

**AMENDED AND RESTATED BYLAWS
OF
UNIVERSITY RIDGE HOMEOWNERS ASSOCIATION**

ARTICLE 1.

DEFINITIONS

Except as otherwise defined in these Bylaws, capitalized terms shall have the meaning ascribed to them in the Second Amended and Restated Declaration of Covenants, Conditions, and Restrictions for the University Ridge Homeowners Association recorded in the Official Records of the Office of the County Recorder of Washoe County, Nevada, together with any amendments and supplements made hereafter (the "Declaration").

ARTICLE 2.

NAME, PURPOSE, AND LOCATION

2.1 **NAME.** The name of the Association is University Ridge Homeowners Association.

2.2 **PURPOSE.** The Association shall have such purposes as are now or may hereafter be set forth in its Articles of Incorporation.

2.3 **LOCATION.** The principal office of the Association for the transaction of its business shall be located in Washoe County, Nevada. The Association shall have and continuously maintain in the State of Nevada a registered office and a registered agent and may have other offices within or without the State of Nevada as the Board of Directors may determine.

ARTICLE 3.

MEMBERSHIP

3.1 **MEMBERSHIP.** There shall be one (1) class of voting Membership. Only Owners shall be Members of the Association. No other persons or entities may become Members of the Association. Each Owner shall automatically be a Member of the Association without the necessity of any further action on its part, and Membership in the Association shall be appurtenant to and shall run with the ownership of the Lot that qualifies the Owner to Membership in the Association.

3.2 **VOTING RIGHTS.** Each Owner shall have one (1) vote for each Lot owned by such Owner. If any Lot is held jointly or in common by more than one (1) person, the vote or votes to which such Lot is entitled shall also be held jointly or in common in the same manner. However, the vote or votes for such Lot shall be cast, if at all, as a unit, and neither fractional votes nor split votes shall be allowed. In the event joint or common

Owners are unable to agree among themselves as to how their vote or votes shall be cast as a unit, they shall lose the right to cast their vote or votes on the matter in question. Any joint or common Owner shall be entitled to cast the vote or votes belonging to the joint or common Owners unless another joint or common Owner shall have delivered to the Secretary or other officer of the Association prior to the time for casting such vote a written statement to the effect that the Owner wishing to cast the vote or votes has not been authorized to do so by the other joint or common Owner or Owners.

3.3 TRANSFER OF MEMBERSHIP. Membership in the Association may not be severed from or in any way transferred, pledged, mortgaged, or alienated except with the title to the Lot that qualifies the Owner thereof to Membership and then only to the transferee of title to the property interest. Any attempt to make a prohibited severance, transfer, pledge, mortgage, or alienation shall be void. The right to vote may not be severed or separated from any Lot, and any sale, transfer, or conveyance of a fee interest in any Lot to a new Owner or Owners shall operate to transfer the appurtenant voting rights without the requirement of any express reference thereto. Each Owner shall within 10 days of any sale, transfer, or conveyance of the fee interest in a Lot notify the Association of such sale, transfer, or conveyance.

ARTICLE 4.

MEETINGS OF MEMBERS

4.1 ANNUAL MEETING. The annual meeting of the Members shall be held in the month of November in each year at such date, time, and place as may be designated by the Board of Directors.

4.2 SPECIAL MEETINGS. Special meetings of the Members for any purpose or purposes may be called by the President, upon written request of a majority of the members of the Board or by Members representing 10% or more of the voting power of the Association. To call a special meeting of the Members, or a removal election, the Owners must submit a written petition which is signed by 10% or more of the voting power of the Association and mail the petition, return receipt requested, or serve the petition by a process server to the Board or the community manager for the Association. If the petition calls for a special meeting, the Board shall set the date for the special meeting so that the special meeting is not held less than 15 days or more than 60 days after the date on which the petition is received. If the petition calls for a removal election, then the secret written ballots for the removal election must be sent in the manner required by NRS 116.31036 not less than 15 days or more than 60 days after the date on which the petition is received and the Board shall set the date for the meeting to open and count the secret written ballots so that the meeting is held not more than 15 days after the deadline for returning the second written ballots.

4.3 NOTICE OF MEETINGS. Not less than 15 days (21 days in the event of a meeting at which an assessment for a capital improvement or commencement of a civil action is to be considered or action is to be taken on such an assessment) nor more than 60 days in advance of each meeting of the Members, the Secretary shall cause notice of

the meeting to be hand-delivered or sent prepaid by United States mail to the mailing address of each Lot or to any other mailing address designated in writing by the Owner. The notice of the meeting must state the date, time and place of the meeting and include a copy of the agenda for the meeting. The notice must also include notification of the right of an Owner (i) to have a copy of the minutes or a summary of the minutes of the meeting distributed to the Owner upon request and, if required by the Board, upon payment to the Association of the cost of making the distribution, and (ii) to speak to the Association.

4.4 AGENDA. The agenda for each meeting of the Owners must consist of:

- (i) a clear and complete statement of the topics scheduled to be considered during the meeting, including, without limitation, any proposed amendment to the Declaration or Bylaws, any fees or assessments to be imposed or increased by the Association, any budgetary changes, and any proposal to remove a member of the Board;
- (ii) a list describing the items on which action may be taken Members, and clearly denoting that action may be taken on those items; and
- (iii) a period devoted to comments by Owners and discussion of those comments.

In an Emergency (as hereinafter defined), the Owners may take action on an item which is not listed on the agenda. The notice, agenda, and Owner comment requirements of Section 4.3 and this Section 4.4 apply to both regular and special meetings of the Members.

4.5 EMERGENCY. As used in Section 4.4 of these Bylaws, "Emergency" means any occurrence or combination of occurrences that:

- (i) could not have been reasonably foreseen;
- (ii) affects the health, welfare, and safety of the Owners;
- (iii) requires the immediate attention of, and possible action by, the Board; and
- (iv) makes it impracticable to comply with the notice provisions of 4.3 of the Bylaws.

4.6 PROXIES. Except as otherwise provided in this Section, votes allocated to a Lot may be cast pursuant to a revocable written proxy executed by the Owner thereof, authorizing the holder to cast the Owner's votes on any matter. An Owner may give a proxy only to a member of his immediate family, his lessee who resides in the Project, another Owner who resides in the Project, or any other Person permitted by the Act. If a Lot is owned by more than one Person, each Owner of the Lot may vote or register

protest to the casting of votes by the other Owners of the Lot through a proxy. A vote may not be cast by proxy if:

- (i) it is not dated;
- (ii) it purports to be revocable without notice;
- (iii) it does not designate the meeting for which it is executed;
- (iv) it does not designate the agenda item or items for which the Owner has executed a proxy, except that this requirement shall not apply if the proxy is to be used solely for establishing whether a quorum (as determined pursuant to these Bylaws) is present for the meeting; or
- (v) the holder of the proxy does not disclose at the beginning of the meeting for which the proxy is executed, the number of proxies pursuant to which he will be casting votes and the voting instructions received for each proxy.

If a proxy is for more than one agenda item, the proxy should designate whether the vote on that matter must be cast in the affirmative or in the negative. If the proxy does not so provide for a particular agenda item, the proxy must be treated as if the Owner were present but did not vote on that item. Every proxy shall terminate immediately after the conclusion of the meeting for which it was executed. An Owner may revoke a proxy only by actual notice of revocation to the person presiding over a meeting of the Association. A vote may not be cast pursuant to a proxy for the election or removal of a member of the Board. Any proxy that fails to comply with the requirements of this Section shall be void.

4.7 QUORUM. The presence at any meeting, in person or by proxy, of Members entitled to vote at least 20% of the total votes outstanding shall constitute a quorum. If any meeting cannot be held because a quorum is not present, the Members present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than 10 days nor more than 60 days from the time the original meeting was called, at which meeting the quorum requirement shall be 10% of the total votes outstanding. If the first adjourned meeting cannot be held because a quorum is not present, the Members present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than 10 days nor more than 60 days from the time the first adjourned meeting was called, at which meeting the quorum requirement shall be 5% of the total votes outstanding.

The date, time and place for the adjourned meeting shall be given to Members in the manner prescribed for annual or special meetings, as applicable.

Notwithstanding anything in the Bylaws to the contrary, the Members of the Association may approve, at the annual Membership meeting, the minutes of the prior annual

Membership meeting and the minutes of any prior special Membership meeting. A quorum of the Members is not required to be present when the Members approve the minutes.

4.8 CONDUCTING MEETINGS. Organization. The President of the Association, or in his or her absence the Vice-President, shall call meetings of Members to order and act as chairman of such meetings. In the absence of both of said officers, any Member entitled to vote thereat may call the meeting to order, and a chairman of the meeting shall be elected by the Membership. The Secretary of the Association, or in his or her absence the Assistant Secretary, shall act as secretary of the meeting. In the absence of both the Secretary and the Assistant Secretary, a secretary shall be selected in the same manner as that provided above for selecting a chairman of the meeting.

4.9 PLACE OF MEETINGS. Meetings of the Members shall be held as close to the Project as possible. Such meetings shall not be held outside of Washoe County, Nevada unless the Board determines that unusual conditions exist that make a meeting elsewhere desirable.

4.10 RECORD DATE FOR DETERMINING MEMBERS. In order that the Association may determine the Members entitled to notice of and to vote at any meeting of Members, or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or for the purpose of any other lawful action, the Board may fix in advance of any Membership meeting a record date, which shall not be more than 60 nor less than 15 days (21 days in the event of a meeting at which an assessment for a capital improvement or commencement of a civil action is to be considered or action is to be taken on such an assessment) prior to the date of such meeting or such action, as the case may be. If the Board has not fixed a record date for determining the Members entitled to notice of and to vote at a meeting of Members, the record date shall be at close of business on the day next preceding the day on which notice is given, or if notice is waived, on the close of business on the day next preceding the day on which the meeting is held. If the Board has not fixed a record date for determining the Members entitled to express consent to action in writing without a meeting, when no prior action by the Board is necessary the record date shall be the day on which the first written consent is expressed by any Member. If the Board has not fixed a record date for determining Members for any other purpose, the record date shall be at the close of business on the day on which the Board adopts the resolution relating thereto. A determination of Members of record entitled to notice of or to vote at a meeting of Members shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

4.11 CONSENT OF ABSENTEES. The proceedings and transactions of any meeting of Members, either annual or special, which is not noticed pursuant to Section 4.3 above, however called and noticed and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy and if, either before or after the meeting, each of the Members not present in person or by proxy signs a written waiver of notice, a consent to the holding of such meeting or an approval of the minutes thereof. Neither the business to be transacted at,

nor the purpose of, any regular or special meeting of Members need be specified in any written waiver of notice. All such waivers, consents, or approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

4.12 MINUTES. Not more than 30 days after each meeting of the Membership, the Secretary shall cause the Minutes or a summary of the Minutes of the meeting to be made available to the Owners. A copy of the Minutes or summary of the Minutes must be provided to any Owner who pays the Association the cost of providing the copy. As is more fully set forth in Section 4.7 of these Bylaws, a quorum of the Members is not required to be present when the Members approve the minutes of a Membership meeting.

4.13 ADJOURNED MEETINGS AND NOTICE THEREOF. Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by a vote of a majority of the Members present, either in person or by proxy thereat, but in the absence of a quorum, no other business may be transacted at any such meeting except as provided in Sections 4.4 and 4.5 hereof. Subject to Section 4.7 of the Bylaws, when any Members' meeting, either annual or special, is adjourned, notice of the adjourned meeting shall be given to each Member as in the case of an original meeting.

4.14 PROCEDURES FOR MEETINGS. Meetings shall be conducted according to generally accepted business meeting practices, including adherence to the published and noticed agenda, as specified in the Rules and Regulations.

ARTICLE 5.

DIRECTORS

5.1 POWERS. Subject to any limitations set forth in the Articles of Incorporation, these Bylaws, the Declaration and applicable Nevada law as to action to be authorized or approved by the Members, and subject to the duties of Directors as prescribed in the Bylaws, the business and affairs of the Association shall be managed and all corporate powers shall be exercised by or under the direction of the Board. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that in addition to all powers granted by the Act, the Directors shall have the following powers:

5.1.1 To select and remove all other officers, agents, and employees of the Association, prescribe such powers and duties for them as may not be inconsistent with Nevada law, the Articles of Incorporation, the Declaration or these Bylaws, fix their compensation and require from them security for faithful service;

5.1.2 To conduct, manage, and control the affairs and business of the Association and to make such rules and regulations therefore as are not inconsistent with law, the Articles of Incorporation, the Declaration or these Bylaws, as they may deem best;

5.1.3 To borrow money and incur indebtedness for the purposes of the

Association and to cause to be executed and delivered therefore, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidences of debt and securities therefor;

5.1.4 To adopt, make, and use a corporate seal and alter the form of the seal;

5.1.5 To contract for all insurance required hereunder or by the Declaration on behalf of the Association;

5.1.6 To enforce all applicable provisions of the Articles of Incorporation, the Declaration, these Bylaws, and the Rules and Regulations;

5.1.7 To prepare and propose a budget, levy and collect assessments and special charges in the manner set forth in the Declaration, and make or authorize the expenditures therefrom as hereafter described;

5.1.8 To contract for and pay the cost of providing all services and maintenance functions for which the Association is liable out of funds collected by the Board;

5.1.9 To contract for the services of a manager to the extent deemed advisable by the Board, as well as such other personnel as the Board shall require in its discretion for the management of the Project and for the performance of any or all of the obligations imposed upon the Association or the Board pursuant to the Articles of Incorporation, the Declaration, or these Bylaws;

5.1.10 To secure a fidelity bond or bonds naming the manager and such other persons as may be designated by the Board as principals and the Association as obligee;

5.1.11 To pay all real property taxes and assessments of similar levies assessed against the Association's property by any governmental authority;

5.1.12 To purchase, rent, make, or hire any materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, or insurance which, in the discretion of the Board, shall be necessary or proper in order to carry out its obligations hereunder. However, if any such materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, or insurance are provided for or attributable to any specific Lot(s), the cost thereof may be specifically assessed to the Owner of such Lot(s);

5.1.13 To adopt Rules and Regulations for the use of the Lots, Common and Landscape Maintenance Areas;

5.1.14 To enter any Member's Lot as necessary in connection with construction, maintenance, or emergency repair for the benefit of the Owners in common, provided, however, that reasonable notice of intent to enter any Lot

shall be given to the Owner of such Lot except in an emergency; and

5.1.15 To take such other action and incur such other obligations, whether or not herein expressly specified, including such actions specified in the Declaration, as shall be necessary to perform all obligations of the Association.

5.2 NUMBER AND QUALIFICATIONS OF DIRECTORS. The authorized number of Directors of the Association shall be five (5); provided, however, that the number of persons authorized to serve as Directors of the Association may be increased or decreased by a majority vote of the Members entitled to vote; and provided further, that the number of Directors shall not be decreased to less than three (3) Directors. Any Member who is not in arrears for Association assessments is qualified to run for Director.

Each person whose name is placed on the ballot as a candidate for a member of the Board must: (a) Make a good faith effort to disclose any financial, business, professional or personal relationship or interest that would result or would appear to a reasonable person to result in a potential conflict of interest for the candidate if the candidate were to be elected to serve as a member of the Board of Directors; and (b) Disclose whether the candidate is a Member in good standing. For the purposes of this provision, a candidate shall not be deemed to be in "good standing" if the candidate has any unpaid and past due assessments that are required to be paid to the Association. The candidate must make the disclosure, in writing, to each member of the association on a Candidate Statement form that shall be included with the secret written ballot for election of members of the Board of Directors. Candidate Statement forms must be returned as specified on the Board solicitation for a candidate to be included on the ballot.

In addition, if the Owner of a Lot is not an individual, then in order to be eligible to be a candidate for the Board, the person must be an officer, employee, agent or director of a corporate Owner, a trustee or designated beneficiary or a trust that owns a Lot, a partner of a partnership that owns a Lot, a member or manager of a limited-liability company that owns a Lot, or a fiduciary or an estate that owns a Lot. In all events where the Person serving or offering to serve as a member of the Board is not the record Owner, he or she shall file proof in the records of the Association that: (a) states that he or she is associated with the Owner; and (b) identifies the Lot(s) owned by the Owner.

A person may not be a member of the Board or an officer of the Association if that person, his or her spouse, parent, or child, by blood, marriage, or adoption, performs the duties of a community manager for the Association.

A member of the Board or an officer of the Association may not enter into a contract or renew a contract with the Association to provide goods or services to the Association.

Each member of the Board shall, within 90 days after his or her appointment or election, certify in writing that he or she has read and understands the Governing Documents of the Association and the provisions of the Act to the best of his or her ability.

5.3 ELECTION AND TERM OF OFFICE. Directors shall be elected annually for a

two-year term, except for the election of 2003. In 2003, the election will be for five (5) members, and after the election, the elected Directors will determine among themselves which two (2) members will serve for a two-year term and which three (3) members will serve for a one-year term so that the terms of office will be staggered. Elected Directors shall take office upon election and shall hold office until the next annual meeting following the expiration of their term or until a successor has been elected and qualified. If any such annual meeting is not held, or the Directors are not elected thereat, the Directors may be elected at any special meeting of the Members held for that purpose. Directors shall hold office until their successors are elected and qualified, or until they are removed from office.

5.4 SECRET WRITTEN BALLOT. Not less than 30 days before the preparation of a ballot for the election of members of the Board, the Secretary or other officer of the Association shall cause notice to be given to each Owner of his or her eligibility to serve as a member of the Board. A Candidate Statement form shall be included with this notice and must be returned to the principal office by the date specified on the form.

The election of any member of the Board must be conducted by secret written ballot. In addition, the election shall be conducted as follows:

(a) The Secretary shall cause a secret ballot and a return envelope to be sent by U.S. mail to the mailing address of each Lot within the Association or to any other address designated in writing by the Owner.

(b) Each Owner must be provided with 15 days after the date the secret written ballot is mailed to return the ballot to the Association.

(c) A quorum is not required for the election of any member of the Board.

(d) Only the secret written ballots that are returned to the Association may be counted to determine the outcome of the election.

(e) The secret written ballots must be opened and counted at a meeting of the Association. A quorum is not required to be present when the secret written ballots are opened and counted at the meeting.

(f) The incumbent members of the Board and each person whose name is placed on the ballot as a candidate for a member of the Board may not possess, be given access to, or participate in the opening or counting of the secret written ballots that are returned to the Association before they have been opened and counted at a meeting of the Association.

5.5 REMOVAL OF BOARD MEMBERS. Notwithstanding any provision of the Declaration or these Bylaws to the contrary, any member of the Board may be removed, with or without cause, if at a removal election held pursuant to this provision and in compliance with Section 4.2 of these Bylaws, the number of votes cast in favor or removal constitutes at least 35% of total number of voting members of the Association and at least a majority of all votes cast in that removal election. The removal of any

member of the Board must be conducted by secret written ballot. With respect to any removal by secret ballot:

- (a) the Secretary or other officer of the Association shall cause a secret ballot and a return envelope to be sent, prepaid by United States Mail, to the mailing address of each Lot within the Association or to any other address specified in writing by the Owner;
- (b) each Owner shall be provided with at least 15 days after the date the secret ballot is mailed to the Owner to return the secret ballot to the Association;
- (c) only the secret written ballots that are returned to the Association may be counted to determine the outcome;
- (d) the secret written ballots must be opened and counted at a meeting of the Association.
- (e) A quorum is not required to be present when the secret written ballots are opened and counted at the meeting; and
- (f) the incumbent members of the Board, including, without limitation, the Board member who is subject to the removal, may not possess, be given access to or participate in the opening or counting of the secret written ballots that are returned to the Association before those secret ballots have been opened and counted at a meeting of the Association.

5.6 VACANCIES. A vacancy or vacancies on the Board shall be deemed to exist when any authorized position of Director is not filled by a duly elected and acting Director.

A vacancy due to death, resignation, removal, or disqualification may be filled for the unexpired portion of the term thereof by a majority of the Directors then in office, although less than a quorum, or by a sole remaining Director. Vacancies resulting from an increase in the number of Board positions must be filled by vote of the Members. If at any time, by reason of death or resignation or other cause, the Association has no Directors in office, then any Member may call a special meeting of Members for the purpose of electing Directors.

Any Director may resign at any time by giving written notice of his or her resignation to the Association. Any such resignation shall take effect at the time specified therein, or if the time when it shall become effective is not specified therein, it shall take effect immediately upon its receipt by the President or the Secretary, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. If one or more Directors shall resign from the Board, effective at a future date, then a majority of the Directors in office, including those who have so resigned, shall have the power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective.

No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of that Director's term of office.

5.7 BOARD OF DIRECTORS MEETINGS.

5.7.1 Place of Meeting. The Board may hold its meetings at such place or places as it may from time to time by resolution determine or as shall be designated in any notices or waivers of notice thereof. Any such meeting, whether regular or special, may be held by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting in such manner shall constitute presence in person at such meeting.

5.7.2 Regular Meetings. Regular meetings of the Board shall be held at such regular times, at least once every 90 days, as may be fixed from time to time by resolution of the Board.

5.7.3 Special Meetings. Special meetings of the Board shall be held whenever called by the President or a majority of the Directors at the time in office.

5.7.4 Notice to Members. Except in an Emergency (as hereinafter defined), the Secretary or other officer of the Association shall, not less than 10 days before the date of each meeting of the Board, cause notice of the meeting to be given to the Owners. Such notice must be either sent prepaid by United States mail to the mailing address of each Lot within the Project or to any other mailing address designated in writing by the Owner or published in a newsletter or other similar publication that is circulated to each Owner.

In an Emergency (as defined below), the Secretary shall, if practicable, cause notice of the meeting to be sent prepaid by United States mail to the mailing address of each Lot within the Development. If delivery of the notice in this manner is impracticable, then notice must be hand-delivered to each Lot within the Project or posted in a prominent place or places within the Common or Landscape Maintenance Area.

The notice of a meeting of the Board must state the date, time and place of the meeting and include a copy of the agenda for the meeting or the date on which and the locations where copies of the agenda may be conveniently obtained by the Owners. The notice must include notification of the right of an Owner (i) to have a copy of the minutes or a summary of the minutes of the meeting distributed to him upon request and, if required by the Board, upon payment to the Association of the cost of making said distribution and (ii) to speak to the Board, unless the Board is meeting in closed executive session.

The notice requirements of this Section apply to both regular and special meetings of the Board. As used in this Section, "Emergency" means any occurrence or combination of occurrences that (i) could not have been reasonably foreseen, (ii) affects the health, welfare, and safety of the Owners, (iii) requires the immediate attention of, and possible action by, the Board, and (iv) makes it impracticable to comply with the notice provisions of this Section 3.06.

5.7.5 Quorum. A majority of the whole Board shall be present in person at any meeting of the Board in order to constitute a quorum for the transaction of business at such meeting, and except as otherwise specified in these Bylaws and expressly provided by Nevada law, the vote of a majority of the Directors present at any such meeting at which a quorum is present shall be the act of the Board. In the absence of a quorum from any such meeting, a majority of the Directors present thereat may adjourn such meeting from time to time to another time or place without additional notice to the Board or Association members other than announcement at the meeting until a quorum shall be present thereat. The Directors shall act only as a Board, and the individual Directors shall have no power as such.

5.7.6 Organization; Conduct of Business. At each meeting of the Board, the President, or if he or she is absent therefrom, the Vice-President, or if both are absent therefrom, a Director chosen by a majority of the Directors present thereat, shall act as chairman of such meeting and preside thereat. The Secretary, or if he or she is absent, the person (who shall be an Assistant Secretary, if any and if present) whom the chairman of such meeting shall appoint, shall act as Secretary of such meeting and keep the minutes thereof.

5.7.7 Agenda: The agenda for every meeting of the Board must consist of:

- (i) a clear and complete statement of the topics scheduled to be considered during the meeting, including, without limitation, any proposed amendment to the Declaration or these Bylaws, any fees or assessments to be imposed or increased by the Association, any budgetary changes, and any proposal to remove an officer or member of the Board;
- (i) a list describing the items on which action may be taken and clearly denoting that action may be taken on those items; and
- (ii) a period devoted to comments by Owners and discussion of those comments; and
- (iii) A general description of items to be considered in executive session.
- (iv) The period required to be devoted to comments by Owners and discussion of those comments must be scheduled for the beginning of the meeting. In an Emergency (as defined in Section 5.7.4 of these Bylaws), the Board may take action on an item which is not listed on the agenda.
- (v) The agenda and Owner comments requirements of this Section apply to both regular and special meetings of the Board.

5.7.8 Reviewing Financial Records. At least once every 90 days, the Board shall review, at a minimum, the following financial information at one of its meetings:

- (i) A current year-to-date financial statement of the Association;
- (ii) A current year-to-date schedule of revenues and expenses for the operating account and the reserve account, compared to the budget for those accounts;
- (iii) A current reconciliation of the operating account of the Association;
- (iv) A current reconciliation of the reserve account of the Association;
- (v) The latest account statements prepared by the financial institutions in which the accounts of the Association are maintained;
- (vi) The current status of any civil action or claim submitted to arbitration or mediation in which the Association is a party.

5.7.9 Owners Attendance and Participation in Board Meetings. Except as otherwise specifically provided in the Declaration or these Bylaws, an Owner may attend any meeting of the Board and speak at any such meeting. The Board may establish reasonable limitations on the time an Owner may speak at such a meeting.

5.7.10 Executive Sessions of the Board. The Board may meet in a closed, executive session to:

- (i) Consult with an attorney for the Association on matters relating to proposed or pending litigation if the contents of the discussion would otherwise be governed by the attorney-client privilege, as set forth in NRS 49.035 to 49.115, inclusive, or to enter into, renew, modify, terminate, or take any other action regarding a contract between the Association and the attorney;
- (ii) Discuss the character, alleged misconduct, professional competence, or physical or mental health of a community manager or an employee of the Association;
- (iii) Discuss a violation of the Governing Documents of the Association alleged to have been committed by an Owner,

occupant, or guest or invitee of the Owner or occupant including, without limitation, the failure to pay an Assessment (except as otherwise provided in the Declaration or these Bylaws), unless the Person who may be sanctioned requests in writing that the matter be heard at an open meeting of the Board; and the Board shall request the presence of an ARC member or the community manager to provide information regarding the alleged violation;

- (iv) Discuss any alleged failure of an Owner to adhere to any required construction schedule, if the alleged failure may subject the Owner to a construction penalty, unless the Person who may be sanctioned requests in writing that the matter be heard at an open meeting of the Board.

If the person who may be sanctioned for the alleged violation requests in writing that an open hearing be conducted, the person: (a) Is entitled to attend all portions of the hearing related to the alleged violation, including without limitation, the presentation of evidence and testimony of witnesses, and (b) Is not entitled to attend the deliberations of the Board. Upon request by the person who may be sanctioned for the alleged violation, the Board shall provide a copy of the decision to the person, who was subject to being sanctioned at the hearing, or to his designated representatives.

5.7.11 Minutes. Not more than 30 days after each meeting of the Board, the Secretary shall cause the minutes or a summary of the minutes of the meeting to be made available to the Owners. A copy of the minutes or a summary of the minutes must be provided to any Owner who pays the Association the cost of providing the copy.

5.7.12 Compensation. No Director shall receive any compensation for his or her services as a Director, except to the extent permitted by the Act and expressly approved by the consent of a majority of the Members entitled to vote.

A member of the Board shall not accept any commission, personal profit or compensation of any kind from the Association for providing goods and services to the Association.

A member of the Board shall not solicit or accept any form of compensation, gratuity or other remuneration that: (a) Would improperly influence or would appear to a reasonable person to improperly influence the decisions made by those persons; or (b) Would result or would appear to a reasonable person to result in a conflict of interest for those persons.

A member of the Board shall not accept, directly or indirectly, any gifts, incentives, gratuities, rewards or other items of value from an attorney, law firm or vendor, or any person working directly or indirectly for the attorney, law firm or vendor, which total more than the amount established by the Commission for Common-Interest Communities by regulation, not to exceed \$100 per year per such attorney, law firm or vendor.

ARTICLE 6.

OFFICERS

6.1 OFFICERS. The officers of the Association shall be the President, the Vice President, the Secretary, and the Treasurer.

The Association may also have, at the discretion of the Board, additional Vice-Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed in accordance with the provisions of Section 6.3 hereof. One person may hold two (2) or more offices.

6.2 ELECTIONS. The officers of the Association shall be chosen by the Board, and each shall hold office until a successor is appointed or until the officer resigns or is removed from office.

6.3 SUBORDINATE OFFICERS. The Board may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in the Bylaws or as the Board may determine.

6.4 REMOVAL AND RESIGNATION. Any officer may be removed, either with or without cause, by a majority of the Directors at the time in office, at a regular or special meeting of the Board.

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

6.5 VACANCIES. A vacancy in any office because of death, resignation, removal, or any other cause shall be filled by the Board at a regular or special meeting.

6.6 PRESIDENT. The President shall be the general manager and chief executive officer of the Association and shall, subject to the control of the Board, have general supervision, direction, and control of the business and affairs of the Association. The President shall be an *ex officio* member of all of the standing committees of the Board, including the executive committee, if any, shall have the general powers and duties of management usually vested in the office of the chief executive officer of a corporation, shall preside at all meetings of the Board and of the Members, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws. The President shall have the power to prepare, execute, certify, and record amendments to the Declaration on behalf of the Association.

6.7 VICE-PRESIDENT. In the absence or disability of the President, the Vice-Presidents, if there shall be any such officers, in order of their rank as fixed by the Board, or if not ranked, the Vice-President designated by the Board, shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the

restrictions upon, the President. The Vice-Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board or these Bylaws.

6.8 SECRETARY. The Secretary shall keep, or cause to be kept, a book of minutes in written form at the principal executive office of the Association, of all meetings of Directors, committees of the Board, and members, with the date, time and place of holding, whether regular or special, and if special how authorized, the notice thereof given, the names of those Directors and Members present, the names of those present at Directors' or committee meetings, and the proceedings thereof.

The Secretary shall also keep, or cause to be kept, at the principal office or at the office of the Association's transfer agent or registrar as determined by resolution of the Board, a Membership register, or a duplicate Membership register, showing the names of all Members and their addresses.

The Secretary shall give, or cause to be given, notice of all meetings of Members and the Board, as required by these Bylaws or by law to be given, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

6.9 TREASURER. The Treasurer shall keep and maintain, or cause to be kept and maintained, in written form or in other form capable of being converted into written form, adequate and correct books and records of account of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and Memberships.

The Treasurer shall deposit, or cause to be deposited, all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The Treasurer shall disburse, or cause to be disbursed, the funds of the Association as may be ordered by the Board and shall render to the President and Directors at such times as they may request an account of all transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

6.10 BOARD MEMBER. Subject to Nevada law, each Director on the Board shall have the power to vote on all Board matters and to review all records of the Association.

6.11 COMPENSATION. No officer shall receive any compensation for his or her services as an officer, except to the extent permitted by the Act and expressly approved by the consent of a majority of the Members entitled to vote.

An officer of the Association shall not accept any commission, personal profit or compensation of any kind from the Association for providing goods or services to the Association.

An officer of the Association shall not solicit or accept any form of compensation, gratuity or other remuneration that: (a) Would improperly influence or would appear to a reasonable person to improperly influence the decisions made by those persons; or (b)

Would result or would appear to a reasonable person to result in a conflict of interest for those persons.

An officer of the Association shall not accept, directly or indirectly, any gifts, incentives, gratuities, rewards or other items of value from an attorney, law firm or vendor, or any person working directly or indirectly for the attorney, law firm or vendor, which total more than the amount established by the Commission for Common-Interest Communities by regulation, not to exceed \$100 per year per such attorney, law firm or vendor.

ARTICLE 7.

COMMITTEES

7.1 CREATION OF COMMITTEES. The Board, by resolution adopted by a majority of the whole Board, may create committees, which shall in each case consist of one or more of the Directors and, at the discretion of the Board, such officers who are not Directors and other Owners in the Association. The Board may designate one or more Directors or officers who are not Directors as alternate members of any committee who may replace any absent or disqualified member at any meeting of the committee. Each such committee shall have and may exercise such powers as the Board may determine and specify in the respective resolutions appointing them; provided, however, that such committee shall not have authority to exercise any of the powers of the Board in the management of the business and affairs of the Association. A majority of all the members of any such committee may fix its rules of procedure, determine its action, fix the date, time and place of its meetings, and specify what notice thereof, if any, shall be given, unless the Board shall otherwise by resolution provide.

7.2 RESIGNATIONS. Any member of any committee may resign therefrom at any time by giving written notice of his or her resignation to the President or the Secretary. Any such resignation shall take effect at the time specified therein, or if the time when it shall become effective is not specified therein, it shall take effect immediately upon its receipt by the President or the Secretary, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

7.3 VACANCIES. Any vacancy in or any committee shall be filled by the vote of a majority of the whole Board.

7.4 COMPENSATION. No member of any committee shall receive any compensation for his or her services as a committee member, except to the extent permitted by the Act and expressly approved by the consent of a majority of the Members entitled to vote.

7.5 DISSOLUTION OF COMMITTEES; REMOVAL OF COMMITTEE MEMBERS. The Board, by resolution adopted by a majority of the whole Board, may, with or without cause, dissolve any committee and, with or without cause, remove any member thereof.

ARTICLE 8.

INDEMNIFICATION

8.1 INDEMNIFICATION. The Association shall defend, indemnify and hold harmless any Person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that the Person was a director, officer, committee member, employee, servant, or agent of the Association against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by it in connection with such action, suit, or proceeding until and unless it is proved the Person acted with willful or wanton misfeasance or with gross negligence and provided the Person acted in good faith and in a manner it reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had no reasonable cause to believe its conduct was unlawful. The termination of any action, suit, or 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 or in a manner it reasonably believed to be in or not opposed to the best interests of the Association, or with respect to any criminal action or proceeding, had reasonable cause to believe that its conduct was unlawful.

Board members are not liable to the victims of crimes that may occur in the Project. Punitive damages may not be recovered against the Association but may be recovered only from Persons whose intentional activities are proved to have resulted in damages.

8.2 DETERMINATION.

Any indemnification that the Association has elected to provide under this Article 8 (unless ordered by a court) shall be made by the Association only as authorized in the specific case by a determination that indemnification of the officer, director, employee, servant, or agent is proper in the circumstances because it has met the applicable standard of conduct set forth in Section 8.1, above. Such determination shall be made: (a) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit, or proceeding; or (b) if such a quorum is not obtainable, or even if obtainable and a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; provided, however, that if a director, officer, employee, servant, or agent of the Association has been successful on the merits or otherwise in the defense of any action, suit, or proceeding referred to in Section 8.1, or in defense of any claim, issue, or matter therein, then to the extent that the Association has elected to provide indemnification, it shall automatically be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by it in connection therewith without the necessity of any such determination that it has met the applicable standard of conduct set forth in Section 8.1.

8.2 PAYMENT IN ADVANCE. Expenses incurred in defending a civil or criminal action, suit, or proceeding may, upon action by the Board in accordance with Section 8.2,

be paid by the Association in advance of the final disposition of such action, suit, or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee, servant, or agent to repay such amount unless it shall ultimately be determined that it is entitled to be indemnified by the Association as authorized in this Article 8.

8.3 INSURANCE. The Board shall purchase and maintain insurance on behalf of any Person who is or was a director, officer, employee, servant, or agent of the Association against any liability asserted against the Person or incurred by the Person in any such capacity or arising out of the Person's status as such, whether or not the Association would have the power to indemnify the Person against such liability hereunder or otherwise.

8.4 OTHER COVERAGE. The indemnification provided by this Article 8 shall not be deemed exclusive of any other rights to which anyone seeking indemnification may be entitled under the Declaration, any agreement, vote of the Members, vote of disinterested directors, Nevada law, or otherwise, both as to action in its official capacity and as to action in another capacity while holding such office, and may continue as to a Person who has ceased to be a director, officer, employee, servant, or agent and may inure to the benefit of the heirs and personal representatives of such a Person.

ARTICLE 9.

MISCELLANEOUS

9.1 BOOKS AND RECORDS. The Association shall keep correct and complete books and records of account, and the minutes of the Board of Directors and Membership Meetings. Copies of the minutes of the Board of Directors and of the Membership Meetings shall be regularly distributed to each member of the Board of Directors and to the Membership as set forth in Sections 4.12 and 5.7.11 of these Bylaws.

9.2 FINANCIAL RECORDS AND BUDGETS. The Association shall distribute to its Members within 120 days after the last day of each fiscal year, a balance sheet as of the last day of such year, an operating (income) statement for such year, a capital replacement reserve statement, and a statement of changes in financial condition for such year.

The Board shall, not less than 30 days or more than 60 days before the beginning of the fiscal year of the Association, prepare and distribute to each Owner a copy of: (a) the budget for the daily operation of the Association. The budget must include the estimated annual revenue and expenditures of the Association and any contributions to the reserve account; and (b) the budget to maintain the reserve account must include: (1) the current estimated replacement cost, estimated remaining life and estimated useful live of each major component of the Common Areas, (2) as of the end of the fiscal year for which the budget is prepared, the current estimate of the amount of cash reserves that are necessary, and the current amount of accumulated cash reserves that are set aside, to repair, replace or restore the major components of the Common Areas, (3) a statement whether the Board anticipates that the levy of one or more special assessments will be required to

provide adequate reserves.

In lieu of distributing copies of the budgets, the Board may distribute a summary of those budgets accompanied by a written notice that the budgets are available for review at the business office of the Association and copies of the budgets will be provided at the annual meeting.

Within 60 days after adoption of any proposed budget for the Association, the Board shall provide a summary of the proposed budget to each Owner and shall set a date for a meeting of the Owners to consider ratification of the proposed budget not less than 14 days or more than 30 days after the mailing of the summaries. Unless at that meeting a majority of all Owners reject the proposed budget, the proposed budget is ratified, whether or not a quorum is present. If the proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

9.3 RESERVE STUDY. The Board shall (a) cause to be conducted, at least once every five (5) years, a study of the reserves required to repair, replace and restore the major components of the Common Areas, (b) review the results of that study annually to determine if those reserves are sufficient, (c) make any adjustments it deems necessary to maintain the required reserves.

9.4 INSPECTION OF BOOKS AND RECORDS. The books of account, and minutes of meetings of the Members and Board shall be made available for inspection and copying by any Member, or by a Member's duly appointed representative, or by any holder, insurer, or guarantor of a first lien on any Lot, at any reasonable time and for a purpose reasonably related to the Member's interest as a Member, at the principal office of the Association or at such other place within the Washoe County as the Board shall prescribe. The Board shall establish reasonable rules with respect to notice to be given to the custodian of the records by the Member desiring to make the inspection, hours and days of the week when such an inspection may be made, and payment of the cost of reproducing copies of documents requested by a Member.

Subject to Nevada law, every member of the Board shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a member of the Board includes the right to make extracts and copies of documents.

9.5 ENFORCEMENT. In the event of an alleged violation of the Governing Documents of the Association, and after written notice of such alleged failure has been delivered to the Member or other Person alleged to be in violation ("Respondent"), the Board shall have the right, as hereinafter provided, to take any of the remedial measures available to the Board under the Declaration or these Bylaws.

Prior to the imposition of a fine, penalty or other sanction against Respondent: (a) Respondent, not less than 30 days before the violation, must have been provided with written notice of the applicable provisions of the Governing Documents of the Association that form the basis of the violation; and (b) within a reasonable time after

discovery of the violation, Respondent must be provided with: (i) written notice specifying the details of the violation, the amount of the fine, and the date, time and location for a hearing on the violation; and (ii) a reasonable opportunity to contest the violation at the hearing.

The Board or a committee formed by the Board to conduct hearings on violations and to impose fines or other sanctions must schedule the date, time and location for the hearing on the violation so that the Person against whom the fine will be imposed is provided with a reasonable opportunity to prepare for the hearing and to be present at the hearing. A hearing must be held prior to the imposition of a fine or other sanction unless Respondent: (a) pays the fine; (b) executes a written waiver of the right to the hearing; or (c) fails to appear at the hearing after being provided with proper notice of the hearing. Subject to any restrictions or limitations set forth in the Act, the amount of the fines and the process for imposing fines shall be adopted by the Board of Directors and distributed to the Membership.

Any suspension of rights shall be for a period of not more than 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 to enforce the Governing Documents shall not constitute a waiver of the right to enforce the same thereafter. The remedies of the Association shall be cumulative and none shall be exclusive.

9.6 CHECKS, DRAFTS, AND NOTES. All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness issued in the name of or payable to the Association shall be signed or endorsed by such Person(s) and in such manner as shall be determined by resolution of the Board.

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

9.8 DECLARATION. These Bylaws are subject to the Declaration. In the event of any inconsistency between the provisions of these Bylaws and the Declaration, the provisions of the Declaration shall control.

9.9 AMENDMENTS OF BYLAWS. These Bylaws may be amended by the Association by the vote or written consent of Members representing at least a majority of the voting power of the Association; provided, however, that the specified percentage of the Members necessary to amend a specific Section or provision of these Bylaws shall not be less than the percentage of affirmative votes prescribed for action to be taken under that Section or provision. If any change is made to these Bylaws or any of the other Governing Documents of the Association, the Secretary of the Association shall, within 30 days after the change is made, prepare and cause to be hand-delivered or sent

prepaid by United States mail to the mailing address of each Lot or to any other mailing address designated in writing by the Lot Owner, a copy of the change that was made.

9.10 FISCAL YEAR. The fiscal year of the Association shall correspond with the calendar year.

CERTIFICATE OF SECRETARY


1. I am the duly elected and incumbent Secretary of University Ridge Homeowners Association.

2. The foregoing Amended and Restated Bylaws of the Association constitute the Bylaws of the Association as duly adopted by the Board of Directors of the Association by consent dated _____, 2001

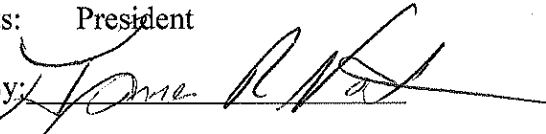
DATED this 3RD day of March, 20

UNIVERSITY RIDGE

HOMEOWNERS ASSOCIATION

By: 

Its: President

By: 

Its: Secretary

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