

**BYLAWS
OF
X-IT HOMEOWNERS' ASSOCIATION**

ARTICLE 1
NAME AND LOCATION

The name of the corporation is X-IT HOMEOWNERS' ASSOCIATION (the "Association"), a Nevada non-profit corporation formed under NRS Chapter 82. The principal office of the corporation shall be located in the County of Clark, State of Nevada. The Association may have such other offices as the Board of Directors may determine or as the officers of the Association may require.

ARTICLE 2
DEFINITIONS

The definitions in the Declaration of Covenants, Conditions and Restrictions for X-it, as amended, supplemented or restated from time to time and recorded in the office of the Recorder of Clark County, Nevada (collectively, the "Declaration"), will apply to these Bylaws, and all capitalized terms used in these Bylaws without definition will have the same meanings as the defined terms used in the Declaration, unless the context of these Bylaws clearly indicate otherwise. Unless otherwise provided, references to "Articles" or "Sections" mean Articles or Sections of these Bylaws.

ARTICLE 3
MEMBERS

3.1 Qualifications.

(a) Each Owner of a Unit (including Declarant if, and so long as, Declarant is the Owner of one or more Units), by virtue of being such an Owner and for so long as he or she is such an Owner, shall become a Member of the Association.

(b) 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 Unit may consist of a copy of a duly executed and acknowledged grant, bargain, sale deed, or a title insurance policy showing that person to be the Owner of a Unit, 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. This Association shall have 1 class of voting membership as set forth in the Articles and in the Declaration.

ARTICLE 4
MEETINGS OF MEMBERS

4.1 Annual Meetings. The first annual meeting of Members shall be held within 12 months after the filing of the Articles with the Nevada Secretary of State pursuant to NRS 82.081. Subsequent annual meetings of Members shall be held annually thereafter on such date and time as specified by the Board of Directors. 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 election of directors, any other matter included within the notice for such annual meeting, and any emergency matters permitted under the Act.

4.2 Special Meetings. Special meetings of Members for any purpose or purposes may be called by the President, a majority of the Board of Directors or upon receipt of a written request for a special meeting signed by Members representing at least 10% of the total voting power of the Association. The purpose of each such special meeting shall be the matters set forth within the notice for such special meeting and any emergency matters permitted under the Act.

4.3 Removal Elections. Members representing at least 10% of the total voting power of the Association may call a board member removal election, to be conducted pursuant to NRS 116.3108 at a special meeting of Members or by secret written ballot, by providing to the Board of Directors or the Manager of the Association a written request for such removal election, signed by Members representing the requisite voting power and specifying whether the removal election shall be held at a special meeting or by secret written ballot. Such written request shall be delivered via United States mail, return receipt requested, or by a process server.

4.4 Notices.

(a) Members. For each meeting of the Members, written notice of the meetings of the Association shall be given to the Members and, upon written request therefor, to all Eligible Mortgagees either personally or by sending a copy of the notice through the mail or by telecopy to the address of such Member or Eligible Mortgagee appearing on the books of the Association or supplied in writing by such Member or Eligible Mortgagee to the Association for the purpose of notice. If no address is supplied, notice shall be deemed to have been given if mailed to the address of the Unit owned by a Member and any Eligible Mortgagee. Except as otherwise provided below, notices shall be given not less than 15 days and not more than 60 days before each meeting. Such notices shall specify the place, the date, and the hour of the meeting, the purpose or purposes for which the meeting is called, including an agenda for the meeting that complies with the Act, and shall otherwise conform with the requirements of the Act. Notwithstanding the foregoing, notice of a meeting at which an assessment for a capital improvement or the commencement of a civil action requiring, under the Act, approval of the Members shall be given at least 21 days before the meeting.

(b) Declarant. For a period of 20 years from the date the Declaration is recorded in the Office of the County Recorder for Clark County, Nevada, a copy of all correspondence and written notices required to be given to any Member, including but not limited to notices of all annual, regular and special meetings of the membership or board of directors, shall be given to Declarant either personally or by sending a copy of the notice through the mail or by telecopy to the address of Declarant appearing on the books of the Association or supplied in writing by Declarant to the Association for purpose of notice. Such notice shall be given in the same manner and be of the same content as required to be given to Members in accordance with the requirements contained in the Documents and as required by the Act. Any representative of Declarant may attend any meeting at which a Member may attend. This Section 4.4(b) may not be amended without the prior written consent of Declarant.

4.5 Quorum. The presence in person or by proxy in accordance with the Documents of 20% of the voting power entitled to vote at any meeting shall constitute a quorum for the transaction of business. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough voting power to leave less than a quorum. In the event any meeting of Members cannot be held because a quorum is not present, the Members present, either in person or by proxy in accordance with the Documents, may adjourn the meeting to a time not less than 5 days nor more than 30 days from the time of the original meeting date, at which meeting the quorum requirement shall be at least 15% of the voting power of the membership of the Association; provided, however, that the only matters which may be voted upon at any

adjourned meeting actually attended, in person or by proxy in accordance with the Documents, by less than 20% of the voting power of the membership of the Association, are matters of which notice was duly given as required by the Act and these Bylaws.

4.6 Adjourned Meetings and Notice Thereof. Any membership meeting, whether or not a quorum is present 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 Documents, but in the absence of a quorum no other business may be transacted at any such meeting.

Unless a meeting is adjourned for not less than 48 hours nor more than 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 is adjourned for less than 48 hours or more than 30 days, notice of the adjourned meeting shall be given as in the case of an 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 to Members in the manner prescribed in Section 4.3 hereof.

4.7 Record Date for Notice. The Board of Directors may fix a date in the future as a record date for the determination of the Members and Eligible Mortgagees, when applicable, entitled to notice of any meeting of Members. If the Board does not fix a record date for notice to Members and Eligible Mortgagees, when applicable, the record date for notice shall be the close of business on the business day preceding the day on which notice is given. In addition, the Board of Directors may fix a date in the future as a record date for the determination of the Members and Eligible Mortgagees, when applicable, entitled to vote at any meeting of Members. If the Board does not fix a record date for determining Members entitled to vote, Members and Eligible Mortgagees, when applicable, on the day of the meeting who are otherwise eligible to vote are entitled to vote at the meeting.

4.8 Proxies. Every Member entitled to attend, vote at or exercise consents with respect to any meeting of the Members may do so either in person, or by a representative, known as a proxy, duly authorized by an instrument in writing, filed with the Secretary of the Association prior to the meeting to which it is applicable. A Member may give a proxy only to a member of his or her immediate family, a tenant of the Member who resides in the common-interest community, another Member who resides in the common-interest community provided, however, that such other Member must be a Member in Good Standing. If a Unit is owned by more than one person, each Owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through an executed proxy, and any dispute among Owners of the same Unit with regard to the vote being cast for the Unit shall result in the disputed vote for that Unit being cast in the manner required in writing by a majority in interest of the Owners of that Unit (or if there is no such direction by such majority in interest of that Unit, the disputed vote shall be cancelled). A member may revoke a proxy given pursuant to this section 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: (a) the proxy must be dated; (b) the proxy must not purport to be revocable without notice; (c) the proxy must designate the meeting for which it is executed; (d) the proxy must designate each specific item on the agenda of the meeting for which the Unit's Owner has executed the proxy, except that the Unit's Owner may execute the proxy without designating any specific items on the agenda of the meeting if the proxy is to be used solely for determining whether a quorum is present for the meeting. If the proxy designates one or more specific items on the agenda of the meeting for which the Member has executed the proxy, the proxy must indicate, for each specific item designated in the proxy, whether the holder of the proxy must cast a vote in the affirmative or the negative on behalf of the Member. If the proxy does not indicate whether the holder of the proxy must cast a vote in the affirmative or the negative for a particular item on the agenda of the meeting, the proxy must be treated, with regard to that particular

item, as if the Member were present but not voting on that particular item. The holder of the proxy must disclose at the beginning of the meeting for which the proxy is executed the number of proxies pursuant to which the holder will be casting votes. A proxy terminates immediately after the conclusion of the meeting for which it is executed. Notwithstanding any provision to the contrary contained in the Documents, a vote may not be cast pursuant to a proxy for the election or removal of a Director. The holder of a proxy may not cast a vote on behalf of the Member who executed the proxy in a manner that is contrary to the proxy. A proxy is void if the proxy or the holder of the proxy violates any of the foregoing portion of this Section. Subject to the foregoing, a proxy may be given by the guardian of a Member's estate or by his or her conservator, or in the case of a minor having no guardian, by the parent entitled to his or her custody, or during the administration of a Member's estate, by his or her executor or administrator where the latter's interest in such property is subject to administration in his or her estate.

4.9 Members in Good Standing. Notwithstanding any other provision contained in the Documents, only those Members in Good Standing shall be entitled to vote, whether in person, by proxy or ballot. A "Member in Good Standing" shall mean a Member whose voting rights have not been suspended in accordance with Section 13.2 of these Bylaws.

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

4.11 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.

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

4.13 Waiver of Notice. The transactions of any meeting of Members, whether annual, regular or special, however called and noticed, shall be as valid as though transacted at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy and if, either before or after the meeting, each of the Members entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

4.14 Method of Voting and Actions without Meeting. Elections or questions (including advisory questions) to be submitted to all or any part of the membership of the Association may be decided at a meeting (by voice or by ballot), by mail, at polling places designated by the Board of Directors, or by written consent of the Members in accordance with NRS 82.276. The Board of Directors shall determine the method of voting by resolution and give notice thereof as provided in Section 4.4 of these Bylaws; provided, however, that all elections for Directors shall be by secret written ballot. Without limiting the foregoing, except as limited by the laws of the State of Nevada (as now or hereafter in effect), any action which may be taken by the vote of Members at a meeting, may be taken without a meeting.

4.15 Vote Appurtenant to Unit. The right to vote may not be severed or separated from the ownership of the Unit 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 Unit or Eligible Mortgagee of the Unit concerned, for the term of the lease or Security Interest, and

any sale, transfer or conveyance of such Unit 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 Mortgagee as provided herein.

ARTICLE 5
BOARD OF DIRECTORS: SELECTION AND TERM OF OFFICE

5.1 Number, Qualification and Initial Board. The affairs of the Association will be managed by a Board of not less than 3 and no more than 7 Directors. Except as provided below regarding Directors appointed by Declarant during the Declarant Control Period, each Director must be a Member. The number of members of the Board of Directors will be three until such time as the number is increased or decreased by resolution of the Board of Directors to not less than 3, but not more than 7, or the number of Directors is changed by amendment to these Bylaws. Each Director must be familiar with the Documents and the provisions of the Act.

5.2 Directors During Declarant Control. During the Declarant Control Period 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 5.3 and NRS 116.31032 of the Act (providing for gradual transition of control of the Board as Units are sold). The Directors selected by Declarant need not be Members of the Association.

5.3 Election of Directors as Unit Sales Close. From time to time as Units in the Project are conveyed from Declarant, Declarant will yield control of one or more seats on the Board of Directors as necessary to comply with NRS 116.31032. Each time that Declarant is required to transfer control of a Director's position, a special meeting of the Members will be called for the purpose of electing a new Director to take the place of the Director designated by Declarant as resigning. Pursuant to the foregoing:

(a) After Sales of 25% of Units. Not later than 60 days after the conveyance by Declarant of 25% of the Units to Members other than Declarant, or whenever the Declarant earlier determines, Members other than Declarant shall elect 1 Director and not less than 25% of the total number of Directors must be elected by Members other than Declarant. The remaining Directors shall be appointees of the Declarant. The new Director(s) elected by the Members pursuant to this Section 5.3(a) shall not be subject to removal by the Declarant acting alone and shall be elected for a term of 2 years from the next occurring annual meeting. If the term of a Director elected pursuant to this provision expires prior to the expiration of the Declarant Control Period, a successor shall be elected by Members other than Declarant for a 2 year term.

(b) After Sales of 50% of Units. Not later than 60 days after the conveyance by Declarant of 50% of the Units to Members other than Declarant, or whenever Declarant earlier determines, not less than 33 1/3% of the total number of Directors must be elected by Members other than Declarant. If an election is necessary to satisfy this requirement, then the new Director(s) elected by the Members pursuant to this Section 5.3(b) shall not be subject to removal by Declarant acting alone and shall be elected for a term ending 2 years after the next occurring annual meeting. If the term of each Director elected pursuant to this provision expires prior to the expiration of the Declarant Control Period, a successor shall be elected by Members other than Declarant for a 2 year term.

(c) Election of Directors after Declarant Control Period. Not later than the end of the Declarant Control Period, the Association shall call a special meeting at which the Members shall elect new Directors who shall take the positions of the Directors appointed by the Declarant. The new Directors elected by the Members pursuant to this Section 5.3(c) 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.

5.4 Term of Office of Directors After Declarant Control Period. At the expiration of the initial terms of office of each member of the Board of Directors provided in Section 5.3, and at each annual meeting thereafter, a successor shall be elected to serve for a term of two 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.

5.5 Cumulative Voting. No Member shall be entitled to cumulate votes at any election of Directors.

5.6 Voting Procedures Generally. At the election of Director by vote of the Members, the Members may cast as many votes as they are entitled to exercise under the provisions of Section 5.5 above. Voting for Directors will be by secret written ballot and no votes may be cast pursuant to a proxy. The votes cast for the election of Directors must be counted in public.

5.7 Nomination of Directors. Except with respect to Directors selected by the Declarant, nominations for election to the Board of Directors shall be made pursuant to this Section 5.7. Not less than 30 days prior to the annual meeting, 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 who completes the candidate application form and submits it to the designated return address within 30 days after the notice has been sent, shall be placed on the written ballot which shall be mailed to all Members listing all of the candidates. In addition, each Member shall receive a summary of each candidates qualifications as submitted on their candidate application form. Each person whose name is placed on the ballot as a candidate as a Director must make a good faith effort to disclose any financial, business, professional or personal relationship or interest that would result or would appear to a reasonable person to result in a potential conflict of interest if the candidate were to be elected to serve as a Director. The candidate must make the disclosure, in writing, with the candidate application form, to be distributed to each Member of the Association. Write-in votes shall be considered void. Nominations will not be accepted from the floor. Notwithstanding the foregoing, unless a person is appointed by the Declarant, a person may not be a Director or an officer of the Association if the person, his or her spouse or his or her parent or child, by blood, marriage or adoption, performs the duties of a community manager for the Association.

5.8 Compensation. No Director will receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of his or her duties as a Director. A Director, Association officer, or a community manager shall not solicit or accept any form of compensation, gratuity or other remuneration that (a) would improperly influence or would appear to a reasonable person to improperly influence the decisions made by those persons; or (b) would result or would appear to a reasonable person to result in a conflict of interest for those persons.

5.9 Director Certification. Within 90 days after the appointment or election of a Director, such Director shall, to the extent required under the Act, certify in writing to the Association, on a form prescribed by the Administrator of the Nevada Real Estate Division ("Administrator"), that such Director has read and understands the Documents and the provisions of the Act to the best of such Director's ability. Such certifications shall be submitted to the Administrator if so required at such time.

ARTICLE 6
BOARD OF DIRECTORS: REMOVAL AND VACANCIES

6.1 Removal of Directors. Any Director other than one appointed by Declarant, may be removed, with or without cause, at any removal election called pursuant to Section 4.3 hereof, if the number of votes cast in favor of removal constitutes (a) at least 35% of the total number of Members entitled to vote for election of that Director and (b) at least a majority of all votes cast in such removal election. A successor to any Director removed may be elected by the Members entitled to vote for election of that Director at such election to fill the vacancy created by removal of the Director. A Director whose removal is proposed by the Members will be given notice of the proposed removal not less than 10 days prior to the date of such meeting and will be given an opportunity to be heard at such meeting. Any director elected by the Members who has three consecutive unexcused absences from Board meetings or who is not a Member in Good Standing may be removed by a majority of the Directors present at a regular or special meeting at which a quorum is present.

6.2 Vacancies.

(a) During Declarant Control Period. During the Declarant Control Period, if a Director appointed by Declarant dies, becomes disabled or resigns, Declarant will appoint a new Director to serve the balance of the term of the resigning, disabled or deceased Director; and if a Director elected by the Members dies, becomes disabled or resigns, the remaining Directors will within 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 or deceased 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 shall be subject to the following. The President or acting President shall immediately call for a special meeting of the Members for the purpose of electing a new Director to fill the vacancy. Until such time as the Members elect a replacement Director, the vacancy may temporarily be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors, but in any event for not longer than the term of the vacating Director. After the expiration or termination of the Declarant Control Period, all Directors must be Owners, and no Director shall be a person who is not an Owner (or the trustee of a trust or the designated employee of an entity which is an Owner).

ARTICLE 7
MEETINGS OF DIRECTORS

7.1 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 the organization, election of officers, 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 90 days. The purpose of each regular meeting of the Board of Directors is the review of matters described in Section 8.2(k) of these Bylaws, the transaction of any other matter included within the notice for such annual meeting and any emergency matters permitted under the Act.

7.2 Special Meetings. Special meetings of the Board of Directors may be called at any time by the President or by a majority of the Directors after not less than 15 days notice to each Director, except that a special meeting may be called in the event of an emergency (as such term is defined in the

Act) upon less than 10 days notice. The purpose of each such special meeting shall be the matters set forth within the notice for such special meeting and any emergency matters permitted under the Act.

7.3 Notice.

(a) Notice of each regular or special meeting of the Board of Directors shall, to the extent required by the Act, be given to the Members and, upon written request therefore, to all Eligible Mortgagees either by sending a copy of the notice through the mail or publishing the notice in a newsletter or other similar publication that is circulated to each Member, to the address of such Member or Eligible Mortgagee appearing on the books of the Association or supplied in writing by such Member or Eligible Mortgagee to the Association for the purpose of notice. If no address is supplied, notice shall be deemed to have been given if mailed to the address of the Unit owned by a Member and any Eligible Mortgagee. Except as otherwise provided below, notices shall be given not less than 15 days nor more than 60 days before each meeting. Such notices shall comply with the requirements of the Act and (i) specify the place, the date, and the hour of the meeting, (ii) either include a copy of the an agenda for the meeting that complies with the Act or the date on which and location where copies of the agenda may be conveniently obtained, and (iii) specify the right of each Member to request a copy of the minutes of the meeting and speak at the meeting unless the Board of Directors is meeting in executive session. Notwithstanding the foregoing, notice of any emergency meeting of the Board of Directors, may, to the extent permitted under the Act, be given to the Members less than 15 days before each meeting provided such notice is given either personally to the address of such Member or Eligible Mortgagee appearing on the books of the Association or supplied in writing by such Member or Eligible Mortgagee to the Association for the purpose of notice or posted in a prominent place or places within the Common Elements.

(b) A copy of all correspondence and written notices required to be given to any Director, including but not limited to notices of all annual, regular and special meetings of the Board of Directors, shall be given to Declarant either personally or by sending a copy of the notice through the mail or by telecopy to the address of Declarant appearing on the books of the Association or supplied in writing by Declarant to the Association for the purpose of notice. Such notice shall be given in the same manner and be of the same content as required to be given to Directors in accordance with the requirements contained in the Documents and as required by the Act. Any representative of Declarant may attend any meeting at which a Member may attend. This Section 7.3(b) may not be amended without the prior written consent of Declarant.

7.4 Quorum. A majority of the authorized number of Directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. 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 will be regarded as the act of the Board of Directors.

7.5 Adjournment. A quorum of the Directors may adjourn any Directors' meeting to meet again at a stated time and hour; provided, however, that in the absence of a quorum, a majority of Directors present at the Directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors.

7.6 Meeting Place. All regular and special meetings of the Board of Directors shall be held within Clark County, Nevada in a location established by the Board of Directors. The meeting place may, during the Declarant Control Period, be at the office of Declarant; thereafter, such meetings shall ordinarily be held within Clark County, Nevada at such location as may be reasonably determined by the Board.

7.7 Waiver of Notice. Attendance of a Director or, if applicable, a Member at any meeting will constitute a waiver of notice of such meeting, except when a Director or, if applicable a Member, 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 or, if applicable, any Member, 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.

7.8 Action Without Meeting. To the fullest extent permitted by the Act, the Directors will have the right to take any action which they could take at a meeting in the absence of a meeting by obtaining the written consent of a majority of the Directors. If the vote of a different proportion of the Directors is required for an action, then the different proportion of written consents is required. The written consent must be filed with the minutes of the proceedings of the Board of Directors. Any action so approved will have the same effect as though taken at a meeting of the Directors. This Section does not apply to any meeting of the Board of Directors required by the Act.

7.9 Open Meetings; Executive Sessions.

(a) Subject to the provisions of Section 7.7 above and Section 7.9(b) below, all meetings of the Board of Directors shall be open to all Members and a period of time must be scheduled for comments and discussion by Members at the beginning of each Board meeting, but the Board of Directors may establish reasonable limitations on the time any Member may speak.

(b) Any meeting of the Board of Directors may be adjourned, and the Board of Directors may reconvene in executive session and to the fullest extent permitted by the Act, exclude Members. Subject to change in applicable Nevada law, the Board of Directors may meet in 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 49.035 to 49.115, inclusive, or to enter into, renew, modify, terminate or take any other action regarding a contract between the Association and the attorney; (b) discuss the character, alleged misconduct, professional competence, or physical or mental health of a community manager or an employee of the association; (c) except as otherwise provided in subsection 4 of NRS 116.31085, discuss a violation of the Documents, including, without limitation, the failure to pay an assessment; (d) discuss the alleged failure of a Member to adhere to a schedule required pursuant to the Act if the alleged failure may subject the Member to a construction penalty. Any matters discussed in executive session shall be confidential and must be generally noted in the minutes of the meeting of the Board of Directors. Provided, however, Declarant shall have the right to attend all executive sessions of the Board of Directors, to the fullest extent permitted by law. This Section 7.9(b) may not be amended without the prior written consent of Declarant.

7.10 Telephonic Meetings. Unless otherwise restricted by the Documents or the Act, Directors or Members of any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or committee by means of a conference telephone network or a similar communications method by which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section 7.10 constitutes presence in person at such meeting.

ARTICLE 8
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

8.1 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, subject to the limitations contained in the Declaration and the Act, the powers and duties necessary for the administration of the affairs of the Association, which shall include but are not limited to the following powers and duties:

- (a) Recommend amendments to these Bylaws and the Declaration for approval by the Members;
- (b) Adopt and amend the Rules;
- (c) Recommend budgets for revenues, expenditures and reserves;
- (d) Collect assessments for Common Expenses from Owners;
- (e) Hire and discharge Managers;
- (f) Hire and discharge employees, independent contractors and agents;
- (g) Subject to the necessary approval of the Members pursuant to Section 24.2 of the Declaration, institute, defend or intervene in litigation or administrative proceedings in the Association's name, on behalf of the Association or two or more Owners on matters affecting the Property;
- (h) Make contracts and incur liabilities so long as all contracts be for a period of time not more than 1 year, or otherwise provide for the Association's right to terminate not less than every 1 year;
- (i) Regulate the use, maintenance, repair, replacement and modification of Common Elements;
- (j) Cause additional improvements to be made as a part of the Common Elements;
- (k) Acquire, hold, encumber and convey, in the Association's name, any right, title or interest to real estate or personal property, but Common Elements may be conveyed or subjected to a security interest only pursuant to NRS 116.3112;
- (l) Grant easements for any period of time, including permanent easements, and grant leases, licenses and concessions through or over the Common Elements;
- (m) Impose and receive a payment, fee or charge for services provided to Owners and for the use, rental or operation of the Common Elements;
- (n) Impose a reasonable charge for late payment of assessments and, subject to Section 8.4, levy a reasonable fine for a violation of the Declaration, Bylaws, Rules;
- (o) Impose a reasonable charge for the preparation and recording of amendments to the Declaration, resale certificates required by NRS 116.4109 and statements of unpaid assessments;

(p) Provide for the indemnification of the Association's officers and Board of Directors and maintain Directors' and officers' liability insurance;

(q) Assign the Association's right to future income, including the right to receive Common Expense assessments;

(r) Exercise any other powers conferred by the Declaration or Bylaws;

(s) Exercise any other power that may be exercised in the State of Nevada by legal entities of the same type as the Association;

(t) Exercise any other power necessary and proper for the governance and operation of the Association;

(u) To the extent not otherwise prohibited under the Act, direct the removal of vehicles improperly parked, or otherwise in violation of the Declaration generally, on property within the Community, pursuant to NRS 487.038;

(v) Enter into subsidy agreements or other similar agreements with the Declarant whereby regular assessments otherwise payable by the Declarant on Units owned by the Declarant are suspended in exchange for the payment by the Declarant of shortfalls in the Association's operating expenses, the provision of maintenance of the Common Elements and/or the performance of other services which are Common Expenses of the Association;

(w) To the extent permitted by law, delegate any of its duties hereunder to others, including officers, employees and/or professional managers; and

(x) By resolution, establish committees of Directors, permanent and standing, to perform any of the above functions under specifically delegated administrative standards as designated in the resolution establishing the committee. 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 45 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.

8.2 Duties. It shall be the duty of the Board of Directors to:

(a) Books and Records. Cause to be kept and maintained, a complete record of all its acts and corporate affairs, the records to include but not be limited to current copies of the Documents, a membership register, books of account and minutes of meetings of the Members and of the Board of Directors and all other books, records and other papers of the Association, including but not limited to the financial statements, budgets and reserve studies.

(b) Supervision. Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.

(c) Assessment Collection. As more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Unit;

and (2) send written notice of each assessment to every Owner subject thereto;

(3) foreclose the lien against a Unit for which assessments are not paid or bring an action at law against the Owner personally obligated to pay the same.

(d) Assessment Certificate. Furnish or cause an appropriate officer or officers to furnish, upon demand by any person, a certificate signed by an officer of the Association setting forth whether the assessments on a specified Unit have been paid. A properly executed certificate of the Association as to the status of assessments on a Unit is binding upon the Association as of the date of its issuance.

(e) Insurance. Procure and maintain the liability and other insurance required by the Declaration with respect to property owned by the Association or otherwise subject to the Declaration.

(f) Fidelity Bond. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

(g) Maintain Common Elements. Cause the Common Elements to be maintained as provided in the Declaration.

(h) Budget. At least 30 days and not more than 60 days prior to the beginning of the second and each succeeding Fiscal Year of the Association, prepare and distribute to Members a budget for the Association for ratification by the Members at least 14 days and not more than 30 days prior to meeting of the Members at which the budget will be considered. In lieu of distributing a copy of the budget to each Member, the Board of Directors may elect to distribute a summary of the budget accompanied by a written notice that the budget is available for review at a specified suitable location and that copies of the budget will be provided to a Member upon request. The budget be prepared in accordance with the Act and must contain at least the following information:

(1) The budget for the daily operation of the Association which shall include (i) an estimate of the Association's annual revenue and expenses, and (ii) any contributions to be made to the reserve account of the Association.

(2) The budget to maintain an adequate reserve for the repair, replacement and restoration of the major components of the Common Elements which shall include (i) the current estimated replacement cost, estimated remaining life and estimated useful life of each major component of the Common Elements, (ii) as of the end of the Fiscal Year for which the budget is prepared, the current estimate of the amount of cash reserves necessary for the repair, replacement and restoration of the major components of the Common Elements and the current amount of accumulated cash reserves that are set aside for the repair, replacement and restoration of the major components of the Common Elements, (iii) a statement as to whether the Board of Directors has determined or anticipates that the levy of one or more special assessments will be required to repair, replace or restore any major component of the Common Elements or to provide adequate reserves for that purpose, and (iv) a general statement describing the procedures used for the estimation and accumulation of cash reserves pursuant to item (ii) of this Section 8.2(h)(2), including, without limitation, the qualifications of the person responsible for the preparation of the reserve study conducted pursuant to Section 8.2(j) hereof and the Act.

(3) The projected monthly assessment for Common Expenses for each Unit.

(4) Such other information as may be required by the Act.

(i) Reserve Account. Establish and maintain a separate reserve account for the repair, replacement and restoration of the major components of the Common Elements based upon the age, remaining life and the quantity and replacement cost of major components of the Common Element, in accordance with the provisions of the Declaration, these Bylaws and the Act; provided, however, that the reserves of the Association must not be used for the daily maintenance expenses of the Project.

(j) Reserve Study. At least once every 5 years, cause to be conducted a study of the reserves required for the repair, replacement and restoration of the major components of the Common Elements. Such reserve study shall be prepared in compliance with the Act and shall be reviewed at least annually (during the preparation of the Association budget) to (1) determine if those reserves are sufficient and (2) make any adjustments to the Association's funding plan which the Board of Directors deems necessary to provide adequate funding for the reserves.

(k) Board Review. Routinely cause to be placed on the agenda for review at meetings of the Board of Directors, at least once every 90 days,

(1) A current year-to-date financial statement of the Association;

(2) 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;

(3) A current reconciliation of the operating account of the Association;

(4) A current reconciliation of the reserve account of the Association;

(5) The latest account statements prepared by the financial institutions in which the accounts of the Association are maintained;

(6) The current status of any civil action or claim submitted to arbitration or mediation in which the Association is a party; and

(7) Such other matters as may be required under the Act.

(l) Financial Statements. To the extent required under the Act, cause the financial statements of the Association to be audited and/or reviewed, as may be applicable, in accordance with the Act and the regulations adopted thereunder.

(m) Minutes. Within 30 days after any meeting of the Members or the Board of Directors, cause to be prepared the minutes of such meeting or a summary thereof and make available a copy thereof to any Member, Eligible Mortgagee, and Eligible Insurer, who requests a copy, provided, however, that the Association may charge a reasonable photocopy charge for such minutes or summary minutes.

(n) Document Changes. Cause the secretary, other officer or the Manager of the Association to provide a copy of any change made to the Documents, within 30 days after such change is made, to all Members either by hand-delivery or through the mail to the address of such Members or Eligible Mortgagee appearing on the books of the Association or supplied in writing by such Member or Eligible Mortgagee to the Association for the purpose of notice.

(o) Compliance. Cause such instruments, studies, notices and other documents as may be required under the Act, to be filed with or submitted to such governmental agencies as required by the Act, including without limitation, the Real Estate Division of the Department of Business and Industry and the Commission for Common-Interest Communities.

8.3 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 Members:

(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, except as may otherwise be permitted by these Bylaws, subject to the Declaration.

(3) Incurring aggregate expenditures payable by the Association for capital improvements to the Common Elements in any fiscal year in excess of 5% of the budgeted gross expenses of the Association for that fiscal year, subject to the Declaration.

(4) Commence a civil action on behalf of the Association, subject to the requirements and limitations set forth in 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 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) For so long as there is any Unit for which this Association is obligated to provide management, maintenance, preservation or control, then, without the approval of 80% of the Members, the Association or any person acting on its behalf shall not transfer all or substantially all of its assets or file a certificate of dissolution.

8.4 Hearing Procedure. The Board of Directors shall not impose a fine, suspend voting, or infringe upon any other rights of a Member or other occupant for violations of the Documents unless and until the following procedure is followed:

(a) Rules. In the case of an alleged violation of the Rules, the Person alleged to have violated the Rules must have been given written notice of the applicable Rule at least 30 days prior to the date of the alleged violation. Notice will be deemed to have been given 3 days after deposit of the Rules in the mail, postage prepaid, addressed to the Unit. The Owner of a Unit is responsible for providing notice of the Rules to that Owner's tenants, guests and contractors, and, for purposes of this Section, notice to an Owner shall be deemed to be notice to that Owner's tenants, guests or contractors.

(b) Demand. Written demand to cease and desist from an alleged violation must be served upon the alleged violator specifying:

- (1) the alleged violation;
- (2) the action required to abate the violation; and
- (3) the time period, not less than 14 days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a sanction after notice and hearing if the violation is not continuing.

(c) Notice. At any time within 12 months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is subsequently violated, the Board of Directors or its authorized representative shall serve the violator with written notice of a hearing to be held by the Board of Directors or an authorized committee thereof in executive session. The notice shall contain:

- (1) the nature of the alleged violation;
- (2) the time and place of the hearing, which time shall not be less than 10 days from the giving of the notice;
- (3) an invitation to attend the hearing and produce any statement, evidence, and witness on behalf of the Member or other Person alleged to have violated the Documents; and
- (4) the proposed sanction to be imposed.

(d) Hearing. The hearing shall be held in executive session pursuant to this notice affording the Member or other alleged violator a reasonable opportunity to be heard; provided, however, that such Member or other alleged violator shall have the right to demand that the hearing be conducted at an open meeting of the Board of Directors by written notice given prior to the date of the hearing. The person who may be sanctioned for the alleged violation is entitled to attend the hearing and testify concerning the alleged violation, but the person may be excluded by the Board of Directors from any other portion of the hearing, including, without limitation, the deliberations of the Board of Directors. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard has been complied with shall be placed in the minutes of the meeting. Proof of notice shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. No Director may verbally disclose any of the actions taken against any Member in executive session; provided, however, that each Member against whom action is taken by the Board of Directors in executive session must be given written notice of such action. In addition, the Board of Directors shall maintain minutes of any decision made in executive session of violations of the Documents alleged to have been committed and, upon the request of the Member who was the subject of the discussion, provide a copy of those minutes to such Member or to such Member's designated representative.

(e) Appeal. If the hearing is before a committee of the Board of Directors, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the President or Secretary of the Association or the Manager thereof within 10 days after receipt of notification of the decision.

8.5 Certain Exemptions. The procedures set forth in Section 8.4 will not be necessary in order to impose any sanction or penalty for nonpayment of a delinquent assessment.

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

8.7 General. 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 in the 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.

ARTICLE 9 OFFICERS AND THEIR DUTIES

9.1 Enumeration of Offices. The officers of the Association shall be a President and a Vice President who shall at all times be Directors, a Secretary, and a Treasurer and such other officers as the Board of Directors may from time to time by resolution create. Every officer must at all times be a Director.

9.2 Election of Officers. The election of officers shall take place at the first organizational meeting of the Board of Directors and thereafter at the regular meeting of the Board of Directors which follows each annual meeting of the Members.

9.3 Term. The officers of the Association shall be elected annually by the Board of Directors and each shall hold office for 1 year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

9.4 Special Appointments. The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time, determine.

9.5 Removal and Resignation. Any officer may be removed either with or without cause, by a majority of the Directors at the time in office, at any regular or special meeting of the Board of Directors or except in case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

9.6 Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

9.7 Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 9.4 hereof.

9.8 Duties. The duties of the officers are as follows:

(a) President. The President shall be the chief executive officer of the Association, and, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the Association. The President shall preside at all meetings of all of the Members and at all meetings of the Board of Directors. The President shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or by these Bylaws. The President shall sign all leases, mortgages, deeds and other written instruments and shall co sign all checks and promissory notes of the Association (subject to Section 17.2 hereof). The President shall see that orders and resolutions of the Board of Directors are carried out.

(b) Vice President. The Vice President shall act in the place of the President in the event of the President's absence and shall exercise and discharge such other duties as may be required of the Vice President by the Board of Directors. The Vice President may co-sign checks of the Association (subject to Section 17.2 hereof) in lieu of the Secretary if the Secretary is not reasonably available to co-sign checks in the absence of either one of (but not both of) the President or Treasurer.

(c) Secretary. The Secretary shall be responsible for: recording the votes and keeping the minutes of all meetings and proceedings of the Board of Directors and of the Members; keeping the corporate seal of the Association and affixing it on all papers requiring the seal; serving notice of meetings of the Board of Directors and of the Members; keeping appropriate current records showing the Members of the Association together with their addresses; and performing such other duties as may be required by the Board of Directors. The Secretary may co-sign checks of the Association (subject to Section 17.2 hereof) in the absence of either one of (but not both of) the President or Treasurer in the event that either is not reasonably available.

(d) Treasurer. The Treasurer shall be the chief financial officer of the Association and shall be responsible for the following duties: receiving and depositing in appropriate bank accounts all monies of the Association and disbursing such funds as directed by resolution of the Board of Directors; co-signing all checks and promissory notes of the Association (subject to Section 17.2 hereof); keeping proper books of account; causing a financial review of the Association books to be made by a certified public accountant not less than every 5 years, or at more frequent intervals as may be determined by the Board of Directors; and preparing the annual budget and a statement of income and expenditures required by these Bylaws.

(e) Delegation of Duties. To the extent permitted by law, the Board may, by resolution from time to time as it deems necessary, delegate certain duties assigned to one or more of the officers under this Section 9.8 to a property manager employed by the Association but only to the extent that such duties are more appropriately performed by property managers, as determined by the Board at its sole discretion.

ARTICLE 10
BOOKS AND RECORDS

10.1 Inspection. Current copies of the Declaration, the Articles, these Bylaws, the Rules, and all other books, records and other papers of the Association, including but not limited to the financial statements, budgets, reserve studies, the membership register, books of account and minutes of meetings of the Members, the Board of Directors and of committees of the Board of Directors, all contracts to which the Association is a party and all records filed with a court relating to a civil or criminal action to which the Association is a party, shall be kept at the office of the Association, the office of the Manager,

or at such other place as the Board of Directors shall prescribe and shall be made available for inspection and copying by any Member of the Association, or by his duly appointed representative and by all Eligible Mortgagees, at any reasonable time and for a purpose reasonably related to his interest as a Member or as a Eligible Mortgagee, whatever the case may be, subject to change not to exceed the maximum change permitted by the Act. The right to inspect records does not include (i) the personnel records of the employees of the Association, except for those records relating to the number of hours worked and the salaries and benefits of those employees, (ii) the records relating to another Member, or (iii) the minutes from any executive sessions of the Board of Directors to the extent provided under the Act. Subject to any limitations imposed under the Act, the Board of Directors 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; and
- (c) payment of the cost of reproducing copies of documents requested by a Member.

10.2 Inspection by Directors. Every Director shall have the absolute 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 inspection by a Director shall include the right, at his expense, to make extracts and copies of documents.

ARTICLE 11 CORPORATE SEAL

The Association may (but is not required to) have a corporate seal, which shall be circular in form, and shall have inscribed thereon the name of the Association, the date of its incorporation and the word "Nevada".

ARTICLE 12 AMENDMENTS

Except as otherwise provided herein, new Bylaws may be adopted or these Bylaws may be amended or repealed by the vote of a Majority of the Members, or by the written consent of such Members. Notwithstanding the foregoing, no material amendment to these Bylaws shall be made without (i) the approval of at least 51% of the Eligible Mortgagees and (ii) the consent (by vote or written consent) of Members representing 67% or more of the voting power of the Members of the Association. The term "material amendment" as used herein shall be defined to mean additions or amendments to provisions of these Bylaws which establish, provide for, govern or regulate any of the following: (a) voting; (b) assessments, assessment liens, or subordination of such liens; (c) reserves for maintenance, repair and replacement of Common Elements; (d) insurance or fidelity bonds; (e) rights to use of the Common Elements; (f) responsibility for maintenance and repair of the several portions of the Property; (g) expansion or contraction of the Property or the addition, annexation or withdrawal of property to or from the Property; (h) boundaries of any Unit; (i) the interests in the Common Elements; (j) convertibility of Units into Common Elements or of Common Elements into Units; (k) leasing of Units; (l) imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey his Unit; or (m) any provisions which are for the express benefit of Eligible Mortgagees or Eligible Insurers on any Unit. Any Eligible Mortgagee who receives a written request to approve additions or amendments that does not deliver or post to the requesting party a negative response within 30 days shall be deemed to have approved such request.

Notwithstanding the above or any other article of these Bylaws, the percentage of the voting power of the Association or of Members other than the Declarant 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.

Furthermore, any amendment of the Bylaws during the Declarant Control Period shall require the prior approval of the VA and/or HUD to the extent necessary to meet any VA and/or HUD requirements applicable to the Community.

ARTICLE 13 MEMBERSHIP RIGHTS AND PRIVILEGES

13.1 Exclusive Board Rights. Except for certain rights of Declarant described in the Declaration, no Member shall have the right without the prior approval of the Board of Directors to exercise any of the powers or to perform any of the acts by these Bylaws delegated to the Board of Directors, as in Article 8 of these Bylaws more fully provided. Unless otherwise provided in the Declaration and subject to the Rules adopted by the Board of Directors, each Member, his immediate family, guests and tenants shall have the right to use and enjoy the Common Elements.

13.2 Suspension of Member Rights. The membership rights and privileges, together with the voting rights of any Member may be suspended by the Board of Directors, in accordance with the procedures described in Section 8.4 hereof:

(a) Infractions. For a period not to exceed 30 days for any infraction of the provisions of the Declaration or the Rules.

(b) Failure to Pay Assessments. For any period of time during which the assessment on that Member's Unit remains unpaid, provided that neither the membership rights and privileges nor the voting rights of the Declarant may be suspended during the period in which the Declarant is not paying assessments, but is exercising its rights under the Declaration to control the Association or to improve, maintain, operate and repair the Common Elements.

(c) Limitation. Notwithstanding the foregoing, no such suspension shall affect the rights of that Member to access to his or her Unit.

13.3 Penalties. Reasonable monetary penalties may be adopted by the Association provided the adoption of such penalties is approved by the Board of Directors subject to any applicable limitations contained in the Act.

ARTICLE 14 RESIDENT AGENT

The Association shall have a Resident Agent, who shall be chosen by the Board of Directors to hold office until his or her successor is chosen and qualifies. The resident agent may be either an individual or a corporation, located in the State of Nevada, in charge of the Association's principal office. The resident agent shall, within 10 days after acceptance of an appointment as such file a certificate thereof in the office of the Secretary of State of Nevada.

ARTICLE 15
INDEMNIFICATION

To the extent permitted by law and consistent with the Articles, the Association will indemnify every member of the Board of Directors, and every officer, committee member, employee and agent of the Association and every person who serves at the request of the Association as a director, officer, committee member, employee, fiduciary or agent of any other foreign or domestic corporation or of any partnership, joint venture, trust or other enterprise or employee benefit plan against liability asserted against or incurred by such person in such capacity or arising out of that person's capacity as such. The indemnification permitted under this Article will not extend, however, to any act or omission occurring prior to the date of incorporation of the Association.

In the event of a settlement, indemnification will be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of such actions or omissions in the performance of such person's duties for the Association. The foregoing rights will not be exclusive of other rights to which such member of the Board of Directors or officer or other person may be entitled. All liability, loss, damage, cost and expense arising out of or in connection with the foregoing indemnification provisions will be treated and handled by the Association as a Common Expense.

ARTICLE 16
NONPROFIT CORPORATION

The Association is not organized for profit. Subject to the provisions of the Documents permitting business dealings between the Declarant and the Association, no Member of the Association, member of the Board of Directors, or Person from whom the Association may receive any property or funds will receive or will be lawfully entitled to receive any pecuniary profit from the operations of the Association, and in no event will any part of the funds or assets of the Association be paid as a dividend or be distributed to, or inure to the benefit of, any member of the Board of Directors.

Notwithstanding the foregoing, (i) reasonable compensation may be paid to any Member or Director acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, (ii) any Member or Director may, from time to time, be reimbursed for his or her actual and reasonable expenses incurred in connection with the administration of the affairs of the Association, and any Director may be reimbursed for actual expenses incurred in the performance of his or her duties.

ARTICLE 17
MISCELLANEOUS

17.1 Fiscal Year. The fiscal year of the Association will begin on the first day of January and end on the 31st day of December every year, except that the first fiscal year will begin on the date of incorporation.

17.2 Checks, Draft, etc. Except as otherwise authorized by resolution of the Board of Directors, all checks, drafts or other orders for payment of money, notes or other evidence of indebtedness, issued in the name of or payable by the Association, and any and all withdrawals of funds from the Association's reserve funds, shall require two signatures, one of which shall be that of the President and one of which shall be that of the Treasurer. In the event that either the President or the Treasurer is absent or not reasonably available, the Secretary may co-sign in lieu of the absent officer (but not in lieu of both). In the event that either the President or the Treasurer is absent or not reasonably

available, and the Secretary also is absent or not reasonably available, the Vice President may co-sign in lieu of the absent President or Treasurer (but not in lieu of both).

17.3 Amendments to Declaration, Contracts, Etc., How Executed. Amendments to the Declaration must be prepared, executed, certified and recorded on behalf of the Association by the President of the Association or any other officer of the Association designated for such purpose by the Board of Directors. Furthermore, 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.

17.4 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.

17.5 Conflicts of Documents. In the case of any irreconcilable conflict between the Articles and these Bylaws, the Articles will control; and in the case of any irreconcilable 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 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.

17.6 Procedural Rules. The procedural rules applicable to meetings of the Members or the Board of Directors shall be *Robert's Rules of Order*. The procedural rules for conducting elections shall be such procedural rules as are set forth in the Act or in *Robert's Rules of Order*.

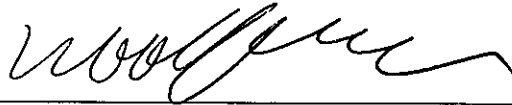
CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the Secretary of X-IT HOMEOWNERS' ASSOCIATION, a Nevada nonprofit mutual benefit corporation; and

THAT the foregoing Bylaws, comprising the foregoing 21 pages, 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 2nd day of February, 2007.



WOODY RAMOS, SECRETARY