

BY-LAWS
OF
SUMMERLIN WEST COMMUNITY ASSOCIATION

Article I
Name, Principal Office, and Definitions

1.1. **Name.**

The name of the corporation is Summerlin West Community Association (the "Association").

1.2. **Principal Office.**

The principal office of the Association shall be located in Clark County, Nevada. The Association may have such other offices, either within or outside Nevada, as the Board of Directors may determine or as the affairs of the Association may require.

1.3. **Definitions.**

The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that certain Recorded Declaration of Covenants, Conditions, and Restrictions for Summerlin West as it may be amended (the "Declaration"), unless the context indicates otherwise.

Article II
Association: Membership, Meetings, Quorum, Voting, Proxies

2.1. **Membership.**

The Association shall have two classes of membership, Class "A" and Class "B," as more fully set forth in the Declaration. The provisions of the Declaration pertaining to membership are incorporated by this reference.

2.2. **Place of Meetings.**

Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as the Board may designate.

2.3. Annual Meetings.

The first meeting of the Association, whether a regular or special meeting, shall be held within one year from the first conveyance of a Unit in the Project to a Person other than a Builder. Meetings shall be of the Voting Delegates unless otherwise required by Nevada law or specified by the Board. Subsequent regular annual meetings shall be set by the Board so as to occur during the third quarter of the Association's fiscal year on a date and at a time set by the Board. After the termination of the Class "B" Control Period, the election of directors shall take place at the annual meeting.

2.4. Special Meetings.

The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board or upon a petition signed by Voting Delegates representing at least 5% of the total Class "A" votes of the Association. The petition must state the purpose for the meeting.

2.5. Notice of Meetings.

Written or printed notice stating the place, day, and hour of any meeting of the Voting Delegates shall be delivered, either personally or by mail, to each Voting Delegate entitled to vote at such meeting, not less than 10 nor more than 60 days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

Such notice may be delivered by electronic mail instead of personally or by mail if the Association offers and the Voting Delegate requests, in writing, electronic mail notices. The request for delivery of notices via electronic mail shall designate the electronic mail address for notice delivery.

In the case of a special meeting or when otherwise required by statute or these By-Laws, the agenda for the meeting shall be included in the notice. The notice must also contain a notification of every member's right to a) have a copy of the minutes of the meeting distributed to him or her upon request (for which the Association may charge the costs of such distribution) and b) speak to the Association or Board, unless the Board is meeting in executive session. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice shall be deemed to be delivered when deposited in the United States mail addressed to the Voting Delegate at his address as it appears on the Association's records, with postage prepaid.

2.6. Waiver of Notice.

Waiver of notice of a meeting of the Voting Delegates shall be deemed the equivalent of proper notice. Any Voting Delegate may waive, in writing, notice of any meeting of the Voting Delegates, either before or after such meeting. Attendance at a meeting by a Voting Delegate shall be deemed waiver by such Voting Delegate of notice of the time, date, and place thereof, unless such Voting Delegate specifically objects to lack of proper notice at the time the meeting

is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7. Adjournment of Meetings.

If any meeting of the Association cannot be held because a quorum is not present, a majority of the Voting Delegates who are present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Voting Delegates in the manner prescribed for regular meetings.

Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

2.8. Voting.

The voting rights of the Members shall be as set forth in the Declaration and in these By-Laws, and such voting rights provisions are specifically incorporated by this reference.

2.9. Proxies.

Voting Delegates may not vote by proxy but only in person or through their designated alternates. On any matter as to which a Member is entitled personally to cast the vote for his Unit, such vote may be cast in person, by proxy, or by written ballot, subject to the limitations of Nevada law relating to use of general proxies and written ballots and subject to any specific provision to the contrary in the Declaration or these By-Laws.

Every proxy shall be in writing specifying the Unit for which it is given, signed by the Member or his duly authorized attorney-in-fact, dated, and filed with the Secretary of the Association prior to the meeting for which it is to be effective. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid.

Every proxy shall be revocable and shall automatically cease upon: (a) conveyance of any Unit for which it was given, (b) receipt by the Secretary of written notice of revocation of the proxy or of the death or judicially declared incompetence of a Member who is a natural person, (c) immediately after the conclusion of the meeting for which it was executed, or (d) six months

from the date of the proxy, unless a shorter or longer period, not to exceed seven years from the date of its creation, is specified in the proxy.

2.10. Majority.

As used in these By-Laws, the term "majority" shall mean those votes, Owners, or other group as the context may indicate totaling more than 50% of the total eligible number.

2.11. Quorum.

Except as otherwise provided in these By-Laws or in the Declaration, the presence of Voting Delegates representing at least 25% of the total Class "A" votes in the Association shall constitute a quorum at all Association meetings; provided, at any meeting that is adjourned for lack of a quorum and reconvened, the quorum requirement at such reconvened meeting shall be the presence of Voting Delegates representing at least 15% of the total Class "A" votes in the Association.

2.12. Conduct of Meetings.

The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings.

2.13. Action Without a Meeting.

Any action required or permitted by law to be taken at a meeting of the Voting Delegates may be taken without a meeting, without prior notice and without a vote if written consent specifically authorizing the proposed action is signed by Voting Delegates holding at least the minimum number of votes necessary to authorize such action at a meeting if all Voting Delegates entitled to vote thereon were present. Such consents shall be signed within 60 days after receipt of the earliest dated consent, dated and delivered to the Association. Such consents shall be filed with the minutes of the Association and shall have the same force and effect as a vote of the Voting Delegates at a meeting. Within 10 days after receiving authorization for any action by written consent, the Secretary shall give written notice to all Voting Delegates entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action.

Article III

Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

3.1. Governing Body: Composition.

The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one vote. Except with respect to directors appointed by the Class "B" Member,

directors shall be Members; provided, however, no more than one Owner representing the same Unit may serve on the Board at the same time. If a Member is not a natural person, any officer, director, partner or trust officer of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Member; provided, no Member may have more than one such representative on the Board at a time, except in the case of directors appointed by the Class "B" Member.

3.2. Number of Directors.

The Board shall consist of three to seven directors, as provided in Sections 3.3 and 3.5 below. The initial Board shall consist of three directors as identified in the Articles of Incorporation.

3.3. Directors During Class "B" Control Period.

Directors appointed by the Class "B" Member pursuant to Section 3.5 of these By-Laws shall be appointed by the Class "B" Member acting in its sole discretion and shall serve at the pleasure of the Class "B" Member.

3.4. Election Procedures.

(a) Not less than 30 days before the preparation of a ballot for the election of members of the Board of Directors, the Secretary shall cause notice to be given to each Member of his or her eligibility to serve as a member of the Board of Directors.

Each candidate shall be given a reasonable, uniform opportunity to communicate his or her qualifications to the Voting Delegates and to solicit votes.

(b) If the law is amended to permit Voting Delegates, then at any election, each Voting Delegate may cast all votes assigned to the Units which it represents for each position to be filled from the slate of candidates on which such Voting Delegate is entitled to vote. Cumulative voting may be used in the election of directors for any election in which more than one director is to be selected. When a Voting Delegate cumulates his votes, such Voting Delegate may give any one candidate, or divide among any number of candidates, a number of votes equal to such Voting Delegate's total share of the voting power multiplied by the number of Directors to be elected. That number of candidates equal to the number of positions to be filled receiving the greatest number of votes shall be elected. Notwithstanding anything in this Section to the contrary, the voting procedures specified in Section 6.3 of the Declaration shall prevail and control regarding the right of the Class "B" Member to elect a majority of the Board of Directors. Directors may be elected to serve any number of consecutive terms.

(c) Post-Election Requirements. Each director shall, within 30 days after his or her appointment or election, certify in writing that he or she has read and understands the Governing Documents and the provisions of the Nevada Uniform Common-Interest Ownership Act.

3.5. Election and Term of Office.

Except as otherwise specifically provided, election of directors shall take place at the Association's annual meeting or at such other time specified by the Board. Notwithstanding any other provision of these By-Laws:

Declarant shall have the right to appoint the members of the Board of Directors during the Declarant Control Period in accordance with procedures set forth in these By-Laws; provided that (i) at least one member and at least 25% of the members of the Board of Directors shall be elected by the Resident Members no later than 60 days after 25% of the Maximum Permitted Units have been conveyed to Resident Members, and (ii) at least 33-1/3% of the members of the Board of Directors shall be elected by the Resident Members no later than 60 days after 50% of the Maximum Permitted Units have been conveyed to Resident Members. The members of the Board of Directors selected by Declarant need not be Members of the Association.

The Board of Directors may establish by resolution rules pertaining to election process not in conflict with the provisions of these By-Laws.

3.5.1 Election of Directors During the Declarant Control Period.

(a) Prior to the Sale of 25% of Maximum Permitted Units. Until 25% of the Maximum Permitted Units have been conveyed to Owners other than Declarant, there shall be three (3) members of the Board of Directors, each of whom shall be appointed by the Declarant and will serve at the sole discretion of the Declarant.

(b) After the Sale of 25% of Maximum Permitted Units. Not later than 60 days after conveyance of 25% of the Maximum Permitted Units to Resident Members, the Board of Directors shall be expanded to seven (7) members. At such time the Resident Members shall elect two (2) Directors at a special meeting called for such purpose in accordance with procedures set forth in these By-Laws. Also at the time of such special meeting, Declarant shall appoint two (2) new Directors so that the Board shall then consist of five (5) Directors appointed by Declarant together with the two (2) Directors elected by the Resident Members.

(c) After the Sale of 50% of Maximum Permitted Units. Not later than 60 days after conveyance of 50% of the Maximum Permitted Units to Resident Members, the Resident Members shall elect one (1) new Director at a special meeting called for such purpose in accordance with procedures set forth in these By-Laws. The Declarant shall select one (1) of its appointed Directors to be removed, if necessary, so that the Board shall then consist of four (4) Directors appointed by Declarant together with the three (3) elected by the Resident Members.

(d) Election of Directors Upon Termination of Declarant Control Period. Not later than the termination of the Declarant Control Period, the Association shall call a special meeting at which all Members, including the Resident Members and Declarant, shall elect seven (7) Directors in accordance with procedures set forth in these By-Laws. The remaining terms of any

existing Directors shall expire upon election of the new Board; provided that any Director may be elected to succeed himself.

(e) Term of Office. Directors shall serve for terms determined in accordance with these By-Laws and the Act and shall, in any event, serve in office until the election or appointment of a successor.

3.5.2 Election of Directors Following Termination of Declarant Control Period. After the Declarant Control Period, all members of the Board of Directors shall be elected by all the Members, including Declarant and the Builders (for so long as Declarant or a Builder owns any Unit) and the Resident Members in accordance with the Declaration and these By-Laws.

3.5.3 Election of Directors by Voting Delegates. If permitted by the Act and applicable law, these By-Laws may provide for the Directors (other than those appointed by Declarant) to be elected by the Voting Delegates.

3.6. Removal of Directors and Vacancies.

Any director elected by the Voting Delegates may be removed, with or without cause, by the vote of Voting Delegates holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall be elected by the Voting Delegates entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Any director elected by the Voting Delegates who has three consecutive unexcused absences from Board meetings, or who is more than 30 days delinquent (or is the representative of a Member who is so delinquent) in the payment of any assessment or other charge due the Association, may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and the Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Voting Delegates entitled to fill such directorship may elect a successor for the remainder of the term.

This Section shall not apply to directors appointed by the Class "B" Member nor to any director serving as Declarant's representative. The Class "B" Member or Declarant shall be entitled to appoint a successor to fill any vacancy on the Board resulting from the death, disability or resignation of a director appointed by or elected as a representative of the Class "B" Member or Declarant.

B. Meetings.

3.7. Organizational Meetings.

The first meeting of the Board following each annual meeting of the membership shall be held within 30 days thereafter at such time and place the Board shall fix.

3.8. Regular Meetings.

Regular Board meetings may be held at such time and place a majority of the directors shall determine, but at least four such meetings shall be held during each fiscal year with at least one per quarter. Notice of the time and place of a regular meeting shall be communicated to directors not less than four days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

3.9. Special Meetings.

Special Board meetings shall be held when called by written notice signed by the President or by any two directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by: (a) personal delivery; (b) first class mail, postage prepaid; (c) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (d) facsimile, computer, fiberoptics, or such other communication device. All such notices shall be given at the director's telephone number, fax number, electronic mail number, or sent to the director's address as shown on the Association's records. Notices sent by first class mail shall be deposited into a United States mailbox at least four business days before the time set for the meeting. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least 72 hours before the time set for the meeting.

3.10. Waiver of Notice.

Transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each director not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.11. Telephonic Participation in Meetings.

Members of the Board or any committee designated by the Board may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other.

Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

3.12. Quorum of Board.

At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board, unless otherwise specifically provided in these By-Laws or the Declaration. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.13. Compensation.

Directors shall not receive any compensation from the Association for acting as such. Any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board, excluding the interested director.

3.14. Conduct of Meetings.

The President shall preside over all meetings of the Board, and the Secretary shall keep a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings. The agenda for a meeting of the Board shall comply with the provisions of the Act. However, in an emergency, as defined in the Nevada Uniform Common – Interest Ownership Act ("Act"), the Board may take action on an item which is not listed on the agenda as an item on which action may be taken. In addition, pursuant to the Act, at the beginning of a meeting of the Board, time shall be set aside for comments from Members and discussions of the comments.

3.15. Open Meetings; Notice to Owners.

All Board meetings shall be open to all Voting Delegates and, if required by law, all Owners; but attendees other than directors may not participate in any discussion or deliberation except during designated periods for comment during the meeting. In such case, the President may limit the time any such individual may speak. Notwithstanding the above, the President may adjourn any meeting of the Board and reconvene in executive session, and may exclude

persons other than directors, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, or an alleged violation of the Governing Documents.

Notice of each Board meeting shall be given by the Secretary to the Voting Delegates, and if required by law, all Owners, not less than 10 days before the meeting and shall include a copy of the agenda for the meeting or the date upon which copies may be conveniently obtained by the Voting Delegates and the location where the agenda will be available. Such notice must contain the same notification of rights as described in Section 2.5, pursuant to Nevada law.

C. Powers and Duties.

3.16. Powers.

The Board shall have all of the powers and duties necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Declaration, these By-Laws, the Articles, and as provided by law. The Board may do or cause to be done all acts and things which the Declaration, Articles, these By-Laws, or Nevada law do not direct to be done and exercised exclusively by the Voting Delegates or the membership generally.

3.17. Duties.

Duties of the Board shall include, without limitation:

- (a) preparing and adopting, in accordance with the Declaration, an annual budget and establishing each Owner's share of the Common Expenses and any Neighborhood Expenses;
- (b) cooperating with the Summerlin Council in levying and collecting specific Assessments from the Owners;
- (c) providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility consistent with the Community-Wide Standard;
- (d) designating, hiring, and dismissing personnel necessary to carry out the Association's rights and responsibilities and where appropriate, providing for compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (e) depositing all funds received on behalf of the Association in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve funds may be deposited, in the Board's best judgment, in depositories other than banks;
- (f) making and amending use restrictions and rules in accordance with the Declaration;

- (g) opening bank accounts on behalf of the Association and designating the signatories required;
- (h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Declaration and these By-Laws;
- (i) enforcing by legal means the provisions of the Governing Documents and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the Association's obligation in this regard shall be conditioned in the manner provided in the Declaration;
- (j) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;
- (k) paying the cost of all services rendered to the Association;
- (l) keeping books with detailed accounts of the Association's receipts and expenditures;
- (m) making available to any prospective purchaser of a Unit, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Unit, current copies of the Governing Documents and all other books, records, and financial statements of the Association as provided in Section 6.4;
- (n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Project;
- (o) indemnifying a director, officer or committee member, or former director, officer or committee member of the Association to the extent such indemnity is required by Nevada law, the Articles of Incorporation or the Declaration; and
- (p) assisting in the resolution of disputes between owners and others without litigation, as set forth in the Declaration; and
- (q) cooperating with the Summerlin Council in carrying out its purposes and responsibilities under the Declaration and the Summerlin Council By-laws; and
- (r) cooperating with the Summerlin Council in upholding the Summerlin Community-Wide Standard.

3.18. Right of Class "B" Member To Disapprove Actions.

So long as the Class "B" membership exists, the Class "B" Member shall have a right to disapprove any action, policy or program of the Association, the Board and any committee

which, in the sole judgment of the Class "B" Member, would tend to impair rights of Declarant or Builders under the Declaration or these By-Laws, or interfere with development or construction of any portion of Summerlin West, or diminish the level of services being provided by the Association.

(a) Notice. The Class "B" Member shall be given written notice of all meetings and proposed actions approved at meetings (or by written consent in lieu of a meeting) of the Association, the Board or any committee. Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Association, which notice complies as to Board meetings with Sections 3.8, 3.9, 3.10, and 3.11 and which notice shall, except in the case of the regular meetings held pursuant to these By-Laws, set forth with reasonable particularity the agenda to be followed at such meeting; and

(b) Opportunity To Be Heard. The Class "B" Member shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein.

No action, policy or program subject to the right of disapproval set forth herein shall become effective or be implemented until and unless the requirements of subsections (a) and (b) above have been met.

The Class "B" Member, its representatives or agents shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. The Class "B" Member, acting through any officer or director, agent or authorized representative, may exercise its right to disapprove at any time within 10 days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within 10 days following receipt of written notice of the proposed action. This right to disapprove may be used to block proposed actions but shall not include a right to require any action or counteraction on behalf of any committee, the Board, or the Association. The Class "B" Member shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

3.19. Management.

The Board may employ for the Association a professional management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policymaking authority or those duties set forth in Sections 3.17(a) (with respect to adoption of the budget), 3.17(b), 3.17(f), 3.17(g) and 3.17(i). Declarant or its affiliate or the Summerlin Council may be employed as managing agent or manager.

The Board may delegate to one of its members the authority to act on the Board's behalf on all matters relating to the duties of the managing agent or manager, if any, which might arise between Board meetings.

3.20. Accounts and Reports.

The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board;

(f) commencing at the end of the quarter in which the first Unit is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent (any assessment or installment thereof shall be considered to be delinquent on the 30th day following the due date unless otherwise specified by Board resolution); and

(g) an annual report consisting of at least the following shall be made available to all Members within 120 days after the close of the fiscal year: (i) a balance sheet; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines, by an independent public accountant; provided, upon written request of any holder, guarantor or insurer of any first Mortgage on a Unit, the Association shall provide an audited financial statement.

3.21. Borrowing.

The Association shall have the power to borrow money for any legal purpose; provided, the Board shall obtain Class "A" Member approval in the same manner provided in Section 8.4 of the Declaration for Special Assessments if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed 5% of the Association's budgeted gross expenses for that fiscal year. During the Class "B" Control Period, no Mortgage lien shall be placed on any portion of the Common Area without the affirmative vote or written consent, or any combination thereof, of Class "A" Member representing at least 51% of the total Class "A" votes.

3.22. Right To Contract.

The Association shall have the right to contract with any Person, including the Summerlin Council, for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or Neighborhood and other owners or residents associations, within and outside Summerlin West. Any common management agreement shall require the consent of a majority of the Board.

3.23. Enforcement.

In the event of an alleged violation of the Governing Documents, and after written notice of such alleged failure is delivered (in the manner prescribed in the 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 on the Board, to take any one or more of the following actions ("Sanctions"): (a) levy a Specific Assessment as provided in the Declaration; (b) suspend or condition the right of said Member to use any facilities owned, operated or maintained by the Association, as provided in the Declaration; (c) suspend said Member's voting privileges as a Member, as further provided in the Declaration; (d) enter upon such Member's Lot or Condominium to make necessary repairs or to perform maintenance which, according to the Declaration, is the responsibility of the Owner thereof; (e) Record a notice of noncompliance or violation encumbering the Lot or Condominium of the respondent; (f) require the offending Member to sign an agreement to correct the violation within

a specific time frame and to post a cash bond guaranteeing performance, (g) levy a fine, or (h) if the violation resulted in damage to the Common Area, order that the damage be repaired at the expense of the violating Member.

Any suspension in accordance with division (b) or (c) above shall be for a period of not more than thirty (30) days for any noncontinuing infraction, but in the case of a continuing infraction (including nonpayment 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 Governing Documents shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth above and otherwise provided by these By-Laws or the Declaration shall be cumulative and none shall be exclusive. Any action taken by the Board of Directors under this Article shall not deprive either the charged Member or the Board of any remedies otherwise available by law. Any individual Member, however, must exhaust all available internal remedies of the Association prescribed by the Governing Documents, before that Member may resort to a court of law for relief with respect to any alleged violation of the Governing Documents; provided, however, that the foregoing limitation pertaining to exhausting administrative remedies shall not apply to the Board or to any Member where the complaint alleges nonpayment of assessments.

(a) Notice. Upon receipt of (a) a written complaint from a Member of a violation, by another Member, of the Governing Documents or (b) a report to the Association, by a Member, any compliance or community service officer, any community service committee, or any staff or agent of the Association, alleging a violation of the Governing Documents by a Member, a Member's dependents, or a Member's guest, the Association shall cause an investigation to be conducted. If it appears to the Association that the violation does exist, then the Association will issue a "Request for Compliance" to the alleged violating Member, which will serve as first notice of the violation.

The respondent shall respond in writing to the "Request for Compliance" by returning the Correction Response which is sent with the "Request for Compliance." If the respondent fails to respond to the "Request for Compliance" or to cease and desist from further violation, the Board of Directors may call a hearing to consider whether to impose Sanctions against the Member. In addition, the Association may immediately impose a Specific Assessment against the Member. If the Association immediately imposes any such Specific Assessment, the Board of Directors shall initiate a hearing to determine whether to repeal or modify the Specific Assessment or impose additional Sanctions against the Member.

The Association shall initiate any hearing by sending to the Member a "Second Request for Compliance and Notice of Hearing" ("Second Request for Compliance"). The Second Request for Compliance shall notify the Member of an imposition of a Specific Assessment, if any, and the time of the hearing. The hearing date shall be at least fifteen (15) days from the date the "Second Request for Compliance" is mailed and/or delivered to the offending Member. The Second Request for Compliance shall also 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, specific incidents of conduct which give rise to the charge, the time and place such

conduct is alleged to have occurred, and a reference to the specific provisions of the Governing Documents, which the respondent is alleged to have violated. The Second Request for Compliance shall notify the respondent that the respondent may be present at the hearing, may be heard orally or in writing, and will be given full opportunity to cross-examine all witnesses testifying against the respondent. The Second Request for Compliance shall also state that the general policy of the Association is that neither the Association nor any charged Member will have a representative present at any such hearing; provided, however, should the charged Member desire to have a representative present at the hearing, the respondent must notify the Board of such preference at least forty-eight (48) hours in advance of the hearing, and, in such case, both the Association and the respondent will be entitled to have a representative present. The Second Request for Compliance shall also notify the respondent that the respondent may present any relevant statement, witness, or evidence at the hearing.

A copy of the Second Request for Compliance shall be delivered to the respondent in accordance with the notice procedure set forth in the Declaration.

(b). **Hearing.** Any 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. The hearing shall be conducted in accordance with the following procedures;

(i) Witnesses shall be present only while testifying.

(ii) Proof that the charged Member received the Request for Compliance and the Second Request for Compliance (the "Requests") and that the Association has complied with the Declaration and these By-Laws regarding distribution of the Governing Documents shall be entered into the minutes of the hearing. Proof that the charged Member received the Requests shall be adequate if the charged Member is present at the hearing or if a copy of the Requests, together with a statement of the date and manner of delivery, is entered into the minutes of the meeting by the Officer, Director, or agent who delivered the Requests.

(iii) The Association's appointee or representative, if any, has an opportunity to present its arguments for Sanctions against the Member. The Association's appointee names the complainants and witnesses, who testify regarding the Member's conduct and in support of the Association's charges.

(iv) The charged Member has an opportunity to present the Member's witnesses, produce any statement or evidence on the Member's behalf, to confront the Association's witnesses, or to refute the claims of complainants. The charged Member also has the opportunity to provide evidence regarding any extenuating circumstances that the Member believes the Board should consider in determining whether to Sanction the Member. The Member has the right to be heard orally or in writing.

(v) The Association and the charged Member are each afforded a reasonable opportunity to present relevant matters; provided, however, the Board, in its sole discretion, shall

have the authority to limit the length of any hearing or to limit the time during which the Association and the charged Member are entitled to present evidence. The charged Member shall have the same amount of time to present its matters and confront the Association's witnesses and complainants as the Association uses to present the matters it deems relevant. The amount of time that the Board uses to pose questions to either the Association, the charged Member, the witnesses, or the complainants shall not be charged against the time allotted either the Association or the charged Member.

(vi) The Board adjourns to a closed meeting to consider whether to Sanction the Member. During such closed meeting, the Board shall continue to document the proceeding in the meeting minutes. The Board must consider only the charges about which the charged Member had (a) notice and (b) an opportunity to confront and question the complaining witnesses.

(vii) Sanctions, if any, shall be imposed at the hearing or at such later date, time and place provided the respondent has notice of the same and may be present. The effective date of the Sanction, if any, shall be at least five days after the hearing.

If the respondent fails to attend the hearing, the respondent's right to a hearing shall be deemed waived and the Board, in executive session, may proceed upon the Requests without a hearing; provided, however, that prior to the effectiveness of any Sanction, proof of notice and invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the Requests, together with a statement of the date and manner of delivery, is entered into the minutes of the meeting by the Officer, Director, or agent who delivered the Requests.

The minutes of the hearing or meeting, as applicable, shall contain a written statement of the results and the Sanctions, if any, imposed and, if any are imposed, their effective date.

(c) Appeal. If any hearing is conducted before a committee of the Board of Directors or a forum of members of a committee, the charged Member shall have the right to appeal the decision of any such committee to the entire Board of Directors. To exercise this right, a written notice of appeal must be received by the Association's manager, President, or Secretary within 10 days after written notification of hearing findings.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, the Board may elect to enforce any provision of the Governing Documents by self-help (specifically including, but not limited to, towing vehicles that violate parking rules) or, following compliance with the dispute resolution procedures set forth in Article XV of the Declaration, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including

reasonable attorney's fees actually incurred. Any entry onto a Unit for purposes of exercising this power of self-help shall not be deemed as trespass.

(e) Policy for Fines. If the Association adopts a policy under which fines may be imposed on Owners for Governing Documents violations, the Secretary shall cause to be hand-delivered or sent postage prepaid by U. S. mail to each Unit a schedule of fines that may be imposed for such violations.

Article IV **Officers**

4.1. Officers.

Officers of the Association shall be a President, Secretary, and Treasurer. The President and Secretary shall be elected from among Board members; other officers may, but need not be Board members. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary. The Board shall also appoint one or more representatives to serve on the Council Board as provided in the Summerlin Council By-Laws.

4.2. Election and Term of Office.

The Board shall elect the Association's officers at the first Board meeting following each annual meeting of the Members, to serve until their successors are elected.

4.3. Removal and Vacancies.

The Board may remove any officer whenever in its judgment the best interests of the Association will be served, and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

4.4. Powers and Duties.

The Association's officers shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may specifically be conferred or imposed by the Board. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

4.5. Resignation.

Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at

any later time specified therein, and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

4.6. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two officers or by such other person or persons as may be designated by Board resolution.

4.7. Compensation.

Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.13.

Article V
Committees

5.1. General.

The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

5.2. Covenants Compliance Advisory Committee.

In addition to any other committees which the Board may establish pursuant to Section 5.1, the Board may appoint a Covenants Compliance Advisory Committee consisting of at least three and no more than nine Members. Acting in accordance with the provisions of the Declaration, these By-Laws, and resolutions the Board may adopt, the Covenants Compliance Advisory Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Section 3.24 of these By-Laws.

5.3. Neighborhood Committees.

In addition to any other committees appointed as provided above, each Neighborhood which has no formal organizational structure or association may elect a Neighborhood Committee to determine the nature and extent of services, if any, to be provided to the Neighborhood by the Association in addition to those provided to all Members of the Association in accordance with the Declaration. A Neighborhood Committee may advise the Board on any other issue but shall not have the authority to bind the Board. Such Neighborhood Committees, if elected, shall consist of three to five Members, as determined by the vote of at least 51% of the Owners of Units within the Neighborhood.

Neighborhood Committee members shall be elected for a term of one year or until their successors are elected. Any director elected to the Board from a Neighborhood shall be an *ex officio* member of the Neighborhood Committee.

In the conduct of its duties and responsibilities, each Neighborhood Committee shall abide by the notice and quorum requirements applicable to the Board under Sections 3.8, 3.9, 3.10, and 3.11. Meetings of a Neighborhood Committee shall be open to all Owners of Units in the Neighborhood and their representatives. Members of a Neighborhood Committee may act by unanimous written consent in lieu of a meeting.

Article VI **Miscellaneous**

6.1. Fiscal Year.

The Association's fiscal year shall either be (a) the calendar year unless the Board establishes a different fiscal year by resolution, or (b) the same as the fiscal year adopted by the Summerlin Council.

6.2. Parliamentary Rules.

Except as may be modified by Board resolution, *Robert's Rules of Order* (current edition) shall govern the conduct of Association proceedings when not in conflict with Nevada law or the Governing Documents.

6.3. Conflicts.

If there are conflicts among the provisions of Nevada law, the Articles of Incorporation, the Declaration, Article XIV of the Declaration, the Summerlin Council By-Laws, and these By-Laws, the provisions of Nevada law, Article XIV, the Summerlin Council By-Laws, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

6.4. Books and Records.

(a) Inspection by Members and Mortgagees. The Board shall make available for inspection and copying by any holder, insurer or guarantor of a first Mortgage on a Unit, any Member, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Unit: the Governing Documents, the membership register, books of account, and the minutes of meetings of the Members, the Board, and committees. Minutes of meetings or a summary of the minutes shall be made available within 30 days after the meeting. The Board need not make the personnel records of Association employees or contractors or records relating to another Unit's Owner available. The Board shall provide for such inspection to take place at the Association's office or at such other place as the Board shall designate.

(b) Rules for Inspection. The Board shall establish rules with respect to:

(i) notice and certification of purpose to be given to the custodian of the records;

- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing documents requested.

(c) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical Project owned or controlled by the Association. The right of inspection by a director includes the right to make a copy of relevant documents at the Association's expense.

6.5. Notices.

Except as otherwise provided in the Declaration or these By-Laws, any notice permitted or required to be delivered shall be in writing and may be delivered either personally, by mail, or by telegraph, telex, telecopy, electronic transmission with confirmation of receipt, or cable. For the purposes of this provision, personal delivery shall include service by a reputable overnight carrier which provides a receipt indicating date and time of delivery, location of delivery, and the name of the person to whom the notice was transmitted. If delivery is made by mail, it shall be deemed to have been delivered three days after a copy of the same has been deposited in the United States mail, first class postage prepaid:

(a) if to a Member or Voting Delegate, at the address which the Member or Voting Delegate has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member or Voting Delegate;

(b) if to the Association, the Board, or the managing agent, at the principal office of the Association or the managing agent or at such other address as shall be designated by notice in writing to the Members pursuant to this Section;

(c) if to any committee, at the principal address of the Association or at such other address as shall be designated by notice in writing to the Members pursuant to this Section; or

(d) if to the Summerlin Council, the Council Board, or the Summerlin Council's managing agent, at the principal office of the Summerlin Council or the managing agent, if any, or at such other address as shall be designated by the notice in writing to the Association and Owners pursuant to this Section.

Any such address may be changed from time to time by notice in writing to the Association. If delivery is made by telegraph or cable, it shall be deemed to have been delivered when delivered to the telegraph company with charges prepaid, and, if made by telex, electronic transmission, or telecopy, it shall be deemed to have been delivered when sent.

6.6. Amendment.

(a) By Class "B" Member. Prior to termination of the Class "B" Control Period, the Class "B" Member may unilaterally amend these By-Laws. Thereafter, the Class "B" Member

may unilaterally amend these By-Laws at any time and from time to time if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Units; or (iii) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on the Units; provided, however, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing. Subject to the rights of the Summerlin Council as set forth below, so long as the Class "B" membership exists, the Class "B" Member may unilaterally amend these By-Laws for any other purpose, provided the amendment has no material adverse effect upon any right of any Member.

(b) By Members Generally. Except as provided above, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Delegates representing 51% of the total Class "A" votes in the Association, and the consent of the Class "B" Member, if such exists. In addition, the approval requirements set forth in Article XVII of the Declaration shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) Validity and Effective Date of Amendments. Amendments to these By-Laws shall become effective upon Recordation unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its Recordation, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.

No amendment to these By-Laws which materially affects the rights or interests of the Summerlin Council or any member thereof shall be valid or effective unless and until approved in writing by the Summerlin Council.

No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant, the Class "B" Member, or the assignee of such right or privilege.

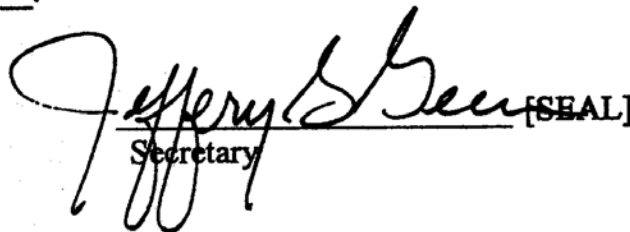
CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Summerlin West Community Association, a Nevada corporation;

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the 9th day of November, 2001.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 9th day of November, 2001.

 [SEAL]
Secretary