

**BYLAWS FOR THE
ARROWCREEK HOMEOWNERS ASSOCIATION**

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ARROWCREEK HOMEOWNERS ASSOCIATION

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BYLAWS OF THE ARROWCREEK HOMEOWNERS ASSOCIATION

**A Nonprofit Corporation Under Chapter 82 of the
Nevada Revised Statutes**

ARTICLE I OFFICES

Section 1.01. INCORPORATION OF DECLARATION. The provisions of the ArrowCreek Declaration of Covenants, Conditions and Restrictions ("Declaration"), as amended from time to time and recorded in the office of the Recorder of Washoe County, Nevada, are incorporated herein. A copy of the Declaration is attached hereto as Exhibit "A".

Section 1.02. PRINCIPAL OFFICE. The Association's principal office shall be fixed and located at such place as the Board of Directors (the "Board") shall determine. The Board is granted full power and authority to change said principal office from one location to another.

Section 1.03. OTHER OFFICES. Branch or subordinate offices may be established at any time by the Board at any place or places.

ARTICLE II MEMBERSHIP

Section 2.01. CLASSES/REGULAR MEMBERS. There shall be one class of voting members, as specified in the Declaration and subject to the provisions on Declarant Control. Owners of lots are referred to herein as "regular members" or "members".

Section 2.02. INITIATION FEE, MEMBERSHIP DUES AND ASSESSMENTS.

(a) No regular member shall pay any initiation fee or periodic dues other than the assessments specified in the Declaration.

(b) All assessments shall be collected by the Association. Association funds shall be paid out or distributed as authorized or directed by the Board.

(c) The Board may not waive the assessments of a regular member on grounds of financial hardship or for any other cause.

(d) A regular member whose assessments are delinquent shall not be in good standing and shall not be qualified to vote, to hold office, or to participate in business meetings of the Association, and shall not be entitled to rights and privileges of members until the delinquent assessments are fully paid.

Section 2.03. PLACE OF MEETINGS. Meetings of members shall be held at such places as the Board shall designate.

Section 2.04. ANNUAL MEETINGS. Annual meetings of members shall be held. The date and the time of annual meetings shall be fixed by the Board as provided herein. Any proper business may be transacted at the annual meeting.

Section 2.05. CONDUCT OF MEETINGS. The President or other officer of the corporation shall preside as chairman at all meetings of the members. The chairman shall conduct each such meeting in a businesslike and fair manner, but shall not be obligated to follow any technical, formal or parliamentary rules or principles of procedure. The chairman shall have all of the powers usually vested in the chairman of a meeting of members. Without limiting the generality of the foregoing, the chairman's rulings on procedural matters shall be conclusive and binding on all members, unless at the time of a ruling, a request for a vote is made by the members entitled to vote, in which case the decision of a majority of such members shall be conclusive and binding on all members.

Section 2.06. PROXIES. Persons entitled to vote may do so by written proxy. The form and manner of the proxy must comply with NRS 82.321(2)(a) or (b), provided that no proxy shall be valid for a time period in excess of one (1) month from the date of its execution, and may be further restricted by its terms.

Section 2.07. ACTION WITHOUT MEETING BY WRITTEN BALLOT.

(a) Any action which may be taken at any regular or special meeting of the regular members may be taken without a meeting, provided there is satisfaction of the requirements of NRS 82.326, and:

- (1) The Association distributes a written ballot to every regular member entitled to vote on the matter;
- (2) The ballot sets forth the proposed action, provides an opportunity to specify approval or disapproval of any proposal, and provides a reasonable time within which to return the ballot to the Association;
- (3) The number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action; and
- (4) The number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

- (b) Directors may be elected by written ballot.

ARTICLE III DIRECTORS

Section 3.01 POWERS. Subject to limitations contained in the Articles, these Bylaws or in the applicable law relating to action required to be approved by the members or by a majority of all members, the activities and affairs of the Association shall be conducted and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of the corporation to any person or persons, a management company or committees however composed, or otherwise delegate any owner or authority of the Board, provided that the activities and affairs of the association shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws and the law:

(a) To select and remove all agents and employees of the Association, prescribe powers and duties for them as may not be inconsistent with law, the Articles or these Bylaws, fix their compensation and require from them such security, if any, for faithful service as the Board may deem appropriate.

(b) To conduct, manage and control the affairs and activities of the Association and to make such rules and regulations therefore not inconsistent with law, the Articles or these Bylaws, as they may deem appropriate.

(c) To adopt, make and use a corporate seal, and to prescribe the forms of certificates of membership, if any, and to alter the form of such seal and of such certificates from time to time as they may deem appropriate.

(d) To authorize the issuance of memberships of the corporation from time to time, upon such terms and for such consideration as may be lawful.

(e) To borrow money and incur indebtedness for the purposes of the corporation, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities.

Section 3.02 NUMBER OF DIRECTORS AND QUALIFICATIONS. The number of directors shall be not less than three (3) persons nor more than seven (7) persons. Only regular members may serve as directors, subject to the provisions of Declarant Control (as defined in the Declaration), provided that during the period of Declarant Control, Declarant (as defined in the Declaration) may appoint directors who are not members. The members shall decide the exact number of directors from time to time, within the limitations specified in this section, and subject to approval of Declarant during the period of Declarant Control.

Section 3.03 ELECTION AND TERM OF OFFICE. Annual elections shall be held for those directors whose terms are expiring. Terms of directors shall be two (2) years, except for the initial election of directors or in the case of the addition of director positions by the members pursuant to Section 3.02, when the board of directors shall set some initial terms of directors at one (1) year solely for the purpose of creating staggered expirations of directors' terms so that, as much as possible, one-half of all directors are elected annually. If for any reason a successor is not elected to replace a director after the expiration of the directors' term, then that directors' term shall be extended until a successor is elected.

Section 3.04. VACANCIES.

(a) Any director may resign effective upon giving written notice to the Chairman of the Board, the President or the Secretary, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be appointed before such time to take office when the resignation becomes effective.

(b) Vacancies in the Board shall be filled by appointment by majority vote of all directors. Such vacancies may be filled as they occur and not on an annual basis. Each director so appointed shall hold office until the expiration of the term of the replaced director or until such replacement director's successor has been elected and qualifies, whichever is later.

(c) A vacancy or vacancies in the Board shall be deemed to exist in case of the death, resignation or removal of any director, or if a director is not in good standing as a member as specified in Subsection 2.02(d).

(d) The Board may declare vacant the office of a director who has been declared of unsound mind by a final order of court, convicted of a felony after election as a director, or been found by a final order or judgment of any court after election as a director to have breached any fiduciary duty arising under the law. The Board may remove a director and declare vacant the office of a director who fails to attend two consecutive Board meetings without being excused by the Board. The regular members may otherwise remove a director and declare vacant the office, with or without cause, by a two-thirds (2/3) vote, subject to the provisions of Declarant Control.

(e) No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of the director's term of office.

(f) During the period of a vacancy, the Board shall retain all powers to act, notwithstanding the fact that the Board during that period may not have three persons.

Section 3.05. PLACE OF MEETING. Regular or special meetings of the Board shall be held at any place within or without the State of Nevada which has been designated from time to time by the Board. In the absence of such designation, regular meetings shall be held at the principal office of the Association.

Section 3.06. ANNUAL MEETINGS. The Board shall hold an annual meeting for the purpose of organization, and the transaction of other business. Annual meetings of the Board may be held on such dates and at such time as may be fixed by the Board or the law.

Section 3.07. REGULAR MEETINGS. Regular meetings of the Board may be held on such dates and at such times as may be fixed by the Board.

Section 3.08. SPECIAL MEETINGS. Special meetings of the Board for any purpose or purposes may be called at any time by the President or any three directors.

Section 3.09. NOTICE. Annual and special meetings of the Board shall be held upon at least three (3) days' notice by first-class mail.

Any such notice shall be addressed or delivered to each director at such director's address as it is shown upon the records of the Association or as may have been given to the Association by the director for purposes of notice or, if such address is not shown on such records or is not readily ascertainable, at the place in which the meetings of the directors are regularly held. Notice by mail shall be deemed to have been given at the time a written notice is deposited in the United States mail, postage prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission.

Section 3.10. QUORUM. A majority of the directors in office constitutes a quorum of the Board for the transaction of business, except to adjourn as provided in Section 3.13. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board, unless a greater number be required by law or by the Articles, except as provided in the next sentence. 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 such meeting.

Section 3.11. PARTICIPATION IN MEETINGS BY CONFERENCE TELEPHONE.
Members of the Board may participate in a meeting of the Board, or a committee meeting, through use of a conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another.

Section 3.12. WAIVER OF NOTICE. Notice of a meeting need not be given to any director who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director. All such waivers, consent and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

Section 3.13. ADJOURNMENT. A majority of the directors present, whether or not a quorum is present, may adjourn any directors' meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned, except as provided in the next sentence. If the meeting is adjourned for more than twenty-four (24) hours, reasonable notice of any adjournment to another

time or place shall be given prior to the time the adjourned meeting is reconvened to the directors who were not present at the time of the adjournment.

Section 3.14. RIGHTS OF INSPECTION. Every member shall have the absolute right to inspect and copy (at the member's expense) all books, records and documents of every kind and to inspect the physical properties of the corporation. The corporation may require inspections to be made by appointment, not to exceed five (5) days after the date of the request.

Section 3.15. EXECUTIVE COMMITTEE. The Association may have an executive committee which, except when the Board is in session, and except as its powers may be otherwise limited by the Board, shall have and may exercise the powers of the Board in the management of the business and affairs of the association, and may authorize the seal of the Association to be affixed to all papers which may require it. The executive committee shall also have the power of general supervision, management, and control of the business of the Association and over its several employees.

The executive committee shall be composed of the President, the Secretary, and the Treasurer. A majority of all the members of the executive committee may determine its rules of procedure unless the Board shall otherwise provide. The President shall conduct all meetings of the executive committee or, in his absence, the Secretary.

Any action which under the provisions of the law may be taken at a meeting of the executive committee, may be taken without meeting if authorized by a writing signed by all members of the executive committee who would be entitled to vote at a meeting for such purpose and filed with the Secretary of the corporation.

Section 3.16. STANDING OR SPECIAL COMMITTEES. In the event that the Board determines that the management of the Association would be benefitted by the establishment of one or more standing or special committees in addition to the executive committee, the Board may from time to time establish one or more such committees. The establishment of a standing or special committee shall be effected by a resolution of the Board approved by the vote of the majority of the directors then in office, which specifically sets forth the powers and duties delegated to such committee. Each such committee shall consist of two or more directors and shall be presided over by a director selected by the Board. The term "standing committee" or "special committee" shall mean any committee appointed by the Board which is authorized by specific delegation, without further Board action, to make and implement, with some degree of discretion, decisions of the Board pursuant to guidelines established by the Board. Notice of, and procedures for, meetings of standing or special committees shall be as prescribed by the chairman of each such standing or special committee, and meetings of standing or special committees may be called by the Board or the chairman of the standing or special committee. The Design Review Committee is hereby established, as specified in the Declaration.

Section 3.17. LIMITATIONS UPON COMMITTEES OF THE BOARD. No committee of the Board shall have any of the authority of the Board with respect to:

- (a) the approval of any action for which the law also requires approval of the members or approval of a majority of all members;
- (b) the filling of vacancies on the Board or on any committee which has the authority of the Board;
- (c) the fixing of compensation of the directors for serving on the Board or on any committee which has the authority of the Board;
- (d) the amendment or repeal of Bylaws or the adoption of new Bylaws;
- (e) the amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;
- (f) the appointment of other committees of the Board or the members thereof if such committee will have the authority of the Board; or
- (g) the expenditure of corporate funds to support a nominee for director after there are more people nominated for director than can be elected.

Section 3.18. ADVISORY COMMITTEES. The Chairman of the Board, the Board, the executive committee or the President may from time to time appoint such advisory committees as it deems appropriate, consisting of directors or persons who are not directors, but such advisory committees shall not be deemed committees having the authority of the Board and shall not exercise any powers of the Board. Notice of, and procedures for, meetings of advisory committees shall be as prescribed by the chairman of each such advisory committee, and meetings of advisory committees may be called by the Chairman of the Board, the Board, the executive committee, the President or the chairman of the advisory committee.

Section 3.19. ACTION BY CONSENT. Any action of a majority of the Board, although not at a regularly convened meeting, if assented to in writing by all of the members of the Board, shall be as valid and as effective in all respects as if passed by the Board in a meeting.

ARTICLE IV OFFICERS

Section 4.01. OFFICERS. The officers of the Association shall be a President, a Secretary and a Treasurer. The Association may also have, at the discretion of the Board, such other officers as may be deemed advisable by the Board. Any number of offices may be held by the same person. Only regular members may be officers, unless during the period of Declarant Control, Declarant

designates otherwise. The President, Secretary and Treasurer shall all be authorized to prepare, execute, certify and record amendments to the Declaration on behalf of the Association

Section 4.02. ELECTION AND TERM OF OFFICE. The officers of the Association shall be elected by the Board for annual terms. If at the end of an annual term a replacement for an officer is not elected or appointed, the officer shall hold the office until a replacement is elected or appointed.

Section 4.03. REMOVAL AND RESIGNATION. Any officer may be removed, either with or without cause, with the approval of majority of the Board.

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

Section 4.04. VACANCIES. A vacancy in any office because of death, resignation, removal or any other cause shall be filled in the manner prescribed in these Bylaws for regular election or appointment to such office, provided that such vacancies shall be filled as they occur and not on an annual basis.

Section 4.05. PRESIDENT. Subject to such powers, if any, as may be given by the Board to the Chairman of the Board, if there be such an officer, the President is the chief executive officer of the Association and has, subject to the control of the Board, general supervision, direction and control of the business and officers of the Association. The President shall preside at all meetings of the members and, in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board. The President has the general powers and duties of management usually vested in the office of president of a corporation and such other powers and duties as may be prescribed by the Board.

Section 4.06. VICE PRESIDENTS. The Association may have one or more Vice-Presidents. The Vice-Presidents shall have such powers and perform such duties as from time to time may be prescribed for them respectively by the Board.

Section 4.07. SECRETARY. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board may order, a book of minutes of all meetings of members, the Board and its committees, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Board and committee meetings, the number of members present or represented at members' meetings, and the proceedings thereof. The Secretary shall keep, or cause to be kept, at the principal office in the State of Nevada the original or a copy of the Association's Articles and any other documents required by law.

The Secretary shall give, or cause to be given, notice of all meetings of the members and of the Board and any committees thereof required by these Bylaws or by law to be given, shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board.

Section 4.08 TREASURER. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transaction of the Association, and shall send or cause to be sent to the regular members of the corporation such financial statements and reports as are by law or by these Bylaws required to be sent to them. The books of account shall at all times be open to inspection by any director. The Treasurer shall reconcile the books of the Association on a yearly basis and whenever a new President takes office.

The Treasurer shall deposit, or cause to be deposited, all moneys and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The Treasurer shall disburse the funds of the corporation as may be ordered by the Board, shall render to the Board periodic financial statements, as requested. In addition, the Treasurer shall have such other powers and perform such other duties as may be prescribed by the Board.

ARTICLE V OTHER PROVISIONS

Section 5.01. INSPECTION OF ARTICLES AND BYLAWS. The Association shall keep in its principal office in the State of Nevada a copy of its Articles and of these Bylaws, as amended to date, which shall be open to inspection by the regular members at all reasonable times during office hours.

Section 5.02. REPRESENTATION OF SHARES OF OTHER CORPORATIONS. The President, or any other officers authorized by the Board or the President, are each authorized to vote, represent and exercise on behalf of the Association all right incident to any and all shares of any other corporation or corporations standing in the name of the Association. The authority herein granted may be exercised either by any such officer in person or by any other person authorized so to do by proxy or power of attorney duly executed by said officer.

Section 5.03. CONSTRUCTION AND DEFINITIONS. Unless the context otherwise requires, the general provisions, rules of construction and definitions of Nevada law shall govern the construction of these Bylaws.

Section 5.04. AMENDMENTS. These Bylaws may be amended or repealed by approval of majority of the regular members, provided any amendment of a provision of the Declaration incorporated herein shall be made under the procedure specified in the Declaration and such an amendment shall be deemed to also be an amendment of these Bylaws.

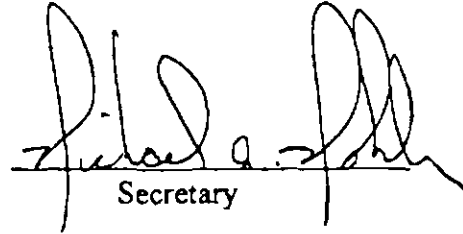
Section 5.05. MAINTENANCE OF CORPORATE RECORDS. The accounting books, records, minutes of proceedings of the regular members, the Board and the executive committee shall be kept at such place or places designated by the Board or, in the absence of such designation, at the principal business office of the Association. The minutes shall be kept in written or typed form and the accounting books and records shall be kept either in written or typed form, or in any other form capable of being converted into written, typed or printed form.

Section 5.06 INDEMNIFICATION. The Association shall, to the maximum extent permitted by the Law, have the power to indemnify its officers, directors and other agents against

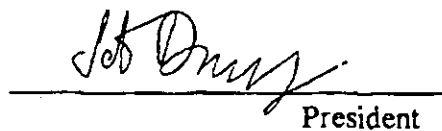
expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact that any such person is or was an officer, director or agent of the Association and shall have the power to advance to such persons expenses incurred in defending any such proceedings.

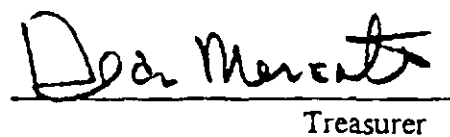
CERTIFICATION

I hereby certify that the foregoing Bylaws were validly adopted at a meeting of the regular members on the 13 day of May, 1997, and are the current Bylaws of the Association.


Secretary

Acknowledged:


President


Treasurer