken at a meeting of the executive committee, may be taken without meeting if authorized by a writing signed by all members of the executive committee who would be entitled to vote at a meeting for such purpose and filed with the Secretary of the corporation.

Section 3.16. STANDING OR SPECIAL COMMITTEES. In the event that the Board determines that the management of the Association would be Benefitted by the establishment of one or more standing or special committees in addition to the executive committee and the Architectural Control/Design Review Committee created by the Declaration, the Board may from time to time establish one or more such committees. The establishment of a standing or special committee shall be effected by a resolution of the Board approved by the vote of the majority of the directors then in office, which specifically sets forth the powers and duties delegated to such committee. Each such committee shall consist of two or more directors and shall be presided over by a director selected by the Board. The term "standing committee" or "special committee" shall mean any committee appointed by the Board which is authorized by specific delegation, without further Board action, to make and implement, with some degree of discretion, decisions of the Board pursuant to guidelines established by the Board. Notice of, and procedures for, meetings of standing or special committees shall be as prescribed by the chairman of each such standing or special committee, and meetings of standing or special committees may be called by the Board or the chairman of the standing or special committee.

Section 3.17. LIMITATIONS UPON COMMITTEES OF THE BOARD. No committee of the Board shall have any of the authority of the Board with respect to:

- (a) the approval of any action for which the law also requires approval of the members or approval of a majority of all members;
- (b) the filling of vacancies on the Board or on any committee which has the authority of the Board;
- (c) the fixing of compensation of the directors for serving on the Board or on any committee which has the authority of the Board,
- (d) the amendment or repeal of Bylaws or the adoption of new Bylaws;
- (e) the amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;

(f) the appointment of other committees of the Board or the members thereof if such committee will have the authority of the Board; or

(g) the expenditure of corporate funds to support a nominee for director after there are more people nominated for director than can be elected.

Section 3.18. ADVISORY COMMITTEES. The Chairman of the Board, the Board, the executive committee or the President may from time to time appoint such advisory committees as it deems appropriate, consisting of directors or persons who are not directors, but such advisory committees shall not be deemed committees having the authority of the Board and shall not exercise any powers of the Board. Notice of, and procedures for, meetings of advisory committees shall be as prescribed by the chairman of each such advisory committee, and meetings of advisory committees may be called by the Chairman of the Board, the Board, the executive committee, the President or the chairman of the advisory committee.

Section 3.19. ACTION BY CONSENT. Any action of a majority of the Board, although not at a regularly convened meeting, if assented to in writing by all of the members of the Board, shall be as valid and as effective in all respects as if passed by the Board in a meeting.

ARTICLE IV OFFICERS

Section 4.01. OFFICERS. The officers of the Association shall be a President, a Secretary and a Treasurer. The Association may also have, at the discretion of the Board, such other officers as may be deemed advisable by the Board. Any number of offices may be held by the same person. Only regular members may be officers, unless during the period of Declarant Control Declarant designates otherwise. The President, Secretary and Treasurer shall all be authorized to prepare, execute, certify and record amendments to the Declaration on behalf of the Association

Section 4.02. ELECTION AND TERM OF OFFICE. The officers of the Association shall be elected by the Board for annual terms. If at the end of an annual term a replacement for an officer is not elected or appointed, the officer shall hold the office until a replacement is elected or appointed.

Section 4.03. REMOVAL AND RESIGNATION. Any officer may be removed, either with or without cause, with the approval of majority of the Board, subject to approval of the Declarant during the period of Declarant Control.

Any officer may resign at any time by giving written notice to the Board. Any such resignation shall take effect at the date of the 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 4.04. VACANCIES. A vacancy in any office because of death, resignation, removal or any other cause shall be filled in the manner prescribed in these Bylaws for regular election or appointment to such office, provided that such vacancies shall be filled as they occur and not on an annual basis.

Section 4.05. PRESIDENT. Subject to such powers, if any, as may be given by the Board to the Chairman of the Board, if there be such an officer, the President is the chief executive officer of the Association and has, subject to the control of the Board, general supervision, direction and control of the business and officers of the Association. The President shall preside at all meetings of the members and, in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board. The President has the general powers and duties of management usually vested in the office of president of a corporation and such other powers and duties as may be prescribed by the Board.

Section 4.06. VICE PRESIDENTS. The Association may have one or more Vice-Presidents. The Vice-Presidents shall have such powers and perform such duties as from time to time may be prescribed for them respectively by the Board.

Section 4.07. SECRETARY. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board may order, a book of minutes of all meetings of members, the Board and its committees, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Board and committee meetings, the number of members present or represented at members' meetings, and the proceedings thereof. The Secretary shall keep, or cause to be kept, at the principal office in the State of Nevada the original or a copy of the Association's Articles and any other documents required by law.

The Secretary shall give, or cause to be given, notice of all meetings of the members and of the Board and any committees thereof required by these Bylaws or by law to be given, shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board.

Section 4.08. TREASURER. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transaction of the Association, and shall send or cause to be sent to the regular members of the corporation such financial statements and reports as are by law or by these Bylaws required to be sent to them. The books of account shall at all times be open to inspection by any director. The Treasurer shall reconcile the books of the Association on a yearly basis and whenever a new President takes office.

The Treasurer shall deposit, or cause to be deposited, all moneys and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The Treasurer shall disburse the funds of the corporation as may be ordered by the Board, shall render to the Board periodic financial statements, as requested. In addition, the Treasurer shall have such other powers and perform such other duties as may be prescribed by the Board.

ARTICLE V OTHER PROVISIONS

Section 5.01. INSPECTION OF ARTICLES AND BYLAWS. The Association shall keep in its principal office in the State of Nevada a copy of its Articles and of these Bylaws, as amended to date, which shall be open to inspection by the regular members at all reasonable times during office hours.

Section 5.02. REPRESENTATION OF SHARES OF OTHER CORPORATIONS. The President, or any other officers authorized by the Board or the President, are each authorized to vote, represent and exercise on behalf of the Association all right incident to any and all shares of any other corporation or corporations standing in the name of the Association. The authority herein granted may be exercised either by any such officer in person or by any other person authorized so to do by proxy or power of attorney duly executed by said officer.

Section 5.03. CONSTRUCTION AND DEFINITIONS. Unless the context otherwise requires, the general provisions, rules of construction and definitions of Nevada law shall govern the construction of these Bylaws.

Section 5.04. AMENDMENTS. These Bylaws may be amended or repealed by approval of majority of the regular members, provided any amendment of a provision of the Declaration incorporated herein shall be made under the procedure specified in the Declaration and such an amendment shall be deemed to also be an amendment of these Bylaws; during the period of Declarant Control, as specified in the Declaration, amendments to the Bylaws must be approved by the Federal Housing Administration or the Veterans Administration.

Section 5.05. MAINTENANCE OF CORPORATE RECORDS. The accounting books, records, minutes of proceedings of the regular members, the Board and the executive committee shall be kept at such place or places designated by the Board or, in the absence of such designation, at the principal business office of the Association. The minutes shall be kept in written or typed form and the accounting books and records shall be kept either in written or typed form, or in any other form capable of being converted into written, typed or printed form.

Section 5.06. INDEMNIFICATION. The Association shall, to the maximum extent permitted by the Law and as further specified in the Articles of Incorporation, have the power to indemnify its officers, directors and other agents against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact that any such person is or was an officer, director or agent of the Association and shall have the power to advance to such persons expenses incurred in defending any such proceedings.

Section 5.07. INSPECTION OF BYLAWS. The Association shall keep in its office for the transaction of business the original or a copy of these Bylaws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Members and first Mortgagees in accordance with Section 5.08 hereof.

Section 5.08. INSPECTION OF RECORDS. All books, records, and papers of the Association shall be made available for inspection and copying, by any Member or his duly appointed representative at the principal office of the Association or at such other place within the Properties as the Board may prescribe. The Board shall establish reasonable rules with respect to:

- (a) notice to be given to the custodian of the records by the Member desiring to make the inspection;
- (b) hours and days of the week when such an inspection may be made,
- (c) payment of the cost of reproducing copies of documents requested by a Member; and
- (d) access to employee records, subject to any legal restrictions on disclosure of employment documents not related to salary rates or performance criteria (i.e. health records, age, etc.).

Every Director shall have the right at any reasonable time to inspect all books, records, and documents of the Association, and the physical properties owned or controlled by the Association. The right of the inspection by a Director shall include the right to make extracts any copies of documents.

Section 5.09. EXECUTION OF DOCUMENTS. The Board, except as these Bylaws otherwise provide, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board, no officer, agent, committee member, or employee shall have any power or authorization to bind the Association by a contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

Section 5.10. FISCAL YEAR. The fiscal year of the Association shall be determined by the Board and, having been so determined, is subject to change from time to time as the Board shall determine.

ARTICLE VI - AESTHETIC GUIDELINE COMMITTEE

Section 6.91. AESTHETIC GUIDELINE COMMITTEE. "Committee" means the Aesthetic Guideline Committee of the Association as set forth in Articles V and VI of the Declaration. The said "Committee" shall have jurisdiction and authority over all phases of the Subdivision, including the initial phase of development of the Subdivision and all subsequent phases of development, as further specified in the Declaration.

ARTICLE VII - BOARD ACTIONS REGARDING VIOLATIONS

Section 7.01. BOARD ACTIONS. In the event of any alleged violation of the Declaration, these Bylaws or the Rules of the Association adopted hereunder, and after written notice of such alleged failure is given to the Member or the agent of the Member alleged to be in default in the manner herein provided, the Board shall have the right, after an alleged violator has been given an opportunity for an appropriate hearing, and upon an affirmative vote of a majority of all members of the Board to take any one or more of the following actions:

- (a) impose a monetary penalty, collectable as an assessment as provided in the Declaration;
- (b) suspend or condition said Member's right to the use of the Common Area and common facilities;
- (c) suspend said Member's voting privileges as a Member;
- (d) record a Notice of Noncompliance against the Parcel(s) of the Member; or
- (e) take any other action that is not prohibited.

Any such suspension may be imposed for so long as the violation continues.

Section 7.02. PROCEDURES. The Board shall promulgate rules, regulations and procedures for notice, opportunity to be heard, and determination of alleged violations.

Section 7.03. NON-WAIVER OF RIGHTS. The failure of the Board to enforce the Rules of the Association, these Bylaws, or the Declaration shall not constitute a waiver of the right to enforce the same thereafter.

Section 7.04. REMEDIES. The remedies set forth above and otherwise provided by these Bylaws or by law shall be cumulative and none shall be exclusive. Nothing herein shall be construed so as to prohibit the Board from pursuing any lawful remedy for any alleged violation, provided adequate notice and hearing procedures are adhered to in accordance with the Declaration and these Bylaws.

CERTIFICATION

I hereby certify that the foregoing Bylaws were validly adopted at a meeting of the regular members on the 22 day of November 2002, and are the current Bylaws of the Association.

Blake Smith, President

Acknowledged:

Michelle Attaway
Michelle Attaway, Secretary