

AMENDED BY-LAWS  
OF  
THE LAKES ASSOCIATION

Article III, Section 6, page 3 is amended to read:

Section 6. Quorum. The presence at the meeting of Members of proxies or any combination thereof, entitled to cast twenty-five percent (25%) of the voting power shall constitute a quorum for any action except as otherwise provided in the Articles, the Declaration, or these Bylaws. If any meeting cannot be held because a quorum is not present, the Members present, either in person or by proxy, may adjourn the meeting at a time not less than forty-eight (48) hours, nor more than thirty (30) days from the time the original meeting was called. If the time and place for the adjourned meeting is not fixed by those in attendance 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 the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

Article VII, page 16 is amended to read:

New By-Laws may be adopted or these By-Laws may be amended or appealed by the vote of a majority of a quorum of the voting power of The Association at a meeting duly called for such purpose, provided the proposed Amendment has been submitted to each member, together with the advance notice of said meetings. So long as there is a Class A membership in The Association, any Amendment to these By-Laws shall require the prior approval of the Veterans Administration and/or Federal Housing Administration. A draft of any Amendment should be submitted to the VA and/or FHA for its approval prior to its approval by the membership.

Article X, Section 1, page 17 is amended to read:

Section 1. Checks, Drafts and Documents. All checks, drafts or other orders for payment of money, notes or other evidences or indebtedness, issued in the name of or payable to The Association, shall be signed or endorsed by the President and/or Treasurer, or in such manner as, from time to time, shall be determined by resolution of the Board of Directors, but checks will require two (2) signatures. Disbursement of funds under the control of the Lakes Management Committee shall also require two (2) signatures and by such persons as the Committee determines by resolution from time to time.

Article X, Section 3, page 17 is amended to read:

Section 3. Inspection of Bylaws. This corporation shall keep in its office for the transaction of business or inspection by any prospective purchaser 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 at all reasonable times during regular office hours.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

(1) That I am the duly elected and acting Secretary of The Lakes Association, a Nevada Corporation; and

(2) That the foregoing Amended Bylaws, comprising 2 pages constitute the Amended Bylaws of said corporation as duly adopted at the first meeting of the Board of Directors thereof duly held on the 14<sup>th</sup> day of June, 1985.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said corporation this 14<sup>th</sup> day of June, 1985.

  
SECRETARY

BY-LAWS  
OF  
THE LAKES ASSOCIATION

ARTICLE I

GENERAL

Section 1. Name. The name of the corporation is THE LAKES ASSOCIATION ("The Association"). The principal office of The Association shall be located in Clark County, Nevada.

Section 2. Membership. Each Owner of a Lot, whether residential or commercial, or Condominium in The Lakes Association Properties, by virtue of being such an Owner, and for so long as he, she or it is an Owner, shall be a Member of The Association and is subject to the regulations, duties and liabilities and is entitled to the rights and privileges set forth in these By-Laws, in the Declaration of Covenants, Conditions and Restrictions for The Lakes Association recorded or to be recorded in the Office of the Clark County Recorder (the "Lake Declaration"), in the Lake Management Committee Rules, in Architectural Review Committee and in the Board Rules and Regulations.

Section 3. Termination of Membership. Membership in The Association shall automatically terminate when such member sells and transfers his lot.

Section 4. Meaning of Terms. The meaning of terms shall be the same as in the Declaration of The Lakes Association.

ARTICLE II

MEMBERS

Section 1. Voting. The Association shall have classes of voting membership as set forth in the Declaration.

Section 2. Membership Certificates. In its discretion, the Board may, but need not, issue appropriate membership certificates evidencing membership in the Association.

Section 3. Plural Memberships. A Member may own more than one membership in this Association by complying, as to more than one (1) Lot, with the qualifications of membership as set forth in the Section 2 of Article I entitled "Membership".

Section 4. Assessments. The Members shall be jointly, severally and personally liable for the payment of such Assessments as may from time to time be fixed and levied by the

Board pursuant to the provisions of the Declaration and these Bylaws.

Section 5. Enforcement of Payment of Assessments and Fines. Should any Member fail to pay his Assessments or fines before delinquency, the Association, in the discretion of the Board, shall have the right to enforce payment of such delinquent Assessments or fines pursuant to the Declaration.

Section 6. Association Rules; Enforcement. The following provisions shall govern the promulgation of The Association Rules which shall include the establishment of a system of fines and penalties;

(a) The Board in its discretion shall institute such rules and regulations as are consistent with and in furtherance of existing law, the Declaration, the Articles and these Bylaws.

(b) The Board in its discretion shall institute a list of specific fines and penalties, by any Member of the provisions of the Declaration, the Articles, these By-laws and the Association Rules. Such fines and penalties shall be binding on all Members and shall be enforceable by the Board as a Special Assessment. Such a remedy shall not be deemed to be exclusive and the Board shall have such other remedies as are provided for by applicable law, the Declaration, the Articles, the By-laws and the Association Rules.

(c) The Association shall have the authority through the Board of Directors, to establish, fix and levy a special assessment on any lot to secure liability of the Owners thereof to The Association which required the expenditure of time or money or both by The Association for remedy or repair. Said levy is due immediately and must be paid within thirty (30) days or action may be taken to force payment.

### ARTICLE III

#### MEETINGS OF MEMBERS

Section 1. Lake Association Responsibilities. In accordance with the provisions of the Lake Declaration, the Board of Directors of The Association shall have the responsibility of administering The Association Properties, approving an annual budget, establishing and collecting all assessments and fines applicable to The Association Properties or authorized pursuant to the Lake Declaration. The Architectural Review Committee shall have control of works of Improvement located in the Control Area. The Lakes Management Committee shall have control of the Lake and all items affecting the Lake and expend funds to maintain and operate the Lake, included in the Annual Budget.

Section 2. Place of Meeting. All meetings of Members shall be held at the principal office of The Association, or at such other place in the County of Clark as may be fixed from time to time by resolution of the Board.

Section 3. Annual Meeting. The first annual meeting of the Members shall be held in Clark County, the 1st Tuesday of May after the calendar year in which a full years' assessments have been assessed and each subsequent regular annual meeting of the Members shall be held on the same month of each year thereafter, at the hour of 8:00 o'clock P.M. in Clark County, provided, however, that the Board by resolution may fix a date for the meeting no more than thirty (30) days before or after said date. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 4. Special Meetings of Members. It shall be the duty of the President to call a special meeting of the Members, as directed by resolution of a majority of a quorum of the Board of Directors, or upon a petition signed by Members representing at least twenty-five (25%) percent of the voting power of The Association (excluding the voting power of Grantor) and having been presented to the Secretary. The Notice of any special meeting shall state the time and place of such meeting and the purpose thereof, but not less than 35 days or more than 90 days after receipt of the request, may meeting be held. No business shall be transacted at a special meeting except as stated in the notice, unless by consent of Members present, either in person or by proxy, representing at least eighty percent (80%) percent of the voting power of The Association, not including the voting rights of the Grantor. Each first Mortgagee of a Lot or Condominium in the Subject Property may designate a representative to attend all special meetings of the Members.

Section 5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the day, hour and place where it is to be held, to each Member of record, and to each first Mortgagee of a Lot, Parcel or Condominium, which Mortgagee has filed a written request for notice with the Secretary, at least fifteen (15) days but not more than sixty (60) days prior to such meeting. The notice may set forth time limits for speakers and nominating procedures provided in this Section, shall be considered notice served, forty-eight (48) hours after said notice has been deposited in a regular depository of the United States mail. Such notice shall be posted in a conspicuous place on or in The Association Property and such notice shall be deemed received by the Members when posted in such manner if no address has been furnished to the Secretary.

Section 6. Quorum. The presence at the meeting of Members of proxies or any combination thereof, entitled to cast ten percent (10%) of the voting power shall constitute a quorum for any action except as otherwise provided in the Articles, the

Declaration, or these Bylaws. If any meeting cannot be held because a quorum is not present, the Members present, either in person or by proxy, may adjourn the meeting at a time not less than forty-eight (48) hours, nor more than thirty (30) days from the time the original meeting was called. If the time and place for the adjourned meeting is not fixed by those in attendance 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 the adjourned meeting shall be given to Members in the manner prescribed for regular meetings. At the subsequent meeting, the presence of eligible Members, either in person or by proxy, or any combination thereof, entitled to cast one-third (1/3) of the voting power shall constitute a quorum.

Section 7. Approval of the Members. Except where a greater portion of the voting power is required by the Articles, the Declaration, or these By-Laws, a majority of the votes represented, in person or by proxy, and a voting at a duly held meeting at which a quorum is present (which affirmative votes also constitute a majority of the required quorum), shall constitute approval of the Members and prevail at all meetings. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the voting power required to constitute quorum.

Any action which may be taken by the vote of the Members at a regular or special meeting, except the election of directors, may be taken without a meeting if done in compliance with the following provisions:

(a) The Association must distribute a written ballot to every Member entitled to vote on the matter which shall set forth the proposed action, a place for signature and address so ballot may not be challenged, provide an opportunity to specify approval or disapproval of any proposal, and provide the time within which to return the ballot to The Association, which shall be not less than fifteen (15) days from the date that the written ballot is distributed to the Members;

(b) Approval by written ballot pursuant to this Section shall be valid only when the number of votes cast by ballot within the specified time period equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve such action at a meeting;

(c) Ballots shall be solicited in a manner consistent with the requirements of Section 5 above (Notices of Meetings). All such solicitations shall indicate the number of responses needed to meet the

quorum requirement and shall state the percentage of approvals necessary to pass the measure submitted. The solicitation must specify the time by which the ballot must be received in order to be counted.

(d) A written ballot may not be revoked.

Section 8. Proxies. Every Member entitled to vote or execute consents shall have the right to do so either in person, or by an agent or agents authorized by a written proxy executed by such Member to his duly authorized agent and filed with the Secretary of The Association; provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless otherwise provided in the proxy, except that the maximum term of any proxy shall be three (3) years from the date of execution.

Section 9. Action Without Meeting. Any action which, under any provision of, the Articles, these Bylaws, or the General Corporation Law of the State of Nevada, may be taken at a meeting of Members, may be taken without a meeting if authorized by a writing signed by Members entitled to exercise the percentage of the voting power of the corporation required for a particular matter and filed with the Secretary of the Association.

Section 10. Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of Members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the Minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

Section 11. Delegates to West Sahara Community Association Meetings. Every Member entitled to vote will be represented at the annual or special meetings of the West Sahara Community Association by delegates chosen by members of The Association, or subassociations formed under the Lakes Association, approximately one month prior to delegates required attendance for meetings of the Master Association. There will be one delegate for each fifty (50) votes or a portion thereof in each delegate area further defined under the Declaration, Article III, as Classes A, B, C, D, E and F.

The West Sahara Community Association will be notified two (2) weeks prior to meetings as to the names of such delegates and the number of votes they represent. Members who are delinquent may not vote and their votes will be deducted from the number of votes each delegate represents. If no delegates are chosen and the West Sahara Community Association is not notified two (2) weeks in advance for any delegate area, then that area will not be represented and no votes will be counted from that area. Delegates shall vote in accordance with the majority opinion of the members they represent.

## ARTICLE IV

### BOARD OF DIRECTORS

Section 1. Number and Qualification. The property, business and affairs of The Association shall be governed by a Board of Directors composed of five (5) persons, each of whom, except for those appointed and serving as first Directors, may, but need not be an Owner of a Lot, Parcel or Condominium in The Lakes Properties or an agent of Grantor for so long as Grantor owns a Lot, Parcel or Condominium. Directors shall not receive any salary or compensation for their services as Directors; provided, however, that (1) nothing herein contained shall be construed to preclude any Director from serving The Association in some other capacity and receiving compensation therefore, and (2) any Director may be reimbursed for actual expenses incurred in the performance of such Director's duties.

The number of Board members may be increased by a majority vote of the Members based on a sixty (60%) quorum.

Section 2. Powers. In addition to the powers and duties of the Board as set forth in the Declaration, the Articles or elsewhere in these Bylaws, and subject to limitations of the Articles, the Declaration, or these Bylaws and the Nevada Corporations Law as to action to be authorized or approved by the Members, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by the Board with the exception of exclusive powers and authority given to the Architectural Review Committee and the Lakes Management Committee. Without prejudice to such general powers but subject to the same limitations, the directors are vested with and shall have the following powers; to wit:

(a) To select, appoint and remove all officers, agents, and employees of The Association, to prescribe such powers and duties for them as may be consistent with law, with the Articles, the Declaration and/or these Bylaws, to fix their compensation and to require from the Fidelity Bonds for faithful service when deemed advisable by the Board. The premium of such bonds shall be paid by The Association.

(b) To conduct, manage and control the affairs and business of The Association, and to make and enforce such rules and regulations therefor consistent with law, with the Articles, the Declaration and/or these Bylaws, as the Board may deem necessary or advisable.

(c) Committees. The Board of Directors, by resolution, may from time to time designate such committees as it shall desire, and may establish the purposes and powers of each such committee created, so long as the purposes and powers of such committee do not conflict with the purposes and powers of the Architec-

tural Review Committee, or the Lake Management Committee. The resolution designating and establishing the committee shall provide for the appointment of its members, as well as a chairman, shall state the purposes of the committee, and shall provide for reports, termination and other administrative matters as deemed appropriate by the Board.

(d) To contract for and pay premiums for, with respect to The Association Properties, fire, casualty, blanket liability, malicious mischief, vandalism, liquor liability, errors and omissions, and other insurance insuring the Delegates, the Members, The Association, the Board of Directors, Grantor, members of ARC and the Lake Management Committee, and Manager or Managers and other authorized agents, in accordance with the provisions of the Lake Declaration, covering and protecting against such damages or injuries as the Board deems advisable (which may include without limitation, medical expenses of persons injured on or in The Association Properties).

Section 3. Election Committee and Nomination of Directors. As provided in the Declaration, an Election Committee shall be appointed annually by the Board to make rules for and supervise nominations, voting procedures, voting requirements and the orderly and fair election of directors. The Election Committee shall consist of a Chairman, who shall be a member of the Board, and two (2) or more persons who shall have voting rights under the provisions of the Declaration, who may or may not be Board members. Prior to any meeting of the Members for which directors shall be elected, the Election Committee, under reasonable procedures adopted by it, shall collect nominations for the directors to be elected at such meeting. Without limiting the generality of the foregoing, the Election Committee may refuse to accept any person as a candidate unless a specified number of Members, of not less than fifty (50) have signed a petition endorsing such person's candidacy. The notice of the meeting of Members at which directors are to be elected shall indicate the candidates that have been accepted for nomination by the Election Committee, and a proxy form so they may assign their vote to another member if they cannot attend.

Section 4. Election and Term of Office.

(a) Until the holding of the organization meeting of the Members referred to in the Section of these Bylaws entitled "Meetings of Members", the Board shall consist of those directors who constituted the incorporators of this Association. The directors shall be elected at the first annual meeting of Members for three (3), two (2) and one (1) year terms and thereafter for three year terms for occurring vacancies, but if any such annual meeting is not held, or if the directors are not elected thereat, the directors may be elected at any

special meeting of Members held for that purpose. All directors shall hold office until their respective successors are elected.

(b) Election to the Board of Directors shall be by secret written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under these provisions. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted unless required by law.

Section 5. Vacancies. Vacancies on the Board may be filled by a majority of the remaining directors, though less than a quorum, and each director so elected shall hold office for the unexpired term of office of his predecessor.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any director. If the Members shall increase the authorized number of directors but shall fail to elect the additional directors as provided for at the meeting at which such increase is authorized, or at an adjournment thereof, or in case the Members fail to at any time elect the full number of the authorized directors, a vacancy or vacancies shall be deemed to exist.

The Members may at any time elect directors to fill any vacancy not filled by the directors, and may elect the additional directors at the meeting at which an amendment of the Bylaws is voted authorizing an increase in the number of directors.

If any director tenders his resignation to the Board, the Board shall have power to elect a successor to take office at such time as the resignation shall become effective. No reduction of the number of directors shall have the effect of removing any director prior to the expiration of his term of office.

Section 6. Place of Meetings. All meetings of the Board shall be held at the principal office of The Association or at any other place or places within the County of Clark designated at any time by resolution of the Board or by written consent of all Members of the Board.

Section 7. Organization Meeting. Immediately following each annual meeting of the Members, the Board shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice of such meeting is hereby dispensed with.

Section 8. Other Regular Meetings. Other regular meetings may be held without call at such place and day and hour as may be fixed from time to time by resolution of the Board provided, should said day fall upon a legal holiday, then the meeting which otherwise would be held on said day shall be held at the same time on the next day thereafter ensuing which is not

a legal holiday. Notice of all such regular meetings of the Board is hereby dispensed with.

Section 9. Special Meetings Notice. Special meetings of the Board may be called at any time by the President or if he is unable or refused to act, by any Vice President, or by any two (2) Directors. Written notice of the time and place of special meetings shall be given at least four (4) days prior to the meeting date if by first class mail or forty-eight (48) hours notice if delivered personally or by telephone or telegraph prior to the holding of the meeting.

Section 10. Notice of Adjournment. Notice of adjournment of any Board meeting, either regular or special, need not be given to absent directors, if the time and place are fixed at the meeting adjourned.

Section 11. Waiver of Notice. The transaction of any business at any meeting of the Board, however called and noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present. All waivers, consents or approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

Section 12. Quorum. A majority of the number of directors as fixed by the Articles or these Bylaws shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision made or done 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. Members of the Board may participate in a meeting through use of conference telephone or similar communications equipment, so long as all Members participating in such meeting can hear one another. Participation in a meeting pursuant to this subdivision constitutes presence in person at such meeting.

Section 13. Adjournment. A quorum of the directors may adjourn any Board meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the directors present at any Board Meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 14. Consent of Board Obviating Necessity of Meeting. Notwithstanding anything to the contrary contained in these Bylaws, any action required or permitted to be taken by the Board may be taken without a meeting if all Members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the Minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of such directors.

Section 15. Fees and Compensation. No director or officer shall receive any salary for his services as such officer or director. Nothing herein contained shall be construed to preclude any director or officer from serving The Association as agent, counsel, or any capacity other than as such director or officers, and receiving compensation therefor.

Section 16. Presiding Officer. The members of the Board shall elect one of their number to act as Chairman. The Chairman shall preside at all meetings of the Board.

Section 17. Indemnification of Directors, Grantor, Committee Members, Officers and Employees.

(a) For the purposes of this Section, "agent" means any person who is or was a director, officer, Grantor, member, delegates, Lakes Management Committee, ARC, employee, or other agent of The Association, or is or was serving at the request of The Association as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise; "preceeding" means threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and "expenses" includes, without limitation, attorneys' fees and any expenses of establishing a right to indemnification under paragraph (d) of subparagraph (e)(iii) of this Section.

(b) The Association shall indemnify any person who was or is a party, or is threatened to be made party, to any proceeding (other than an action by or in the right of The Association to procure a judgment in its favor) by reason of the fact that such person is or was an agent of The Association, against expenses, judgment, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of The Association and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of The Association or that the person had reasonable cause to believe that the person's conduct was unlawful.

(c) The Association shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action by or in the right of The Association to procure a judgment

in its favor by reason of the fact that such person is or was an agent of The Association, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of The Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this paragraph (c):

(i) In respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to The Association in the performance of such person's duty to The Association, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine:

(ii) Of amounts paid in settling or to otherwise dispose of a threatened or pending action with or without court approval; or

(iii) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval.

(d) To the extent that an agent of The Association has been successful on the merits in defense of any proceeding referred to in paragraph (b) or (c) or in the defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

(e) Except as provided in paragraph (d), the indemnification under this Section shall be made by The Association only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in paragraph (b) or (c), by:

(i) A majority vote of a quorum consisting of directors who are not parties to such proceeding;

(ii) Approval of the Members. For purposes of determining the required quorum of any meeting of Members called to approve indemnification of an agent and the vote or written consent required therefor, the vote of any Member to be indemnified shall not be considered outstanding and shall not be entitled to be cast thereon; or

(iii) The court in which such proceeding is or was pending, upon application made by The Association or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney or other person is opposed by The Association.

(f) Expenses incurred in defending any proceeding may be advanced by The Association prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Section.

(g) This Section shall create a right of indemnification for each person referred to in this Section, whether or not the proceeding to which the indemnification related arose in whole or in part prior to adoption of the Section, and in the event of the death of such agent, whether before or after initiation of such proceeding, such right shall extend to such person's legal representatives. This Section does not apply to any proceeding against any trustee, investment manager or other fiduciary of any employee benefit plan in such person's capacity as such, even though such person may also be an agent of The Association as defined in paragraph (a). Nothing contained in this Section shall limit any right to indemnification to which such a trustee, investment manager or other fiduciary may be entitled by contract or otherwise, which shall be enforceable to the extent permitted by applicable law other than this Section. In addition, to the maximum extent permitted by applicable law. The right of indemnification hereby given shall not be exclusive of or otherwise affect any other rights such agent may have to indemnification, whether by law or under any contract, insurance policy or otherwise.

(h) No indemnification or advance shall be made under this Section, except as provided in paragraph (d) or subparagraph (e)(iii), in any circumstance where it appears:

(i) That it would be inconsistent with a provision of the Articles, these Bylaws, a resolution of the Members or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(ii) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

(i) Upon determination by the Board, The Association may purchase and maintain insurance on behalf of any agent of The Association against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not The Association would have the power to indemnify the agent against such liability under the provisions of this Section.

(j) Upon the written request of any agent of The Association who was or is a party, or is threatened to be made a party, to any threatened, pending or completed proceeding, the Board shall meet within ten (10) days of such request and shall determine whether indemnification of such agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in paragraph (b) or (c).

Section 18. Records. The Board shall cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the Members at annual meetings of Members or at any special meeting where such statement is requested in writing by one-fourth (1/4th) of the voting power of the Members entitled to vote thereat.

Section 19. Annual Report. The Board shall cause a copy of an annual report to be given to each member at the annual meeting and make available to any member upon request.

## ARTICLE V

### OFFICERS OF ASSOCIATION

Section 1. Officers. The officers shall be a President, Vice President, a Secretary and a Treasurer, which officers shall be elected by and hold office at the pleasure of the Board. The President and Vice President shall be members of the Board. Any of the other officers may, but need not, be a member of the Board. Any two or more of such offices may be held by the same person, except, those of President and Secretary may not be held by the same person.

Section 2. Election. The officers of The Association shall be chosen annually by the Board and each shall hold his office until he shall resign or shall be removed or otherwise be disqualified to serve or his successor shall be elected and qualified to serve.

Section 3. Removal and Resignation of Officers. Upon an affirmative vote of a majority of the entire Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Any officer may resign at any time by giving written notice to the Board or to the President or Secretary of The Association. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified thereon; and unless otherwise specified in said notice, acceptance of such resignation by the Board shall not be necessary to make it effective.

Section 4. Compensation. No officers shall receive compensation for their services to the Board.

Section 5. President. The President shall be the chief executive officer of The Association. He shall preside at all meetings of The Association and of the Board of Directors. With the exception of those powers and duties delegated to the Lake Management Committee and the ARC, he shall have all of the general powers and duties which are usually vested in the office of the President of a corporation including but not limited to the power, subject to the provisions of Article IV, Section 2(c), to appoint committees from among the Members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of The Association. The President shall, subject to the control of the Board of Directors have general supervision, direction and control of the business of The Association. The president shall be ex officio a member of all standing committees, except the Lake Management Committee, and ARC, and he shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws.

Section 6. Vice-President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent, disabled or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to so do on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors of these Bylaws.

Section 7. Secretary. The Secretary shall keep the Minutes of all meetings of the Board of Directors at the principal office of The Association or at such other place as the Board of Directors may order. The Secretary shall keep the seal of The Association in safe custody and shall have charge of such books and papers as the Board of Directors may direct; and the Secretary shall, in general, perform all the duties incident to the office of Secretary. The Secretary shall give, or cause to be given, notices of meetings of The Association and of the Board of Directors required by these Bylaws or by law to be given. The Secretary shall perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

Section 8. Treasurer. The Treasurer shall have responsibility for The Association funds and securities and shall be responsible for keeping, or causing to be kept, full and accurate accounts of the properties, tax records and business transactions of The Association, including accounts of all assets,

liabilities, receipts and disbursements in books belonging to the Lakes Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of The Association in such depositaries as may from time to time be designated by the Board of Directors. The Treasurer shall disburse the funds for The Association Properties as may be ordered by the Board of Directors, and disburse the funds of the Lake Maintenance Reserve fund as authorized by the Lakes Management Committee. Upon request of the Board, furnish an account of all of his transactions as Treasurer and of the financial condition of The Association and Lakes Management Committee, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

The Treasurer shall prepare the Combined Annual Budget of The Association each year to be presented to the Board for review and approval before being presented to the membership at the Annual Meeting.

## ARTICLE VI

### OBLIGATIONS OF THE MEMBERS

#### Section 1. Assessments.

(a) All Members are obligated to pay, in accordance with the provisions of the Lake Declaration, all assessments imposed by The Association and West Sahara Community Association to meet all expenses as assessed.

(b) All delinquent assessments shall be enforced, collected or foreclosed in the manner provided in the Lake Declaration. During any period in which a member is in default in payment of any annual or specified assessment levied by The Association, the voting and rights of enjoyment shall be suspended until such assessment has been paid.

#### Section 2. Maintenance and Repair.

(a) Every Member must perform promptly, at his sole cost and expense, all maintenance and repair work on or within his Lot, Parcel, or Condominium required under the provisions of the Lake Declaration. As further provided in the Lake Declaration, all plans for construction erection, maintenance, exterior alteration and repair of improvements located within the Control Area must receive the prior written approval of the Lake Management Committee and ARC. The Lake Management Committee and ARC shall establish reasonable procedures for the granting of such approval, in accordance with the Lake Declaration.

(b) As further provided in the Lake Declaration, each Member shall reimburse The Association for any expenditures incurred in repairing or replacing any portion of The Association Properties which are damaged through such Members, Member's guests, all family members regardless of age, and tenant's

misconduct or negligence. Such expenditures shall include all court costs and reasonable attorneys' fees incurred in enforcing any provision of these Bylaws or the Lake Declaration.

## ARTICLE VII

### AMENDMENTS TO BY-LAWS

These Bylaws may be amended by The Association in a duly constituted meeting of the Members for such purpose. No amendment to these Bylaws shall take effect unless approved by those Members representing at least a majority of a quorum of the voting power of The Association.

## ARTICLE VIII

### NOTICES

Section 1. Notice to The Association. Every Member who mortgages his Lot, Parcel or Condominium shall notify The Association through its Manager, or through the Secretary of The Association in the event there is no Manager, of the name and address of his Mortgagee; and The Association shall maintain such information in a book entitled "Mortgagees of Lots, Parcels and Condominiums". Any such Member shall likewise notify The Association as to the release or discharge or changes of any such Mortgage.

Every Member shall further notify The Association of the sale, lease or rental of his lot or Parcel giving name, address, and the date within ten (10) days of sale, lease or rental. Every Member shall further notify The Association as to his insurance carrier, and local representative.

Section 2. Notice of Unpaid Assessments. The Board of Directors of The Association shall at the request of a Mortgagee of a Lot, Parcel or Condominium in The Lakes Properties report any unpaid assessments due from the Owner of such Lot or Condominium.

## ARTICLE IX

### CONFLICTING PROVISION

In case any of these Bylaws conflict with any provisions of the laws of the State of Nevada, such conflicting Bylaws shall be null and void upon final court determination to such effect, but all other Bylaws shall remain in full force and effect. In case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control; and in the case of any conflict between the Lake Declaration and these Bylaws, or the Articles, the Lake Declaration shall control.

## ARTICLE X

### MISCELLANEOUS

Section 1. Checks, Drafts and Documents. All checks, drafts or other orders for payment of money, notes or other evidences or indebtedness, issued in the name of or payable to The Association, shall be signed or endorsed by such person or persons, and in such manner as, from time to time, shall be determined by resolution of the Board of Directors, but checks will require two (2) signatures. Disbursement of funds under the control of the Lakes Management Committee shall also require two (2) signatures and by such persons as the Committee determines by resolution from time to time.

Section 2. Execution of Documents. Unless so authorized by the Board of Directors, or the Lake Management Committee, or the ARC, no officer, agent or employee shall have any power or authority to bind The Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

Section 3. Inspection of Bylaws. This corporation 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 at all reasonable times during regular office hours.

Section 4. Fiscal Year. The fiscal year of The Association shall begin on the 1st day of January and end on the 31st day of December of every year.

Section 5. Membership Book. The Association shall keep and maintain in its office for the transaction of business a membership book containing the name and address of each Member. Termination or transfer of any membership shall be recorded in the book, together with the date on which the membership ceased or was transferred, in accordance with the provisions of the Lakes Declaration.

Section 6. Membership Certificates. The Association may provide for the issuance of certificates and cards, in a form which it shall determine, evidencing membership in The Association. Such certificates and cards shall be numbered and shall contain the name and address of the Member. The date of issuance of any certificate or card shall be entered into the records of The Association by the Secretary of The Association. If any certificate or card is lost, mutilated or destroyed, a new certificate or card may be issued upon such terms and conditions as the Board of Directors may direct.

Section 7. Accounting Reports. The Board shall cause to be maintained in a manner consistent with generally accepted accounting principles, a full set of books and record showing the financial condition of The Association. At least once a year an independent, audit, prepared by an outside independent auditor or a certified Public Accountant, shall be conducted. A copy of each such audit shall be available, at the annual meeting following the close of the Association's fiscal year and upon request, available to any Member of The Association not attending the meeting.

Section 8. Financing New Facilities or Capital Improvement of the Common Areas and Facilities. The Association shall have the right in accordance with its Articles and By-laws, to borrow money for the purpose of adding new improvements, or improving the Common Areas and facilities, and the incidentals, thereto with the approval of two-thirds (2/3) of the total vote and two-thirds (2/3) of the Institutional Lenders, and to mortgage The Association Properties.

Section 9. Record Date and Closing Membership Register. The Board may fix a time, in the future, not exceeding fifteen (15) days preceding the date of any annual or special meeting of the Members, as a record date for the determination of the Members entitled to notice of and to vote at any such meeting, and in such case only Members of record on the date so fixed shall be entitled to notice of and to vote at such meeting, notwithstanding any transfer or any membership on the books of The Association after any record date so fixed. In determining the Members of record on the said record date, the Board shall not be required to recognize any Member who has not executed and delivered a Membership Agreement or similar document on or before said date. The Board may close the books of The Association against transfer of membership during the whole, or any such part, or any such period.

## ARTICLE XI

### NOTICE AND HEARING PROCEDURE

#### Section 1. Suspension of Privileges and Reimbursement Assessments.

In the event of an alleged violation of the Lake Declaration, these Bylaws, the Lake Management Committee Rules, the ARC Rules, or the Board Rules and Regulations, and after written notice of such alleged failure is given to the Member or to anyone in his Family, or to any tenant of any Member, or to anyone in any tenant's family alleged to be in default in the manner herein provided, the Board of Directors shall have the right, after an appropriate hearing as hereinafter provided, and upon an affirmative vote of a majority of all members of the Board to take any one or more of the following actions: (1) levy a Reimbursement Assessment as provided in the Lake Declaration, (2) suspend or condition the right of said Member and his Family, or, if the alleged default is that of tenant, the right of such tenant or such tenant's Family, to the use and enjoyment of The Association Properties, or (3) to suspend said Member's voting privileges as a Member, as further provided in the Lake Declaration. Any such suspension shall be for a period of not more than thirty (30) days for any non-continuing infraction, but in the case of a continuing infraction (including nonpayment of any assessment after the same becomes delinquent) may be imposed for so long as the violation continues. The failure of the Board or the Lake Management Committee or the ARC to enforce the Lake Management Committee Rules, ARC Rules, or the failure of the Board to enforce the Board Rules and Regulations or these Bylaws or the Lake Declaration

shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth above and otherwise provided by these Bylaws shall be cumulative and none shall be exclusive. However, any individual Member must exhaust all available internal remedies of The Association prescribed by these Bylaws, the Board Rules and Regulations and by the Lake Management Committee Rules and ARC Rules before that Member may resort to a court of law for relief with respect to any alleged violation of the Lake Declaration, these Bylaws, the Board Rules and Regulations, or the Lake Management Committee Rules or ARC Rules by another Member; provided, however, that the foregoing limitation pertaining to exhausting administrative remedies shall not apply to the Board or to any Member where the complaint alleges nonpayment of General Assessments, Special Assessments or Reimbursement Assessments.

Section 2. Written Complaint. A hearing to determine whether a right or privilege of a Member, a tenant of a Member, or any of such Member's or tenant's Family ("respondent") under the Lake Declaration or these Bylaws should be suspended or conditioned, or whether a Reimbursement assessment should be levied shall be initiated by the filing of a written Complaint by any Member or by any officer or member of the Board of Directors with the President of The Association or other presiding member of the Board. The Complaint shall constitute a written statement of charges which shall set forth in ordinary and concise language the acts or omissions with which the respondent is charged, to the end that the respondent will be able to prepare his defense. The Complaint shall specify the particular provisions of the Lake Declaration, these Bylaws, the Board Rules and Regulations or the Lake Management Committee Rules or ARC Rules which the respondent is alleged to have violated, but shall not consist merely of charges phrased in the language of such provisions without supporting facts.

Section 3. Service of Complaint. Upon the filing of the Complaint, the President shall serve a copy thereof on the respondent by any of the following means: Service shall be (1) given personally, (2) sent by registered or certified mail, return receipt requested, and addressed to the Condominium of Lot of the respondent, or (3) posted on the respondent's Lot or Condominium and in the office of The Association. Service by mailing or posting shall be deemed made and effective two (2) days after such mailing in a regular depository of the United States mail or two (2) days after such posting. The Complaint shall be accompanied with a postcard or other written form entitled "Notice of Defense" which, when signed by the respondent, or on behalf of the respondent will constitute a notice of defense hereunder. The copy of the Complaint shall be accompanied by: (1) a Statement that the respondent may request a hearing before a Tribunal, in a form substantially as provided in Article XI, Section 4, and (2) a copy of Article XI of these Bylaws. No order adversely affecting the rights of the respondent shall be made in any case, unless the respondent shall have been served as provided herein.

Section 4. Statement to Respondent. The Statement accompanying the Complaint to the respondent shall be substantially in the following form:

"Unless a written request for a hearing signed by or on behalf of the person named as respondent in the accompanying Complaint is delivered or mailed to the Board of Directors within fifteen (15) days after the Complaint was served upon you, The Board of Directors may proceed upon the Complaint without a hearing, and you will have thus waived your right to a hearing. The request for a hearing may be made by delivering or mailing the enclosed form entitled "Notice of Defense" to the Board of Directors at the following address:

P. O. Box 42427  
Las Vegas, Nevada 89116

You may, but need not, be represented by counsel at any or all stages of these proceedings. If you desire the names and addresses of witnesses or an opportunity to inspect any relevant writings or items on file in connection with this matter in the possession, custody or control of the Board of Directors, you may contact the legal counsel for The Association."

Section 5. Notice of Defense. The Notice of Defense shall state that the respondent may:

- (a) Request a hearing:
  - (b) Object to the Complaint upon the grounds that it does not state acts or omissions upon which the Board of Directors may proceed;
  - (c) Object to the form of the Complaint on the grounds that it is so indefinite or uncertain that the respondent cannot identify the violating behavior or prepare his defense:
- or
- d) Admit to the Complaint in whole or in part.

The respondent shall be entitled to a hearing on the merits of the matter if the Notice of Defense is timely filed with the Board of Directors. The respondent may file a separate statement by way of mitigation, even if he does not file a Notice of Defense. Any objections to the form or substance of the Complaint shall be considered by the Tribunal, and shall make its determination and notify all parties within a ten (10) day period. If the Complaint is insufficient, the complaining party shall have seven (7) days within which to amend the Complaint to make it sufficient. The same procedure as set forth above shall be followed with respect to any Amended or supplemental Complaint. If it is determined by the Tribunal that the Complaint is still insufficient, then the matter shall be dismissed by the Tribunal.

Section 6. Amended or Supplemental Complaint Before Submission to Tribunal. At any time before the matter is submitted to the Tribunal for its findings of fact and recommendations, the Board may file or permit the filing of an Amended or Supplemental Complaint. All parties shall be notified thereof in the manner herein provided. If the Amended or Supplemental Complaint presents new charges, the Board of Directors shall afford the respondent a reasonable opportunity to prepare his defense thereto. All new charges shall be deemed controverted, and any objections to the Amended or Supplemental Complaint may be made orally and shall be noted in the record of proceedings.

Section 7. Discovery. After initiation of a proceeding in which the respondent is entitled to a hearing on the merits, the respondent and the party filing the Complaint or Supplemental Complaint, upon written request made to the other party, prior to the hearing and within fifteen (15) days after service by the Board of Directors of the Complaint or within ten (10) days after service of any Amended or Supplemental Complaint, is entitled to (1) obtain the names and addresses of witnesses to the extent known to the other party and (2) inspect and make a copy of any statements, writings and investigative reports, relevant to the subject matter of the hearing. Nothing in this Section, however, shall authorize the inspection or copying of any writing or thing which is privileged from disclosure by law or otherwise made confidential or protected as the attorney's work product. Any party claiming his request for discovery has not been complied with shall submit a petition to complete discovery with the Tribunal appointed by the President. The Tribunal shall make a determination and issue a written order setting forth the matters or parts thereof which the petitioner is entitled to discovery.

Section 8. Tribunal. The President shall appoint, from the Members of The Association, a Tribunal Committee ("Tribunal") of three (3) persons upon receipt of a written Complaint as provided in Section 2 of this Article. No member of the Tribunal shall be a Director of The Association or a member of the Lake Management Committee, or the ARC, nor shall any member of the Tribunal be involved in any prior investigation of the matter on behalf of the Board or the Lake Management Committee or ARC nor related by blood or marriage to either the complaining party or the respondent. In appointing the members of the Tribunal, the President should make a good faith effort to avoid appointing next door neighbors of the respondent or any Members of The Association who are witnesses to the alleged violation giving rise to the Complaint. The appointment by the President shall be final, except that the respondent may challenge any member of the Tribunal for cause, where a fair and impartial hearing cannot be afforded, at any time prior to the taking of evidence of the hearing. In the event of such a challenge, the Board of Directors shall meet to determine the sufficiency of the challenge, without the President voting. If such a challenge is sustained the President shall appoint another member of The Association to replace the challenged member of the Tribunal. All decisions of the Board of Directors in this regard shall be final. The

Tribunal shall elect a Chairman and appoint a hearing officer who shall be legally trained and a Recorder to present evidence and to ensure that a proper record of all proceedings is maintained by a qualified reporter. The Chairman shall preside at the hearing, but the hearing officer shall rule on the admission and exclusion of evidence and advise the Tribunal on matters of law. The Tribunal shall exercise all other powers relating to the conduct of the hearing.

Section 9. Notice of Hearing. The Tribunal shall serve a notice of hearing, as provided herein, on all parties at least ten (10) days prior to the hearing, if such hearing is requested by the respondent. The hearing shall be held no sooner than thirty (30) days after the service of the Complaint as provided in Section 3 of this Article XI. The notice to the respondent shall be substantially in the following form but may include other information:

"You are hereby notified that a hearing will be held before a Tribunal appointed by the President of The Lakes Association at \_\_\_\_\_

on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, at the hour of \_\_\_\_\_, upon the charges made in the Complaint served upon you. You may be present at the hearing, may but need not be represented by counsel, may present any relevant evidence, and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to compel the attendance of witnesses and the production of books, documents or other items by applying to the Board of Directors of The Lakes Association."

Section 10. Depositions and Written Interrogatories. On verified petition of any party, the Board of Directors, upon recommendation by the Tribunal, may order that the testimony of any material witness residing within the Subject Property be taken by deposition in the manner prescribed within by Nevada law for depositions and written interrogatories in civil actions brought in the courts of the State of Nevada. The petition shall set forth the nature of the pending proceeding, the name and address of the witness whose testimony is desired, a showing of the materiality of his testimony, a showing that the witness will be unable to attend, and shall request an order requiring the witness to appear and testify before the legal counsel of The Association.

Section 11. Affidavits.

(a) At any time ten (10) or more days prior to a hearing or a continued hearing, any party may mail or deliver to the opposing party a copy of any affidavit which he proposes to introduce in evidence, together with a notice as provided in subdivision (b). Unless the opposing party, within seven (7) days after such mailing or delivery, mails or delivers to the proponent a request to cross-examine an affiant, his right to cross-examine

such affiant is waived and the affidavit is introduced in evidence shall be given the same effect as if the affiant had testified orally. If an opportunity to cross-examine an affiant is not afforded after request therefor is made as herein provided, the affidavit may be introduced in evidence, but shall be given only the same effect as other hearsay evidence.

(b) The notice referred to in subdivision (a) shall be substantially in the following form:

"The accompanying affidavit of \_\_\_\_\_, will be introduced as evidence at the hearing in the matter of \_\_\_\_\_, before a Tribunal of the Lakes Association. \_\_\_\_\_ will not be called to testify orally and you will not be entitled to question him unless you notify \_\_\_\_\_ that you wish to cross-examine him. To be effective, your request must be mailed or delivered to \_\_\_\_\_ on or before \_\_\_\_\_, 19\_\_."

#### Section 12. Hearing.

(a) Whenever the Tribunal has commenced to hear the matter and a member of the Tribunal is forced to withdraw prior to a final determination by the Tribunal, the remaining members shall continue to hear the case and the hearing officer shall replace the withdrawing member. Oral evidence shall be taken only on oath or affirmation administered by an officer of The Association. The use of affidavits and written interrogatories in lieu of oral testimony shall be encouraged by the Tribunal.

(b) Each party shall have these rights; to call and examine witnesses; to introduce exhibits; to cross-examine witnesses on any matter relevant to the issues even though that matter was not covered in the direct examination; to impeach any witness regardless of which party first called him to testify; and to rebut the evidence against him. If respondent does not testify in his own behalf he may be called and examined as if under cross-examination.

(c) The hearing need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions.

Hearsay evidence may be used for the purpose of supplementing or explaining other evidence but shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions. The rules of privilege shall be effective to the extent that they are otherwise required by statute to be recognized at the hearing, and irrelevant and unduly repetitious evidence shall be excluded.

(d) Neither the accusing Member nor the allegedly defaulting Member must be in attendance at the hearing. The hearing shall be open to attendance by all Members of The Association, to the extent of the permissible capacity of the hearing room. In rendering a decision, official notice may be taken at any time of any generally accepted matter within The Lake Declaration, these Bylaws, the Board Rules and Regulations, the Lake Management Committee Rules, ARC Rules, or the workings of The Association. Parties present at the hearing shall be informed of the matters to be noticed by the Tribunal, and these matters shall be made a part of the record of proceedings. The Tribunal may grant continuances on a showing of good cause.

Section 13. Decision. The hearing officer who was in attendance at the hearing, if any, shall assist and advise the Tribunal in making its decision. If the respondent fails to file a Notice of Defense as provided in Section 5 of this Article XI, or fails to appear at a hearing, the Tribunal may take action based upon the evidence presented to it without notice to the respondent. However the respondent may make any showing by way of mitigation. The Tribunal will prepare written findings of fact and recommendations for consideration by the Board of Directors. The Tribunal shall make its determinations, only in accordance with these Bylaws. After all testimony and documentary evidence has been presented to the Tribunal, the Tribunal shall vote by secret written ballot upon the matter, with a majority of the entire Tribunal controlling. A copy of the findings and recommendations of the Tribunal shall be posted by the Board of Directors at a conspicuous place in The Association Properties, and a copy shall be served by the President on each party in the matter and his attorney, if any. Disciplinary action and levy of Reimbursement Assessment under the Lake Declaration, these Bylaws, the Board Rules and Regulations or the Lake Management Committee Rules or ARC Rules shall be imposed only by the Board of Directors and in accordance with the findings and recommendations of the Tribunal. The Board of Directors may adopt the recommendations of the Tribunal in their entirety, or the Board may reduce the proposed penalty and adopt the balance of the recommendations. In no event shall the Board impose more stringent disciplinary action or levy a larger Reimbursement Assessment than recommended by the Tribunal. The decision of the Board shall be in writing and shall be served and posted in the same manner as the findings and recommendations of the Tribunal. The decision of the Board shall become effective ten (10) days after it is served upon the respondent, unless otherwise ordered in writing by the Board of Directors. The Board may order a reconsideration at any time within fifteen (15) days following service of its decision on the parties, on its own motion or on petition by any party.

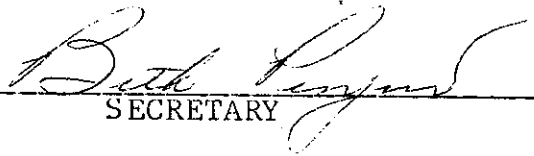
CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of The Lakes Association, a Nevada nonprofit corporation; and

2. The foregoing Bylaws comprising 25 pages including this page constitute the Bylaws of the corporation duly adopted at the meeting of the Board of Directors thereof duly held on June 14, 1985.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the corporation this 14<sup>th</sup> day of June, 1985.

  
SECRETARY