

COPY

**BYLAWS
OF
THE FOOTHILLS AT MACDONALD RANCH MASTER ASSOCIATION**

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BYLAWS
OF
THE FOOTHILLS AT MACDONALD RANCH MASTER ASSOCIATION

ARTICLE I
NAME AND LOCATION

The name of the corporation is The Foothills at MacDonald Ranch Master Association (the "Association"), a Nevada nonprofit corporation formed under NRS Chapter 82. The principal office and address of the Association shall be located in Clark County, 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 II
DEFINITIONS, PURPOSES AND ASSENT

Section 2.1 Definitions. The definitions in the Master Declaration of Covenants, Conditions and Restrictions for The Foothills at MacDonald Ranch, 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 meaning 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.

Section 2.2 Purposes. The general purpose for which the Association is formed is to provide for the management, maintenance, preservation and architectural control of The Foothills at MacDonald Ranch, a master planned common interest community ("The Foothills") located in the City of Henderson, Clark County, Nevada, as more fully described in Exhibit B-1 of the Declaration and such other real property as may, from time to time, constitute the Properties. The specific purposes covered by the general purpose include: (i) providing for the operation and maintenance of the Common Elements, including Limited Common Elements; (ii) preserving, protecting and enhancing the values and amenities of The Foothills; (iii) promoting the health, safety and welfare of the Owners and users of the Properties; and (iv) enforcing and administering the various provisions of the Declaration.

Section 2.3 Assent. All present or future Owners, their families, present or future tenants, and their guests and invitees, and any other person using the Properties or the Common Elements in any manner are subject to the Governing Documents, including these Bylaws and any Rules. The acquisition or rental of a Unit or the occupancy of a Unit will constitute ratification and acceptance of these Bylaws and an agreement to comply with those Rules.

ARTICLE III MEMBERSHIP

Section 3.1 Membership. Ownership of a Unit is required in order to qualify for membership in the Association.

Section 3.2 Representation on Board of Directors. The Owner of a Unit may appoint, by a writing furnished to the Association, an individual representative for that Unit or any other Unit owned as a candidate for (i) Delegate, (ii) alternate Delegate or (iii) member of the Board of Directors, and, if elected, the representative may serve as a Delegate, alternate Delegate or member of the Board. Such representative will not, however, vote as a Member unless he or she is appointed by a proxy in accordance with Sections 5.13, 5.14 and 5.15.

Section 3.3 Responsibilities of Members. Any Person, including Declarant, on becoming an Owner, will automatically become a Member and be subject to these Bylaws. Such membership will terminate without any formal Association action whenever that Person ceases to own a Unit, but such termination will not relieve or release a former Owner from any liability or obligation incurred under the Declaration or in any way connected with the Association during the period of such ownership or impair any rights or remedies which the Board of Directors or others may have against a former Owner arising out of ownership of the Unit and membership in the Association and the covenants and obligations incident thereto.

Section 3.4 Membership Certificates. No certificates of stock will be issued by the Association, but the Board may provide for the issuance of membership cards to Owners. Membership cards must be surrendered to the Secretary of the Association whenever ownership of the Unit designated on the card is terminated.

Section 3.5 Classes of Membership. Initially, the Association will have one class of voting membership, being composed of all Owners, including Declarant. The Board may establish additional classes of membership from time to time.

Section 3.6 Voting Privileges. Members will be entitled to one vote for each Unit owned.

When more than one Person holds an interest in a Unit, all such Persons will be Members. The vote for such Unit will be exercised by one Person or alternative Persons as the Owners among themselves determine. If more than one of the multiple Owners are present at a meeting, in person or by proxy, the vote allocated to their Unit may be cast only in accordance with the agreement of a majority in interest of the Owners, and if a majority of the Owners cannot agree, then the Owners of that Unit will not be entitled to vote. There is majority agreement if any one of the multiple Owners casts the vote allocated to his or her Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Unit.

The tenant of a leased Unit may only exercise the voting rights of the Unit's Owner if the tenant is appointed to vote on behalf of the Owner by proxy in accordance with Section 5.13 and the proxy is furnished to the Secretary of the Association prior to the meeting in which the tenant exercises the voting right.

Section 3.7 Proof of Membership. A Person, on becoming an Owner, must furnish to the Manager (as defined in Section 8.3) or to the Secretary of the Association a photocopy or a certified copy of the recorded instrument vesting that Person with an ownership interest, which instrument will remain in the files of the Association. An Owner will not be deemed a Member in Good Standing and will not be entitled to vote at any annual or special meeting of the Members unless this requirement is first met.

ARTICLE IV NEIGHBORHOODS

Section 4.1 Neighborhoods. As set forth in Section 3.4 of the Declaration, The Foothills will be divided into one or more "Neighborhoods." The governing body of a Neighborhood will either be the Association itself, if there is only one Neighborhood or, if there is more than one Neighborhood, then: (i) for those Neighborhoods subject to a declaration ("Neighborhood Declaration") creating a separate subassociation ("Neighborhood Association"), the Neighborhood Association; or (ii) for those Neighborhoods not subject to a Neighborhood Declaration, a "Neighborhood Committee" established in accordance with this Article IV. If more than one Neighborhood exists, Owners in a Neighborhood will be represented at the Association level by a Delegate chosen through the Neighborhood Association or the Neighborhood Committee, whichever is applicable. If the Properties consist of only one Neighborhood, then the provisions of this Article IV shall not be effective.

Section 4.2 Neighborhood Representation. Unless the Owners in a Neighborhood belong to Neighborhood Association, the Neighborhood shall elect, as provided in Section 4.4, a Neighborhood Committee to represent the interests of the Owners in that Neighborhood. It shall be the responsibility of each Neighborhood Association and each Neighborhood Committee to determine the nature and extent of services, if any, to be provided to its Neighborhood by the Association over and above those services which the Association is already obligated to provide to all Members pursuant to the Declaration. Special services requested by a Neighborhood must have the approval of the Neighborhood Association or those Owners representing at least fifty-one percent (51%) of the total votes in the Neighborhood. A Neighborhood Association or a Neighborhood Committee may also advise the Board on any other issue affecting the Neighborhood.

Section 4.3 Neighborhood Associations. Each Neighborhood Association shall be governed by and subject to the provisions of the Neighborhood Declaration establishing the jurisdiction of that Neighborhood Association.

Section 4.4 Election of Neighborhood Committee. A Neighborhood Committee shall consist of three members, unless at least fifty-one percent (51%) of the Owners within the

Neighborhood vote to increase this number to five. The members of the Neighborhood Committee shall be elected annually by the vote of Owners of Units within the affected Neighborhood. The first election shall be called by the Board of Directors not later than sixty (60) days after conveyance of fifty-one percent (51%) of the Units in the Neighborhood to Persons other than a Participating Builder. Election of a Neighborhood Committee may be held by mail-in ballot sent out by the Board of Directors or, after the initial election, by the Neighborhood Committee. Each Owner shall have one vote for each Unit owned in the Neighborhood. Each Neighborhood Committee member shall be elected for a term of one year and until his or her successor is elected. A Director who is an Owner in a Neighborhood shall be an ex officio member of any Neighborhood Committee representing that Neighborhood. Each Neighborhood Committee shall elect a chairperson from among its members who shall preside at its meetings and who shall be responsible for transmitting any and all communications to the Board of Directors. Each Neighborhood Committee shall also elect a vice chairperson who shall assume the duties of the Neighborhood Committee chairperson in the absence of the chairperson.

Section 4.5 Proceedings Relating to Neighborhood Committees. The provisions of Article V and Sections 6.6 and 6.7 applicable to the association membership generally shall also govern meetings of the Owners within a Neighborhood with respect to its Neighborhood Committee. In such event, the references to "Members" shall be deemed to refer only to the Members in the Neighborhood, and the references to "Directors" or "Board of Directors" shall include, when the context so requires, the members of the Neighborhood Committee and the Neighborhood Committee, respectively. In the conduct of its duties and responsibilities, each Neighborhood Committee shall abide by the same procedures and requirements as are applicable to the Board of Directors under Article VII.

Section 4.6 Delegates and Alternate Delegates. Each Neighborhood Association and each Neighborhood Committee shall elect a Delegate and an alternate Delegate to represent Owners within that Neighborhood at all meetings of the Members of the Association. In the absence of a contrary provision in the applicable Neighborhood Declaration, the Delegate from a Neighborhood Association shall be the president of that Neighborhood Association and the alternate Delegate shall be the vice president of that Neighborhood Association. In the case of Neighborhood Committees, the Delegate shall be the chairperson of the Neighborhood Committee and the alternate Delegate shall be the vice chairperson of the Neighborhood Committee. Promptly after the election of such officers, each Neighborhood Association and each Neighborhood Committee shall provide the Association with the names and mailing addresses of its Delegate, and alternate Delegate. A Delegate must be an Owner within the Neighborhood he or she represents (or a delegate of such Owner, as provided in Section 3.2 of the Bylaws), unless the applicable Neighborhood Declaration provides otherwise.

ARTICLE V
ASSOCIATION: MEETINGS, QUORUM, VOTING, PROXIES

Section 5.1 Place and Frequency of Meetings. Meetings of the Members will be held at least twice each year at such place, within or without the State of Nevada, as the Board may determine, provided, that after July 1, 1998, a meeting of the Members need be held only once each year. If and so long as Article IV is in effect, all meetings of the Members shall be meetings of the Delegates and in such event, unless the context clearly requires otherwise, all references in these Bylaws to a regular or special meeting of the Members shall instead refer to a regular or special meeting of Delegates representing such Members, and the references in these Bylaws to the vote, approval, request, consent, waiver or other action of or by Members, in person or by proxy, shall instead refer to the same action of or by Delegates representing the required number of Members.

Section 5.2 Annual Meetings. The first annual meeting of the Members will be held within one year after the date of the adoption of these Bylaws. Each subsequent annual meeting of the Members will be held on a date and at a time set by the Board of Directors. The purpose of the annual meeting is for the election of the Board and the transaction of such other business of the Association as may properly come before the meeting.

Section 5.3 Regular Meetings. At each annual meeting the Board shall schedule any required regular meeting of the Members to a time that is approximately six months after the annual meeting.

Section 5.4 Special Meetings. In addition to any special meeting of the Members required by these Bylaws, special meetings of the Members may be called at any time by the President of the Association, or by a majority of the Board of Directors, or upon written request of Members or Delegates who are collectively entitled to vote at least 5% of all of the votes in the Association.

Section 5.5 Notice of Meetings. For each meeting of the Members written notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, including an agenda for the meeting that complies with the Act, must be delivered not less than 10 nor more than 60 days before the date of the meeting, personally or by mail or telecopy or otherwise as permitted by the Act, by or at the direction of the President, or the Secretary, or the persons calling the meeting, as provided in these Bylaws, to the registered mailing address of each Member entitled to vote at such meeting and, if and so long as Article IV is in effect, to each Delegate and alternate Delegate. 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.

Section 5.6 Quorum. A quorum is deemed present throughout any meeting of the Association if Members entitled to cast (or proxies entitled to cast) 20% of the votes of the Association are present at the beginning of the meeting, unless the Members are represented by Delegates in which event the quorum percentage shall be raised to 50%. If, however, such

quorum is not present or represented at the meeting, the Members entitled to vote at the meeting will have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented by proxy.

Section 5.7 Actions Binding on Members. A majority of votes intended to be cast by Members constituting a quorum in person or by proxy will be sufficient to make decisions binding on all Owners, unless a different number or method of voting is expressly required by statute or by the Declaration, the Articles or these Bylaws.

Section 5.8 Majority of Owners. As used in these Bylaws, the term "majority" will mean those votes, Owners, Delegates or other groups as the context may indicate totaling more than 50 percent of the total number.

Section 5.9 Waiver of Notice. Waiver of notice of a meeting of the Members will be deemed the equivalent of proper notice. Any Member or Delegate may waive, in writing, notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, or Delegate will be deemed waiver by such Member or Delegate of notice of the time, date and place of the meeting unless such Member or Delegate specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting will also be deemed waiver of notice of all business transacted at the meeting unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 5.10 Action Without a Meeting. Any action which may be taken by the vote of the Members at a regular or special meeting may be taken without a meeting if authorized by the written consent of Members holding at least a majority of the voting power of the Association, except that (i) if any greater proportion of voting power is required for such an action at a meeting, then the greater proportion of written consents is required; and (ii) this general provision for action by written consent does not supersede any specific provision for action by written consent contained in the Act or in NRS Chapter 82. In no instance where action is authorized by written consent need a meeting of Members be called or notice given. The written consent must be filed with the minutes of proceedings of the Members.

Section 5.11 Telephonic Participation. Members or Delegates may also participate in a meeting by means of a telephone conference or similar method of communication by which all persons participating in the meeting can hear each other. Participating in a meeting pursuant to this section constitutes presence in person at the meeting.

Section 5.12 Voting by Mail. An action that may be taken at a regular or special meeting of Members, including the election of Directors, amendment of the Articles, adoption of a proposed plan of merger, consolidation or dissolution, or other questions that come before the Association, may be taken without a meeting if the Association mails or delivers a written ballot to every Member entitled to vote on the matter.

In the case of a vote by mail, the Secretary of the Association will give written notice to all Members, which notice must: (a) set forth each proposed action or candidate; and (b) provide an opportunity to vote for or against each proposed action. The notice shall also include the following: (i) a proposed written resolution setting forth a description of the proposed action; (ii) a statement of the number of responses needed to meet the requirement of a quorum and the percentage of approvals necessary to approve each matter other than election of directors; (iii) a statement of a date not less than 20 days after the date such notice will have been given by which all votes must be received; and (iv) the specified address of the office to which all votes must be sent. Votes received after that date will not be effective. Delivery of a vote in writing to the designated office will be equivalent to receipt of a vote by mail at such address for the purpose of this section. A written ballot may not be revoked.

Approval by written ballot under this section is valid only when the number of votes cast by ballot 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 the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

Section 5.13 Proxies. A Member may cast such Member's vote in person or by proxy, but no proxy will be valid if it is not dated or if it purports to be revocable without notice. A Delegate may not cast his or her vote by proxy. No proxy will be valid after six months from the stated date of its execution unless otherwise provided in the proxy or unless voluntarily revoked upon notice, amended or sooner terminated by operation of law. Finally, no proxy will be valid unless filed with the Secretary of the Association at or before the appointed time of the meeting at which the proxy will be voted.

Section 5.14 Designation of Voting Representative by Non-Individual Owner. If the Owner of a Unit is not an individual, the voting privilege appurtenant to that Unit may be exercised only by a proxy executed on behalf of the Owner, filed with the Secretary of the Association, and appointing and authorizing an individual or alternate individual to attend all meetings of the Members and to cast the vote allocated to that Unit at the meeting.

Section 5.15 Designation of Voting Representative by Multiple Owners--Use of Proxy. If title to a Unit is held by more than one Owner, each Owner may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy, and if a majority of the Owners of a Unit cannot agree, then the Owners of such Unit will not be entitled to vote. An Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the person presiding over a membership meeting of the Association.

ARTICLE VI BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 6.1 Number, Qualification and Initial Board. The affairs of the Association will be managed by a Board of not less than three and no more than seven directors ("Directors"). Except as provided below regarding Directors appointed by Declarant during the Declarant

Control Period, each Director must be a Member or the representative of a Member appointed as provided in Section 3.2. In addition, if Declarant has established Voting Groups, as provided in Section 3.4(b) of the Declaration, a Director representing a Voting Group shall be an Owner of a Unit in the Voting Group or the representative of such an Owner as provided in Section 3.2. The number of members of the Board of Directors will be three until such time as the number is increased as provided in Section 6.3(a) or the number of Directors is changed by amendment to these Bylaws. Each Director must be familiar with the Governing Documents and the provisions of the Act.

Section 6.2 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 6.3 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.

Section 6.3 Election of Directors as Unit Sales Close. From time to time as sales of Units in the Properties proceed, 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 sixty (60) days after conveyance of 500 of the Units to Members other than Declarant, or whenever the Declarant earlier determines, the Board shall be increased to seven Directors and Members other than Declarant shall elect two directors. The remaining Directors shall be appointees of the Declarant. The Directors elected by the Members other than Declarant shall not be subject to removal by Declarant acting alone and shall be elected for a term of two years or until the happening of the events described in Section 6.3(b) or Section 6.4 whichever is soonest. If the term of a Director elected pursuant to this provision expires prior to the happening of an event described in Section 6.3(b) or Section 6.4, a successor shall be elected for a like term.

(b) After Sales of 50% of Units. Not later than sixty (60) days after conveyance of 1000 of the Units to Members other than Declarant, or whenever Declarant earlier determines, Members other than Declarant shall elect three Directors. The remaining Directors shall be appointees of the Declarant. The Directors elected by the Members other than Declarant shall not be subject to removal by Declarant acting alone and shall be elected for a term of two years or until the happening of the events described in Section 6.4, whichever is sooner. If the term of a Director elected pursuant to this provision expires prior to the happening of the events described in Section 6.4, a successor shall be elected for a like term.

Section 6.4 Election of Directors after Declarant Control Period. Within thirty (30) days after termination of the Declarant Control Period, the Association shall call a special meeting at which the Members shall elect four of the seven Directors, who shall serve as at-large Directors. The remaining three directors shall be appointees of the Declarant. The Directors

electd by the Members shall not be subject to removal by the Declarant acting alone and shall serve until the first annual meeting following the termination of the Declarant Control Period. If such annual meeting occurs within thirty (30) days after termination of the Declarant Control Period, this subsection shall not apply and Directors shall be elected in accordance with Section 6.5.

Section 6.5 Term of Office of Directors After Declarant Control Period: At the first annual meeting of the membership after the termination of the Declarant Control Period, all Directors shall be elected by the Members. Four Directors shall be elected for a term of two years and three Directors shall be elected for a term of one year. At the expiration of the initial term of office of each member of the Board of Directors 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. If Declarant has established Voting Groups, then the number of Directors representing Voting Groups and the number of at-large Directors to be elected shall be as set forth in the Declaration. Directors may be elected to serve any number of consecutive terms.

Section 6.6 Cumulative Voting. Subject to such other conditions as these Bylaws may impose, a Member shall have the right to cumulate his or her votes at an election of Directors, and give one candidate a number of votes equal to the number of Directors to be elected multiplied by the number of votes to which the Member is entitled, or to distribute the Member's votes on the same principle among as many candidates as he or she shall think fit. No Member shall be entitled to cumulate votes unless the name of the candidate or candidates for whom such votes would be cast has been placed in nomination prior to the voting and the Member has given notice to the Secretary of the Association or person presiding over the meeting of the Member's intention to cumulate votes. If any Member has given such notice, all Members may cumulate their votes for candidates in nomination. The candidates receiving the highest number of votes entitled to be voted for them, up to the number of Directors to be elected, shall be elected.

Section 6.7 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 Sections 3.6 and 6.6 above. Only Members in Good Standing are entitled to vote. Voting for Directors will be by secret written ballot.

Section 6.8 Removal of Directors. Any Director other than one appointed by Declarant may be removed, with or without cause, at any regular or special meeting of the Members by 67% of the votes of the Members entitled to vote for election of that Director. A successor to any Director removed may be elected at such meeting 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 at least 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.

Section 6.9 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 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 may be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors. The term of the Director so elected will be coincident with the term of the replaced Director and, if applicable, the Director so elected shall be selected from the Voting Group represented by the Director who vacated the position.

Section 6.10 Nomination of Directors. Except with respect to Directors selected by the Declarant, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a chairman, who shall be a member of the Board of Directors, and three or more Members of the Association, with at least one representative from each Voting Group, if any. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Members to serve a term of one year or until their successors are appointed, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event less than the number of positions to be filled. The Nominating Committee shall nominate separate slates for the Directors to be elected at large by all Members, and for the Director(s) to be elected by and from each Voting Group, if any. Nominations for each slate shall also be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Section 6.11 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.

ARTICLE VII
MEETINGS OF DIRECTORS

Section 7.1 Regular Meetings. Regular meetings of the Board of Directors will be held at such regular times as set by the Board of Directors, at such place and hour as may be fixed from time to time by resolution of the Board, but such meetings will be held no less frequently than once every 90 days. Should a regularly scheduled meeting fall upon a legal holiday, then that meeting will be held at the same time on the next day which is not a legal holiday.

Section 7.2 Special Meetings. Special meetings of the Board of Directors will be held when called by the President of the Association, or by any two Directors, after not less than three days' notice to each Director.

Section 7.3 Notice. Notwithstanding any contrary provision of Section 7.1 or Section 7.2, notice of each regular or special meeting of the Board shall, if required by the Act, be given to the Members in the same manner as is required for meetings of the Members under Section 5.5.

Section 7.4 Quorum. A quorum is deemed present throughout any meeting of the Board of Directors if persons entitled to cast 50% of the votes on the Board are present at the beginning of the meeting.

Section 7.5 Actions Binding on Directors. Every action taken or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present will be regarded as the act of the Board.

Section 7.6 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.

Section 7.7 Action Taken Without a Meeting. 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. 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 regular meeting of the Board required by the Act.

Section 7.8 Open Meetings; Executive Session. Subject to the provisions of Section 7.6 above, all meetings of the Board shall be open to all Members, but Members other than Directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a Director. In such case, the Board may establish reasonable limitations on the time any Member may speak. Notwithstanding the above, any meeting of the Board of Directors may be adjourned, and the Board may reconvene in executive session, excluding Members, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, alleged violations of the Governing Documents, etc. Any matters discussed in executive session must be generally noted in the minutes of the meeting of the Board. In addition, the Board shall maintain such additional minutes of the executive session as may be required under the Act.

ARTICLE VIII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 8.1 General. The Board of Directors has the powers set forth in the Articles of Incorporation and shall have the duties necessary for the administration of the affairs of the Association. Except as provided by these Bylaws, the Declaration, the Act or NRS Chapter 82, the Board of Directors may do all such acts and things which are not specifically required to be done by the Members and may otherwise act in all instances on behalf of the Association.

Section 8.2 Specific Powers and Duties. Without limiting the generality of powers and duties set forth in Section 8.1 above, the Board of Directors will have the following powers and duties, in each case subject only to applicable requirements or limitations of the Act and NRS Chapter 82:

(a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration.

(b) To establish, make, amend from time to time and enforce compliance with such reasonable rules and regulations as may be necessary or desirable for the operation, use and occupancy of the Properties and Common Elements, subject to the provisions of the Declaration. A copy of the Rules will be delivered or mailed to each Member promptly after adoption.

(c) To keep in good order, condition and repair all the Common Elements and all items of personal property, if any, owned by the Association used in the enjoyment of the Common Elements unless, in the case of any Limited Common Elements, such responsibilities are assigned to the Owner(s) entitled to the use of such Limited Common Elements.

(d) To fix, determine, levy and collect the prorated annual Base Assessments to be paid by each of the Members toward the Common Expenses; to adjust, decrease or increase the amount of the Base Assessments, and to credit any excess of Base Assessments over expenses and cash reserves to the Members against the next succeeding assessment period.

(e) To designate and remove personnel necessary for the operation, maintenance, repair and replacement of the Common Elements.

(f) To fix, determine, levy and collect the prorated Neighborhood Assessments to be paid by the Owners of Units in a Neighborhood on whose behalf Neighborhood Expenses are incurred; and to adjust, decrease or increase the amount of the various Neighborhood Assessments, and to credit any excess of Neighborhood Assessments over expenses and cash reserves to the appropriate Neighborhood Owners against the next succeeding Neighborhood Assessments.

(g) To levy and collect Special Assessments whenever, in the opinion of the Board, it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies or to reimburse the Association

for costs incurred in bringing a Unit or Neighborhood into compliance with the Governing Documents. All Special Assessments will be in statement form and will set forth in detail the various expenses for which the Special Assessments are being made.

(h) To levy and collect Specific Assessments against Units (a) receiving benefits, items or services not provided to all Units within a Neighborhood or within the Properties that are incurred upon request of an Owner for specific items or services relating to that Owner's Unit or (b) that are incurred as a consequence of the conduct of less than all Owners, their licensees, invitees or guests.

(i) To collect delinquent Assessments by suit or otherwise and to enjoin or seek damages from an Owner as provided in the Declaration and these Bylaws; and to exercise other remedies for delinquent assessments as provided for in the Declaration or the Act.

(j) To fix, determine, levy and collect the working capital funds to be paid by each of the Members towards the working capital account of the Association, and to adjust, decrease or increase the amount of working capital funds collected from each Member as provided in the Declaration.

(k) To borrow funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration and these Bylaws, and subject to the limitations of the Act, and to authorize the appropriate officers to execute all such instruments evidencing such indebtedness as the Board of Directors may deem necessary; provided, however, that the Board will not borrow more than \$50,000 or cause the Association to be indebted more than \$50,000 at any one time without the prior approval of a majority of votes of Members present and voting in person or by proxy on the issue; and provided further, that the Board will not cause the encumbrance of the Common Elements without the prior approval of 80% of the votes of Members present and voting in person or by proxy on the issue in accordance with the requirements of the Act and the prior approval of 51% of the votes of Eligible Holders (based on one vote for each Mortgage owned).

(l) To dedicate, sell or transfer all or any part of the Common Elements to any public, governmental or quasi-governmental agency, authority, or utility for such purpose and subject to such conditions as may be agreed to by the Members, and subject to such additional limitations as may be set forth in the Declaration or the Act, including without limitation the requirement of obtaining the prior approval of 80% of the votes of Members present and voting in person or by proxy on the issue in accordance with the requirements of the Act and the prior approval of 51% of the votes of Eligible Holders (based on one vote for each Mortgage owned).

(m) To enter into contracts within the scope of its duties and powers.

(n) To establish bank accounts for the operating and reserve accounts of the Association and for all separate funds as required or deemed advisable by the Board of Directors.

(o) To cause to be kept and maintained full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof by Members or their Mortgagees during convenient weekday business hours.

(p) To cause any and all access roads, parking areas, and roadways in and to the Properties to be maintained to the extent those facilities are within the jurisdiction or control of the Association, subject to the provisions of the Declaration.

(q) To maintain and remove snow and debris from any and all driveways, roadway and parking areas within The Foothills and to maintain the trees, shrubs, and other vegetation, and the sprinkler or other irrigation systems located within the Common Elements for the benefit of the Members.

(r) To operate and maintain a security system for The Foothills for the benefit of the Members.

(s) To cause to be maintained the insurance coverage (including without limitation fidelity insurance, or in its place, a bond covering the Manager, the Board, the officers and any other Persons charged with handling Association funds) as may be necessary to comply with the requirements of the Declaration, these Bylaws and the Act and NRS Chapter 82.

(t) In general, to carry on the administration of the Association and to do all those things necessary and responsible in order to carry out the communal aspects of ownership, all in accordance with the Declaration and the requirements of the Act.

(u) To delegate to the Manager or any other Person such of the Association's duties or responsibilities as may be more conveniently or efficiently performed by someone other than by the Association, and to agree to assess to the Members a reasonable fee for such services, except that the duties set forth in subparagraphs (d), (f), (g), (h), (i) and (j) of this Section 8.2 and duties reserved to the Board by law will not be so delegated.

(v) To prepare a budget before the close of each fiscal year of the Association and submit the budget to the Members as required by the Act.

(w) To receive input from each Neighborhood regarding special issues affecting that Neighborhood and to exercise any of the powers set forth above with respect to a Neighborhood, to the extent required by a Neighborhood, and subject to the limitations of the Declaration, the Act, these Bylaws and any Neighborhood Declaration.

(x) To enter into subsidy agreements or other similar agreements with the Declarant or a Participating Builder whereby regular assessments otherwise payable by Declarant or such Participating Builder on Units owned by such Person are suspended in exchange for the payment by the Declarant or such Participating Builder of shortfalls in the Association's operating expenses or the providing of agreed upon services to the Association.

Section 8.3 Manager. The Board of Directors may employ for The Foothills; a professional management agent or agents as a "Manager" for compensation established by the Board of Directors to perform such duties and services as authorized by the Board of Directors.

The Board of Directors may delegate to the Manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these Bylaws, other than the powers set forth in subparagraphs (d), (f), (g), (h), (i) and (j) of Section 8.2 and duties reserved to the Board by law. Declarant, or an affiliate or employee of Declarant, may be employed as Manager, subject to the limitations of the Act. A Manager If the Board delegates powers of the Board or officers of the Association relating to collection, deposit, transfer or disbursement of Association funds to the Manager (other than Declarant):

(a) the Manager will maintain fidelity insurance coverage or a bond providing the same type of insurance as described in Section 6.1(f) of the Declaration in an amount not less than the greater of (i) \$50,000, (ii) (a) the amount equal to the maximum funds that will be in the custody of the Association or the Manager, or (b) the amount of three months' current assessments plus reserves, as calculated from the current budget of the Association, on all Units in the Properties, or (iii) such higher amount as the Board may require;

(b) the Manager will maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the Manager and will maintain all reserve accounts of the Association separate from the operational accounts of the Association, each with appropriate access controls, and the bank where the accounts are located must send copies of monthly bank statements directly to the Association, and the Manager will not have authority to draw checks on, or to transfer funds from, the Association's reserve account; and

(c) an annual accounting for Association funds and a financial statement will be prepared and presented to the Association by any one of the following: the Manager, a public accountant or a certified public accountant.

If a professional manager is employed, the Manager must possess all licenses or certifications required by the Act or Nevada law and the management agreement must be for a specified term (not to exceed three years) and must contain specific termination provisions. Such termination provisions may not require the payment of any penalty for termination or require advance notice of termination in excess of 90 days. Declarant may enter into a management agreement before the expiration of the Declarant Control Period, but the management agreement must provide that the Association has the right to terminate the management agreement without cause and such right may be exercised by the Association at any time after the expiration of the Declarant Control Period.

Section 8.4 Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

(a) A segregation of accounting duties should be maintained, and disbursements by check in any amount greater than \$5,000 will require two signatures. The two signatures will be (i) the signature of the Manager and a Director or any of the officers described in Section 9.1,

or (ii) the signature of any two of the following persons: a Director and one or more of the officers described in Section 9.1. The Board may modify this requirement from time to time by the resolution of the Board. Cash disbursements will be limited to amounts of \$200 or less.

(b) Cash accounts of the Association will not be commingled with any other accounts.

(c) No remuneration will be accepted by the Board of Directors or the Manager from vendors, independent contractors or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts or otherwise (except that such persons may be employees or affiliates of Declarant during the Declarant Control Period). Anything of value received will be for the benefit of the Association.

(d) Any financial or other interest that the Manager or a member of the Board of Directors may have in any firm (other than Declarant) providing goods or services to the Association will be disclosed promptly to the Board of Directors.

(e) A balance sheet as of the last day of the Association's fiscal year and an operating statement for the fiscal year will be distributed to the Members. Audited financial statements for the preceding year will be available to Owners and Mortgagees within 120 days after the end of the Association's fiscal year, and will be delivered to an Owner or Mortgagee upon written request and upon payment of a reasonable fee for copying.

(f) An account status report reflecting the status of all accounts in an "actual" versus "approved" budget format with a budget report reflecting any actual or pending obligations that are in excess of budgeted amounts by an amount exceeding the operating reserves or 10% of a major budget category (as distinct from a specific line item in an expanded chart of accounts) will be prepared for the Board periodically upon the Board's request and will be made available to all Members.

Section 8.5 Hearing Procedure. The Board will not impose a fine, suspend voting, or suspend any rights of a Member or other occupant of the Properties for violations of the provisions of the Governing Documents unless and until the procedure below 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 three 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 the alleged violation must be served upon the alleged violator specifying:

(i) the alleged violation;

(ii) the action required to abate the violation; and

(iii) a time period of not less than 15 days during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any additional similar violation 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 or its delegate will serve the violator with written notice of a hearing to be held by the Board. The notice will contain the following

(i) the nature of the alleged violation;

(ii) the time and place of the hearing, which time will be not less than 10 days from the giving of the notice;

(iii) 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 Governing Documents; and

(iv) the proposed sanction to be imposed.

(d) Hearing. The hearing will be held pursuant to the notice, affording the Member or other alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction under these Bylaws, proof of notice and the invitation to be heard will be placed in the minutes of the meeting. Such proof will 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 will be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting will contain a written statement of the results of the hearing and the sanction, if any, imposed. Written and oral evidence may be presented, subject to such reasonable restrictions, consistent with the Governing Documents, as the Board or hearing officer shall prescribe. The presenting party will provide copies of any written evidence to the other party or parties. The decision of the Board will be final.

(e) Appeal. The Board may in its discretion appoint a Hearing Committee to hear the matter. In such event the above procedure will apply except that either party may appeal the decision of the Hearing Committee to the Board upon notice to the Hearing Committee, the other party and the Board. The Board will consider the minutes of the hearing and report the decision of the Board within a reasonable period of time not exceeding 60 days after receipt of the notice. The decision of the Board will be final.

Section 8.6 Certain Exemptions. The procedures set forth in Section 8.5 will not be necessary in order to impose any sanction or penalty for nonpayment of a delinquent assessment.

Section 8.7 Fines. The amount of any fine imposed for a violation of the Governing Documents and the remedies for failure to pay such a fine shall be subject to any limitations imposed by the Act.

ARTICLE IX OFFICERS AND THEIR DUTIES

Section 9.1 Enumeration of Officers. The officers of the Association will be a President, Vice President, Secretary and Treasurer, and such other officers as the Board may from time to time create by resolution. During the Declarant Control Period the officers will serve at the sole discretion of Declarant, and need not be Members of the Association. Following the expiration of the Declarant Control Period, each officer of the Association must be a Member.

Section 9.2 Election of Officers. The election of officers will take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 9.3 Term. The officers of the Association will be elected annually by the Board, and each will hold office for one year or until his or her successor is duly elected and qualified, unless he sooner resigns, or is removed, or is otherwise disqualified to serve.

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

Section 9.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation will take effect on the date of receipt of such notice or at any later time specified in the notice, and unless otherwise specified in the notice, the acceptance of such resignation will not be necessary to make it effective.

Section 9.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy will serve for the remainder of the term of the officer replaced.

Section 9.7 Multiple Offices. Any two or more offices be held by the same person except the offices of President and Secretary.

Section 9.8 Duties. In addition to any specific duties imposed on such officers by the Act or NRS Chapter 82, the duties of the officers are as follows:

(a) President. The President will preside at all meetings of the Association and the Board of Directors; see that orders and resolutions of the Board are carried out; unless the

Board by resolution specifically directs otherwise, sign all leases, mortgages, deeds and other written instruments and co-sign all promissory notes; unless the Board by resolution specifically directs otherwise, cause to be prepared and execute, certify and record amendments to the Declaration on behalf of the Association; and exercise and discharge such other duties as may be required of the President by the Board.

(b) Vice President. The Vice President will act in the place and stead of the President in the event of his or her absence, inability or refusal to act, and will exercise and discharge such other duties as may be required by the Board.

(c) Secretary. The Secretary will record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and place it on all papers requiring a seal; cause notice of meetings of the Board and of the Members to be served; keep appropriate current records listing the Members together with their addresses; and perform such other duties as required by the Board.

(d) Treasurer. The Treasurer will receive and deposit in appropriate bank accounts all monies of the Association and will disburse such funds as directed by resolution of the Board of Directors; sign all checks of the Association unless the Board specifically directs otherwise; and, unless the Board by resolution specifically directs otherwise, co-sign all promissory notes of the Association; keep proper books of account; at the direction of the Board, cause an annual audit of the Association books to be made by a public accountant at least once in every three fiscal years; and prepare an annual budget and a statement of income and expenditures to be presented to the Members at their regular annual meeting, and deliver or make copies available to each of the Members.

ARTICLE X COMMITTEES

The Board of Directors may appoint a Nominating Committee as described in Section 6.10 and a Hearing Committee as described in Section 8.5, and other committees as may be required by the Declaration or as the Board deems appropriate in carrying out its purposes.

ARTICLE XI 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 XII NONPROFIT CORPORATION

The Association is not organized for profit. Subject to the provisions of Sections 8.3, 8.4(c) and other provisions of the Governing 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 XIII AMENDMENTS

These Bylaws may be amended, at a regular or special meeting of the Board, by a vote of a majority of a quorum of Directors present in person or by proxy, but any amendment of Articles VI, XI, XIII or any portion of those Articles will require approval of all Directors.

ARTICLE XIV MISCELLANEOUS

Section 14.1 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.

Section 14.2 Corporate Seal. The Association will have a seal in circular form having within its circumference the words: "The Foothills at MacDonald Ranch Master Association."

Section 14.3 Conflicts of Documents. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles will control; and in the case of any conflict between

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 Governing Documents and a provision of NRS Chapter 82, the Act shall be deemed to prevail.

Section 14.4 Fannie Mae. The Board and the Association will comply with the following provisions so long as they desire Federal National Mortgage Association ("Fannie Mae") acceptance of the Project:

(a) In the event of foreclosure of a Unit, the first Mortgagee will not be liable for any fees or charges related to the collection of six months or less of unpaid Assessments that accrued before the first Mortgagee acquired title to the Unit.

(b) Each hazard insurance policy must be written by an insurance carrier that has an acceptable rating from either A.M. Best Company, Demotech, Inc., or Standard and Poor's Inc., as follows:

a "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's *Insurance Reports*, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's *Insurance Reports -- International Edition*, an "A" or better rating in Demotech's

Section 14.5 Procedural Rules. The procedural rules applicable to meetings of the Members or the Board shall be *Robert's Rules of Order*.

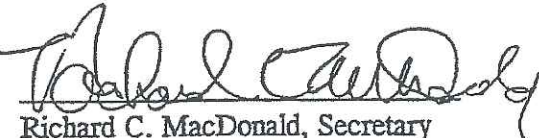
CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the Secretary of THE FOOTHILLS AT MACDONALD RANCH MASTER ASSOCIATION, a Nevada nonprofit mutual benefit corporation; and

THAT the foregoing Bylaws, comprising 26 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 28 day of August, 1997.


Richard C. MacDonald, Secretary

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FIRST AMENDMENT TO THE BYLAWS
OF
THE FOOTHILLS AT MACDONALD RANCH MASTER ASSOCIATION

**FIRST AMENDMENT TO THE BYLAWS
OF
THE FOOTHILLS AT MACDONALD RANCH MASTER ASSOCIATION**

This First Amendment to the Bylaws of The Foothills At Macdonald Ranch Master Association (the "First Amendment") is made by The Foothills At Macdonald Ranch Master Association, a Nevada non-profit corporation (the "Association"), pursuant to Article XIII of the Bylaws of The Foothills At Macdonald Ranch Master Association (the "Bylaws") as follows:

WITNESSETH

WHEREAS, the Association was formed on July 25, 1997, with the filing of the Articles of Incorporation of The Foothills At Macdonald Ranch Master Association, with the Secretary of State for the State of Nevada;

WHEREAS, the Declarant, The Foothill Partners, a Nevada limited partnership (the "Declarant"), caused the Master Declaration of Covenants, Conditions and Restrictions for The Foothills At Macdonald Ranch to be recorded with the Clark County Recorder's Office on August 20, 1997, in Book No. 970820, as Instrument No. 01249;

WHEREAS, the Declarant caused the Bylaws to be issued on August 28, 1997;

WHEREAS, the Bylaws, as originally issued, required an initial Board of three (3) members and a maximum of seven (7) members occurring after 25% of the units were sold;

WHEREAS, the Association's Board of Directors, acting for and on behalf of the Association, desires to amend the Bylaws to change the number of Board members to five (5);

WHEREAS, Article XIII of the Bylaws permits the Association to amend the Bylaws by the vote or written consent of a majority of a quorum of the Board present in person or by proxy, unless it is an amendment to Article VI, XI, XII or any portion of those Articles, which requires the approval of all Directors;

WHEREAS, this particular amendment is an amendment to Article VI and, therefore, the approval all Directors is required; and

NOW, THEREFORE, the Association hereby declares that the Bylaws are amended as follows:

1. Article VI, Section 6.1 of the Bylaws is deleted in its entirety and replaced with the following:

6.1. Number and Qualification. The affairs of the Association will be managed by a Board of not less than three and no more than seven directors ("Directors"). Except as provided below regarding Directors appointed by Declarant during the Declarant Control Period, each Director must be a Member or the representative of a Member appointed as provided in Section 3.2. In

addition, if Declarant has established Voting Groups, as provided in Section 3.4(b) of the Declaration, a Director representing a Voting Group shall be an Owner of a Unit in the Voting Group or the representative of such an Owner as provided in Section 3.2. The number of members of the Board of Directors will be five (5) until such time as the number is increased as provided in Section 6.3(a) or the number of Directors is changed by amendment to these Bylaws. Each Director must be familiar with the Governing Documents and the provisions of the Act.

2. Article VI, Section 6.3(a) of the Bylaws is deleted in its entirety and replaced with the following:

After Sales of 25% of Units. Not later than sixty (60) days after conveyance of 500 of the Units to Members other than Declarant, or whenever the Declarant earlier determines, the Board shall be five (5) Directors. Members other than Declarant shall elect two directors. The remaining Directors shall be appointees of the Declarant. The Directors elected by the Members other than Declarant shall not be subject to removal by Declarant acting alone and shall be elected for a term of two years or until the happening of the events described in Section 6.3(b) or Section 6.4 whichever is soonest. If the term of a Director elected pursuant to this provision expires prior to the happening of an event described in Section 6.3(b) or Section 6.4, a successor shall be elected for a like term.

3. Article VI, Section 6.4 of the Bylaws is deleted in its entirety and replaced with the following:

Election of Directors after Declarant Control Period. Within thirty (30) days after termination of the Declarant Control Period, the Association shall call a special meeting of the Members at which all Directors shall be elected by the Members. Three Directors shall be elected for a term of two years and two Directors shall be elected for a term of one year. At the expiration of the initial term of office of each member of the Board of Directors 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. If Declarant has established Voting Groups, then the number of Directors representing Voting Groups and the number of at-large Directors to be elected shall be as set forth in the Declaration. Directors may be elected to serve any number of consecutive terms.

Article VI, Section 6.5 of the Bylaws is deleted in its entirety.

CERTIFICATE OF OFFICERS

1. We are the duly elected President and Secretary of The Foothills at Macdonald Ranch Master Association.

2. The foregoing FIRST AMENDMENT TO BYLAWS OF THE FOOTHILLS AT MACDONALD RANCH MASTER ASSOCIATION, comprising three (3) pages, including this page, is an amendment to the Bylaws of the Association, duly adopted by the Board of Directors of the Association at a meeting on April 23, 2014.

3. All of the Directors of the Association voted in favor of the First Amendment.

DATED this 23rd day of April, 2014.

THE FOOTHILLS AT MACDONALD
RANCH MASTER ASSOCIATION

By: Paul Spencer

Its: President

By: Walter Williams

Its: Secretary