

BY LAWS
OF
SOUTH SHORES COMMUNITY ASSOCIATION

ARTICLE I

GENERAL PLAN OF OWNERSHIP

Section 1.01. Name:

The name of the corporation is SOUTH SHORES COMMUNITY ASSOCIATION (hereinafter referred to as the "Master Association"). The principal office of the Master Association shall be located in Las Vegas, Nevada, or at such other place in Clark County, Nevada, as the Board may from time to time fix by majority vote.

Section 1.02. Application:

The provisions of these Bylaws are applicable to the master planned community known as South Shores, located in the City of Las Vegas, County of Clark, State of Nevada (the "Properties"). All present and future owners and their tenants, future tenants, employees and any other person who might use the facilities of the Properties in any manner are subject to the regulations set forth in these Bylaws and in the Master Declaration of the Covenants, Conditions and Restrictions and Reservations of Easements for South Shores (the "Master Declaration" herein), recorded or to be recorded in the Office of the Clark County Recorder and applicable to the Properties. The mere acquisition or lease of any lot or condominium in the Properties will signify that these Bylaws are accepted, ratified and will be complied with.

Section 1.03. Meaning of Terms:

Unless otherwise specifically provided herein, the capitalized terms in these Bylaws shall have the same meanings as are given to such terms in the Master Declaration.

ARTICLE II

VOTING BY MASTER ASSOCIATION MEMBERSHIP

Section 2.01. Voting:

Members shall elect delegates to act on their behalf as set forth in the Master Declaration. The classes of voting memberships and the number of votes, i.e., voting power held or represented by each delegate, the manner in which members shall elect delegates, and the manner in which each delegate shall

cast votes shall be as set forth in the Master Declaration and the provisions of the Master Declaration governing all such matters are specifically incorporated by reference herein.

Section 2.02. Majority of Quorum:

Unless otherwise expressly provided in the Articles, these Bylaws or the Master Declaration, any action which may be taken by the delegates may be taken by a majority of a quorum of the delegates of the Master Association. Any reference to a specified percentage of delegates shall mean those delegates representing such specified percentage of the voting power of the membership of the Master Association.

Section 2.03. Quorum:

Except as otherwise provided in these Bylaws, the presence in person of delegates representing at least twenty-five (25%) percent of the voting power of the membership of the Master Association shall constitute a quorum of the membership. Delegates present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough delegates to leave less than a quorum. Delegates may not act by proxy.

ARTICLE III

ADMINISTRATION

Section 3.01. Master Association Responsibilities:

In accordance with the provisions of the Master Declaration, the Master Association shall have the responsibility of administering the Association property, approving the budget, establishing and collecting all assessments authorized under the Master Declaration and arranging the overall architectural control of the Properties.

Section 3.02. Place of Meetings of Delegates:

Meetings of the delegates shall be held on the Properties or such other suitable places proximate thereto as practicable and convenient to the delegates as may be designated from time to time by the Board of Directors.

Section 3.03. Annual Meetings of Delegates:

The first annual meeting of the delegates shall be held no later than nine (9) months after the day of commencements of common assessments by the Master Association. Subsequent annual meetings of the delegates of the Master Association shall be held on or about the anniversary date of the first annual meeting. At each such annual meeting there shall be elected by ballot of the delegates, a board of directors in accordance with the requirements of Section 4.05 of Article IV of these Bylaws. The Delegates may also transact

such other business of the Master Association as may properly come before them. Each first mortgagee of a lot or condominium in the Properties may designate a representative to attend all annual meetings for the delegates. Annual meetings for the delegates shall be open to attendance by all members and mortgage representatives to the extent of a permissible capacity of meeting room.

Section 3.04. Special Meetings of Delegates:

It shall be the duty of the Board to call special meetings of the delegates as directed by resolution of a majority of a quorum of the Board of Directors, whereupon a petition signed by delegates representing at least five (5%) percent of the total voting power of the Master Association. A notice of any special meeting shall be given within twenty (20) days after adoption of such resolution or receipt of such petition and shall state the time and place of such meeting and the purpose thereof. The special meeting shall be held not less than thirty-five (35) days nor more than ninety (90) days after adoption of such resolution or receipt of such petition. No business shall be transacted at a special meeting except as stated in the notice. Each first mortgagee may designate a representative to attend all special meetings of the delegates.

Section 3.05. Notice of Meetings of Delegates:

It shall be the duty of the secretary to send a notice of each annual or special meeting by first class mail, postage prepaid, stating the purpose thereof as well as the day, hour and place where it is to be held to each delegate of record and to each first mortgagee which has filed a written request for notice to the secretary, at least ten (10) but not more than thirty (30) days prior to such meeting. The notice may set forth time limits for speakers and nominating procedures for the meeting. A notice of any meeting at which directors are to be elected shall include the names of all those who are nominees at the time the notice is given. The mailing of a notice, postage prepaid, and the manner provided in this Section shall be considered notice served forty-eight (48) hours after said notice has been deposited in a regular depository of the United States mails. Such notice shall be posted in a conspicuous place on the Association Properties and such notice shall be deemed served upon a delegate upon posting it if no address has been then furnished to the secretary.

Section 3.06. Adjourned Meetings:

If any meetings of delegates cannot be organized because a quorum is not present, the majority of the delegates who are present may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the presence of the delegates representing at least twenty-five (25%) percent of the voting power of the

Master Association. Such an adjourned meeting may be held without notice thereof and otherwise required by this Article III, provided that notice is given by announcement at the meeting at which such adjournment is taken.

Section 3.07. Order of Business:

The order of business at all meetings of the delegates shall be as follows:

- (a) Roll call to determine the voting power represented at the meeting;
- (b) Proof of notice of meeting, or waiver of notice;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of committees;
- (f) Election of expeditor of election (at annual meetings or special meetings held for such purpose);
- (g) Election of directors (at annual meetings or special meetings held for such purpose);
- (h) Unfinished business; and
- (i) New business.

Meetings of delegates shall be chaired by the most senior officer of the Master Association present at such meeting. For purposes of this Section 3.07, the order of seniority of officers shall be president, vice-president, secretary, and treasurer.

Section 3.08. Action Without Meeting:

Any action may be taken at a meeting of the delegates except for the election of directors may be taken without a meeting if authorized by the written consent of delegates representing at least a majority of the voting power of the Master Association; provided, however, that if any greater proportion of the voting power of the Master Association is required by the Master Declaration, the Articles, these Bylaws or otherwise for such action, then such greater proportion of written consent shall be required.

Section 3.09. Ratification of Actions of Meetings:

The transactions at any meeting of delegates, either annual or special, however called or noticed shall be as valid as though at a meeting duly held after regular call and notice of all delegates entitled to vote at any meeting consent to the transactions at the meeting, either by (a) a writing on the

records of the meeting or a writing filed with the secretary of the Master Association, (b) presence at such meeting and all consent and entered in the minutes of such meeting, or (c) taking part in the deliberations at such meeting without objection. At such meeting any business may be transacted which is not excepted from the written consent or to the consideration of which no objection for want of notice is made at the time.

Section 3.10. Minutes. Presumption of Notice:

Minutes or similar record of the proceedings of meetings of delegates when signed by the president or secretary shall be presumed truthfully to evidence any matters set forth therein. A recitation of the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

Section 3.11. Waiver of Notice:

Whenever any notice is required to be given under this Article III, a waiver thereof in writing signed by the delegates entitled to the notice whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE IV

BOARD OF DIRECTORS

Section 4.01. Number and Qualification:

The property, business and affairs of the Master Association shall be governed and managed by a Board of Directors, each of whom must either be the owner of a lot or condominium in the Properties or an agent of such owner if such owner is not a natural person (or an agent of declarant or participating builder). The Board shall prior to the first annual meeting of the delegates be composed of three (3) persons. At the first annual meeting of the delegates five (5) persons shall be elected to the Board as provided herein, and the Board shall thereafter be composed of five (5) persons. The authorized number of directors may be changed by a duly adopted amendment to the Bylaws. Directors shall not receive any salary or compensation for their services as directors unless such compensation is first approved by the vote or written consent of delegates representing at least a majority of the voting power of the Master Association; provided, however, that (i) nothing herein contained shall be construed to preclude any director from serving the Master Association in some other capacity and receiving compensation therefor; and (ii) any director may be reimbursed for his actual expenses incurred in the performance of such director's duties.

Section 4.02. Powers and Duties:

The Board of Directors have the powers and duties

necessary for the administration of the affairs of the Master Association and they may do all such acts and things by law or by these Bylaws directed to be exercised and done exclusively by the members acting through the delegates.

Section 4.03. Special Powers and Duties:

Without prejudice to such foregoing general powers and duties and such powers and duties as are set forth in the Master Declaration, the Board of Directors is vested with the following powers and duties:

(a) The power and duty to select, appoint and remove all officers, agents and employees of the Master Association, to prescribe such powers and duties for them as may be consistent with law, the Articles, the Master Declaration, and these Bylaws; to fix their compensation and to require from them security for faithful service when deemed advisable by the Board.

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

(c) The power but not the duty to change the principal office for the transaction of the business of the Master Association from one location to another within the County of Clark, as provided in Article I hereof; designate any place within said County for the holding of an annual or special meeting or meetings of the delegates consistent with the provisions of Article III, Section 3.02 hereof; and to adopt and use such a corporate seal and to alter the form of such seal from time to time as the Board in its sole judgment may deem best, provided that such seal shall at all times comply with the provisions of law.

(d) With the approval of delegates representing at least sixty-seven (67%) percent of the voting power of the Master Association, the power but not the duty to borrow money and to incur indebtedness for the purposes of the Master Association and to cause to be excused and executed and delivered therefor, the Master Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecation or other evidences of debt and securities therefor.

(e) The power and duty to fix and levy from time to time common assessments, special assessments, capital improvement assessments and reconstruction assessments upon the members as provided in the Master Declaration; and to determine and fix the due dates for the payments of such assessments and the date upon which the same shall become delinquent.

(f) The power and duty to enforce the provisions of the Master Declaration, these Bylaws or other agreements of the

Master Association.

(g) The power and duty to contract for and pay fire and casualty errors and omissions, blanket liability, malicious mischief, vandalism, and other insurance, insuring the members, the Master Association, the Board of Directors and other interested parties in accordance with the provisions of the Master Declaration covering and protecting against such damages or injuries as the Board deems advisable which may include, without limitations, medical expenses (a person who is injured on the Association Property). The Board shall review not less frequently than annually all insurance policies and bonds obtained on behalf of the Master Association by the Board or by agents of the Master Association.

(h) The power and duty to contract for and pay maintenance, gardening utilities, materials and supplies and services relating to the Association Properties and to employ personnel necessary for the operation of the Properties, including legal and accounting services, and to contract for and pay for improvements on the Association Properties.

(i) The power but not the duty to delegate its powers according to law and to adopt these Bylaws.

(j) The power but not the duty to grant easements where necessary for utilities, sewer facilities and other public purposes for the Association Properties to serve the Properties.

(k) The power and duty to adopt such rules and regulations as the Board may deem necessary for the management of the Properties, which rules and regulations shall become effective and binding after (i) they are adopted by a majority of the Board at a duly called meeting, and (ii) they are posted in a conspicuous place in the Association property. Such rules and regulations may concern without limitation use of the Association property, signs, parking restrictions, minimum standards property maintenance consistent with the Master Declaration and procedures of the architectural committee and any other matter within the jurisdiction of the Master Association as provided in the Master Declaration; provided, however, that such rules and regulations shall be enforceable only to the extent that they are consistent with the Master Declaration, the Articles of Incorporation and these Bylaws.

(l) The power and duty to keep or cause to be kept a complete record of all acts and corporate affairs of the Master Association and to present a statement thereof to the delegates at the annual meeting of the delegates and at any other time that such statement is requested by delegates representing at least ten (10%) percent of the voting power of the Master Association. And the power but not the duty to sell all or any portion of the Association property, provided however that the prior vote or written approval of delegates representing at least a majority of the voting power of the

Master Association must be obtained to sell during any fiscal year Association property having an aggregate fair market value greater than five (5%) percent of the budgeted gross expenses of the Master Association for that fiscal year.

Section 4.04. Management Agent:

The Board of Directors may engage for the Master Association a manager at a compensation established by the Board to perform such duties and services as the Board shall advise, including but not limited to, the duties as set forth in Section 4.03 of this Article IV.

Section 4.05. Election and Term of Office:

At the first annual meeting of the delegates and thereafter at each annual meeting of the delegates or any special meeting of the delegates at which directors are to be elected, the director shall be elected in accordance with the following procedure. During the thirty (30) day period prior to the election, the delegates shall submit ballots listing the candidates for director to the members within their delegate districts. Each member shall be provided with a proxy listing their choices of candidates for director identifying the delegate as the person who is authorized to exercise the proxy and identify no length of time the proxy will be valid. Each delegate shall collect all proxies returned from members in his delegate district and exercise such proxies in accordance with the directions contained therein at the meeting. If an annual meeting is not held or the Board is not elected thereat, the Board may be elected at any special meeting of the delegates held for that purpose. Each director shall hold office until his successor has been elected or until his death, resignation, removal or judicial adjudication of mental incompetence. The term of office of the three directors receiving the highest number of votes at the first annual meeting shall be two (2) years and the term of office of the two directors receiving the next highest number of votes at the first annual meeting shall be one (1) year. At each annual meeting thereafter, a new director shall be elected to fill vacancies created by the death, resignation, removal or judicial adjudication of mental incompetence, or expiration of the terms of the past directors. The term of office for each director elected to fill a vacancy created by the expiration of the term of office of the respective past director shall be two (2) years. The term of office for each director elected to fill a vacancy created by the resignation, death, or removal of his predecessor shall be the balance of the unserved term of his predecessor. Any person serving as a director may be reelected and there shall be no limitation on the number of terms during which he may serve. Cumulative voting shall be used in the election of directors for any election in which more than one director is to be selected. If a member cumulates his votes, such member may give one or more candidates for director the number of votes equal to the member share of the voting power set forth in the Master Declaration

multiplied by the number of directors to be elected.

Section 4.06. Books Audit:

The Board of Directors shall cause to be maintained a full set of books and records showing the financial condition of the affairs of the Master Association in a manner consistent with generally accepted accounting principles. A pro forma operating statement, and budget for each fiscal year shall be distributed to the members not less than sixty (60) days before the beginning of the fiscal year. All books, records and papers of the Master Association shall be made available for inspection and copying by any member or delegate, prospective purchaser, first mortgagee and any holder, insurer, or guarantor of any first mortgagee or their duly appointed representative at the principal place of business of the Master Association or at such other place within the Properties that the Board may prescribe. The Board shall establish reasonable rules with respect to, (1) notice to be given to the custodian of records for the person desiring to make the inspection, (2) hours and days of the week when such inspection may be made, and (3) payment of costs of reproducing copies of documents requested. The director shall have absolute right at any reasonable time to inspect all books, records and documents of the Master Association and the physical properties owned or controlled by the Master Association and to aid the inspection by a director shall include the right to make extracts and copies of documents.

Section 4.07. Vacancies:

Vacancies in the Board of Directors caused by any reason may be filled by a majority of the remaining directors. Any vacancy not filled by a director may be filled by a vote of the delegates at the next annual meeting of the delegates or at a special meeting of the delegates called for such purpose.

Section 4.08. Removal of Directors:

Any director may be removed from office by the vote or written consent of delegates representing at least two-thirds (2/3) of the voting power of the Master Association, provided, however, that no director shall be removed from office except upon the vote, or written consent of delegates representing a sufficient percentage of the voting power of the Master Association to have prevented the election of such director in the first instance under cumulative voting.

Section 4.09. Organization Meeting of Board:

The first regular (organization) meeting of the newly elected Board of Directors shall be held within ten (10) days of election of the Board at such place as shall be fixed and announced by the directors at the meeting at which such directors were elected for the purpose of organization the election of officers and the transaction of other business. No

notice shall be necessary to the newly elected directors in order to legally constitute such meeting, provided that when a majority of the whole Board shall be present when the time and place is announced at the annual meeting until the meeting is held on the same day at the same place as the annual meeting of the members at which the newly constituted Board was elected.

Section 4.10. Regular Meetings of Board:

Regular meetings of the Board of Directors shall be open to all members, provided that members who are not directors may not participate in any deliberations or discussions at such regular meetings unless expressly so authorized by a vote of a majority of a quorum of the Board of Directors. Regular meetings may be held at such time and place within the Properties as shall be determined from time to time by a resolution adopted by a majority of a quorum of the directors, provided, however, that such meeting shall be held no less frequently than quarterly. Notice of the time and place of regular meetings of the Board of Directors shall be given to each director personally or by mail, telephone or telegraph a least twelve (12) hours prior to the date named for such meeting.

Section 4.11. Special Meetings of Board:

Special meetings of the Board of Directors shall be open to all members, provided that members who are not directors may not participate in any deliberations or discussions at such special meetings unless expressly so authorized by a vote of a majority of a quorum of the Board of Directors. Special meetings may be called by the president (or if he is absent or refuses to act, by the vice-president) or by any two directors. At least twelve (12) hours notice shall be given to each director personally or by mail, telephone or telegraph and such notice shall state the time and place as hereinabove provided and the purpose of the meeting, and served by mail. Each such notice shall be sent postage prepaid to the address reflected on the records of the Master Association and shall be deemed given, if not actually received earlier, at 5:00 p.m. on the second day after it is deposited therein. Whenever any director has been absent from any special meeting of the board, an entry in the minutes to the effect that the notice has been duly given, shall be conclusive and incontrovertible evidence that due notice of such meeting was given to such a director as required by law and as provided herein.

Section 4.12. Ratification of Actions at Meetings:

The transactions at any meeting of the Board of Directors, either regular or special, however called or noticed, shall be as valid as though had at a meeting duly held after regular call and notice if all directors entitled to vote and any meeting consent to the transactions of the meeting either by (a) a writing on the records of the meeting or a

writing filed with the secretary of the Master Association, (b) presence at such meeting and oral consent entered in the minutes of such meeting; or (c) taking part in the deliberations at such meeting without objection. At such meeting any business may be transacted which is not excepted from the written consent or to the consideration of which no objection for want of notice is made at the time. If any meeting be irregular for want of notice or of such consent, provided a quorum was present at such meeting, the proceedings of the meeting may be ratified and approved and rendered likewise valid and irregularity or defect therein waived by a writing signed by all Directors having the right to vote at such meeting. Such consent or approval of the directors may be by written proxy or by written power of attorney.

Section 4.13. Quorum and Adjournment:

Except as otherwise expressly provided herein, at all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such reconvened meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice if a quorum is present. The Board may, with the approval of a majority of a quorum of the Directors, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Master Association is or may become involved and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 4.14. Committees:

The Board of Directors, by resolution, may from time to time designate such advisory and other committees as it shall desire, and may establish the purposes and powers of each such committee created. The resolution designating and establishing the committee shall provide for the appointment of its members, as well as a chairman, shall state the purposes of the committee, and shall provide for reports, termination, and other administrative matters as deemed appropriate by the Board. The provisions of this Section 4.14 shall not apply to the Architectural Committee created pursuant to the Master Declaration.

Section 4.15. Waiver of Notice:

Whenever any notice is required to be given under this Article IV, a waiver thereof in writing, signed by the Directors entitled to the notice, whether before or after the times stated therein, shall be deemed equivalent thereto.

ARTICLE V

OFFICERS

Section 5.01. Designation:

The principal officers of the Master Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer and an Assistant Secretary, and such other officers as in their judgment may be necessary. Officers other than the President, need not be directors. One person may hold more than one office.

Section 5.02. Election of Officers:

The officers of the Master Association shall be elected annually by the Board of Directors at the Organization Meeting of each new Board of Directors, and each officer shall hold his office at the pleasure of the Board of Directors, until he shall resign or be removed or otherwise disqualified to serve or his successor shall be elected and qualified to serve.

Section 5.03. Removal of Officers:

Upon an affirmative vote of a majority of the entire Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose. Any officer may resign at any time by giving written notice to the Board or to the President or Secretary of the Master Association. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and unless otherwise specified in said notice, acceptance of such resignation by the Board shall not be necessary to make it effective.

Section 5.04. Compensation:

Officers, agents and employees shall receive such reasonable compensation for their services as may be authorized or ratified by the Board; provided, however, that no officer shall receive any compensation for services performed in the conduct of the Master Association's business unless such compensation is approved by the vote or written consent of the Delegates representing at least a majority of the voting power of the Master Association; and provided further that (1) nothing herein contained shall be construed to preclude any officer from serving the Master Association in some other capacity or receiving compensation therefor, and (2) any officer may be reimbursed for his actual expenses incurred in the performance of his duties. Appointment of any officer,

agent, or employee shall not of itself create contractual rights of compensation for services performed by such officer, agent or employee.

Section 5.05. President:

The President shall be the chief executive officer of the Master Association. He shall preside at all meetings of the Master Association and the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of a corporation, including but not limited to the power subject to the provisions of Article IV, Section 4.14, to appoint committees from among Members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Master Association. The President shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business of the Master Association. The President shall be ex officio a member of all standing committees (other than the Architectural Committee), and he shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws or the Master Association. The President shall sign all leases, mortgages, deeds and other instruments, and shall co-sign all checks and promissory notes, unless persons other than the President are authorized to do so in accordance with Section 11.01 hereof.

Section 5.06. Vice-President:

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

Section 5.07. Secretary:

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

Section 5.08. Treasurer:

The Treasurer shall be the chief financial officer of the Master Association and shall have responsibility for the Master Association funds and securities and shall be responsible for keeping or causing to be kept full and accurate accounts, tax records and business transactions of the Master Association, including accounts of all assets, liabilities, receipts and disbursements in books belonging to the Master Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Master Association in such depository as may from time to time be designated by the Board of Directors. The Treasurer shall disburse the funds of the Master Association as may be required by the Board of Directors, in accordance with the Master Declaration, shall render to the President and Directors, upon request, an account of all his transactions as Treasurer and of the financial conditions of the Master Association and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors of these Bylaws. The Treasurer shall sign all checks and promissory notes unless persons other than the Treasurer are authorized to do so in accordance with Section 11.01 hereof.

ARTICLE VI

OBLIGATION OF MEMBERS

Section 6.01. Assessments:

(a) All members are obligated to pay, in accordance with provisions of the Master Declaration, all assessments imposed by the Master Association.

(b) All delinquent assessments shall be enforced, collected or foreclosed in the manner provided in the Master Declaration.

Section 6.02. Maintenance and Repair:

(a) Every member must perform promptly, at his sole cost and expense, such maintenance and repair work on his Lot or Condominium as is required under the provisions of the Master Declaration.

(b) As further provided in the Master Declaration, each member shall reimburse the Master Association for any expenditure incurred in repairing or replacing any portion of the Association Property which is damaged due to the fault of such Member. Such expenditures shall include all court costs and reasonable attorney's fees incurred in enforcing any provision of these Bylaws or the Master Declaration.

ARTICLE VII

AMENDMENTS TO BYLAWS

These Bylaws may be amended by the Master Association of the vote of delegates representing at least fifty-one (51%) percent of the voting power of the Master Association; provided that the specified percentage of the Delegates necessary to amend a specific Section of the 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; and provided, further, that these Bylaws be amended by a majority of the entire Board at any time prior to the Close of Escrow for the sale of the first Lot or Condominium to a purchaser from Declarant or Participating Builder. So long as Declarant and any Participating Builders have effective voting control of the Master Association, any amendment to these Bylaws shall require prior approval of the VA and FHA, as applicable. The prior written approval of the holders of seventy-five (75%) percent of all first mortgages on Lots and Condominiums in the Properties must be secured before any material amendment to these Bylaws affecting matters delineated in Sections 9.02, 9.03, 12.02(c) and 12.03 of the Master Declaration may take effect, and this sentence may not be amended without such prior written approval. Notwithstanding the foregoing, if a first Mortgagee receives a written request from the Board to approve a proposed amendment or amendments to the Bylaws does not deliver a negative response by the Board, within thirty (30) days of mailing such request to the Board, such first Mortgagee shall be deemed to have approved the proposed amendment or amendments.

ARTICLE VIII

MORTGAGES

Section 8.01. Notice to Master Association:

Upon request, a member who mortgages his Lot or Condominium shall notify the Master Association through the Manager, or through the Secretary if there is no Manager, of the name and address of his Mortgagee; and the Master Association shall maintain such information in a book entitled "Mortgagees". Upon request, any such member shall likewise notify the Master Association as to the release or discharge of any Mortgage.

Section 8.02. Notice of Unpaid Assessments:

The Board of Directors shall at the request of the Mortgagee of a Lot or Condominium report any unpaid Assessments due from the Owner of such Lot or Condominium, in accordance with the provisions of the Master Declaration.

ARTICLE IX

CONFLICTING PROVISIONS

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

ARTICLE X

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Board may authorize the Master Association to pay expenses incurred by, or to satisfy a judgment or fine levied against, any present or former Director, officer, employee or agent of the Master Association to the extent and under the circumstances provided in the Master Declaration.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Execution of Documents:

The Board of Directors may authorize any officer or agent to enter into any contract or execute any instrument in the name and on behalf of the Master Association; and may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent, committee member, or employee shall have any power or authority to bind the Master Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

Section 11.02. Inspection of Articles and Bylaws:

The Master Association shall keep in its office for the transaction of business the original or a copy of the Articles and these Bylaws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Delegates and Members and all Beneficiaries; insurers and guarantors of first Mortgages in accordance with Section 4.06 hereof.

Section 11.03. Fiscal Year:

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

Section 11.04. Membership Book:

The Master Association shall keep and maintain in its office for the transaction of business a book containing the name and address of each Member. Termination or transfer of membership shall be recorded in the book, together with the date on which such ownership was transferred.

ARTICLE XII

NOTICE AND HEARING PROCEDURE

Section 12.01 Suspension of Privileges:

In the event of an alleged violation of the Master Declaration, these Bylaws or the rules and regulations of the Master Association, and after written notice of such alleged failure is delivered (in the manner prescribed in the Master Declaration) to the Member or any agent of the Member ("respondent") alleged to be in default, the Board of Directors shall have the right, after affording the respondent an opportunity for an appropriate hearing as hereinafter provided and upon an affirmative vote of a majority of all Directors of the Board to take any one or more of the following actions ("Sanctions"):

(1) levy a Special Assessment as provided in the Master Declaration;

(2) suspend or condition the right of said Member to use any facilities owned, operated or maintained by the Master Association, as provided in the Master Declaration;

(3) suspend said Member's voting privileges as a Member, as further provided in the Master Declaration;

(4) enter upon a lot or condominium to make necessary repairs or to perform maintenance according to the Master Declaration is the responsibility of the owner thereof;

(5) record a notice of non-compliance encumbering the Lot or Condominium of the respondent. Any such suspension shall be for a period of not more than thirty (30) days for any non-continuing infraction, but in the case of a continuing infraction (including non-payment of any Assessment after it becomes delinquent may be imposed for so long as the violation continues. The failure of the Board to enforce the Rules and Regulations of the Master Association, these Bylaws or the Master Declaration shall not constitute a waiver of the right to enforce the same thereafter. The Remedies set forth above and otherwise provided by these Bylaws shall be cumulative and none shall be exclusive. However, any individual Member must exhaust all available internal remedies of the Master Association prescribed by these Bylaws, or by the Rules and Regulations of the Master Association, before that Member may resort to a court of law or

relief with respect to the alleged violation of the Master Declaration. These Bylaws or the Rules and Regulations of the Master Association by another Member, provided that the foregoing limitation pertaining to exhausting administrative remedies shall not apply to the Board to any member where the complaint alleges non-payment of assessments.

Section 12.02. Written Complaint:

A hearing to determine whether a right or privilege of of the Master Declaration or these Bylaws should be suspended or conditioned, or whether a Special Assessment should be levied, shall be initiated by the filing of a written Complaint by any Member or by any officer or member of the Board of Directors with the President of the Master Association or other presiding member of the Board. The Complaint shall constitute a written statement of charges which shall set forth in ordinary and concise language the acts or omissions with which the respondent is charged, and a reference to the specific provisions of the Master Declaration, these Bylaws or the Rules and Regulations of the Master Association which the respondent is alleged to have violated. A copy of the Complaint shall be delivered to the respondent in accordance with the notice procedures set forth in the Master Declaration, together with a statement which shall be substantially in the following form:

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

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

The respondent shall be entitled to a hearing on the merits of the matter if the Notice of Defense is timely filed with the Board of Directors. The respondent may file a separate statement by way of mitigation, even if he does not file a Notice of Defense.

Section 12.03. Notice of Hearing:

If the Notice of Defense is timely filed, the Board shall serve a notice of hearing, as provided herein, on all parties at least ten (10) days prior to the hearing, if such hearing is requested by the respondent. The hearing shall be held no sooner than thirty (30) days after the Complaint is mailed or delivered to the respondent as provided in Section 12.02. The notice to the respondent shall be substantially in the following form but may include other information:

"You are hereby notified that a hearing will be held before the Board of Directors of the South Shores Community Association at _____ on the _____ day of _____, 19____, at the hour of _____, upon the charges made in the complaint served upon you. You may be present at the hearing, may but need not be represented by counsel, may present any relevant evidence, and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to request the attendance or witnesses and the production of books, documents or other items by applying to the Board of Directors of the Master Association."

Section 12.04. Hearing:

If the Notice of Defense is timely filed, the hearing shall be held before the Board, or by a forum of Members appointed by the Board, in executive session on the date specified in the Notice of Hearing delivered to the respondent. If the Notice of Defense is not timely filed, the respondent's right to a hearing shall be deemed waived and the Board, in executive session, may proceed upon the Complaint without a hearing. Prior to the effectiveness of any Sanction hereunder, proof of notice, and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by an officer or Director who mailed or delivered such notice. The notice requirement shall be deemed satisfied if a violator appears at the meeting. The minutes of the meeting shall

contain a written statement of the results of the hearing and the Sanction, if any, imposed.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that: (1) I am the duly elected and acting Secretary of South Shores Community Association, a Nevada corporation, ("Master Association"), and (2) the foregoing Bylaws comprising _____ pages, including this page, constitute the Bylaws of the Master Association duly adopted at a special meeting of the Board of Directors of the Master Association held on the _____ day of _____, 19____.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the Master Association this _____ day of _____, 19____.

(SEAL)

Secretary