BYLAWS

OF

THE GRAND ISLAND AT LEGACY HOMEOWNERS ASSOCIATION

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ARTICLE I

1. Plan of Lot Ownership.

1.1. Name. The name of the corporation is THE GRAND ISLAND AT LEGACY HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association." The principal office of the Association shall be located in Clark County, Nevada.

1.2. Application. The provisions of these Bylaws are applicable to the common-interest community project known as The Grand Island at Legacy, located in Clark County, Nevada (the "Property"). All present and future Owners and their tenants, future tenants, employees, and any other person who might use the Property in any manner, are subject to the regulations set forth in these Bylaws and in the Declaration of Covenants, Conditions and Restrictions and Grant and Reservation of Easements for The Grand Island at Legacy Homeowners Association (the "Declaration" herein) Recorded or to be Recorded in the official Records of Clark County and applicable to the Property. The mere acquisition or rental of any Lot in the Property or the mere act of occupancy of any Lot will signify that these Bylaws are accepted, ratified, and will be complied with.

1.3. 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 Declaration.

ARTICLE II

2. Voting by Association Membership.

2.1. Voting Rights. The Association shall have two (2) classes of voting Membership, Class A voting rights and Class B voting rights, as described in the Declaration. All voting rights shall be subject to the restrictions and limitations provided in the Declaration and in the Articles and these Bylaws of the Association.

2.2. Majority of Quorum. Unless otherwise expressly provided in the Articles, these Bylaws or the Declaration, any action which may be taken by the Association may be taken by a majority of a quorum of the Members of the Association.

2.3. Quorum. Except as otherwise provided in these Bylaws, the Articles or Declaration, the presence in person or by proxy of at least twenty percent (20%) of the voting power of each class of voting rights of the Membership of the Association shall constitute a quorum of the Membership.

2.4. Proxies. Votes may be cast in person or by proxy. Proxies must be in writing. Every proxy shall be revocable by the Member(s) granting the proxy and shall automatically cease after completion of the meeting for which the proxy was filed, unless the Member(s) executing the proxy specify therein the length for which such proxy is to continue in force. The proxy shall identify the person or persons authorized to exercise the proxy. The Board may prepare and adopt a form proxy to be used by the Members.

ARTICLE III

3. Administration.

3.1. Association Responsibilities. In accordance with the provisions of the Declaration, the Association shall have the responsibility of administering the Property, compiling the Budget, establishing and collecting all assessments authorized under the Declaration, and arranging for overall architectural control of the Property.

3.2. Place of Meetings of Members. Meetings of the Members shall be held at a location in convenient proximity to the Property, as may be designated by the Board.

3.3. Annual Meetings of Members. The first annual meeting of Members shall be held on or about the first anniversary of the Close of Escrow for the sale of the first Lot in the Association. Thereafter, the annual meetings of the Members shall be held on or about the anniversary date of the first annual meeting. Subject to the right of Declarant to appoint the Association's Directors as described in the Declaration, at each annual meeting there shall be elected by ballot of the Members the new Directors who shall be elected to fill vacancies created by the removal or expiration of the terms of the past Directors, in accordance with the requirements of Article IV, Section 4.5 of these Bylaws. The Members may also transact such other business of the Association as may properly come before them. Each first Mortgagee of a Lot in the Project may designate a representative to attend all annual meetings of the Members.

3.4. Special Meetings of Members. It shall be the duty of the Board to call a special meeting of the Members, as directed by resolution of a majority of the Board, by request of the President of the Association or upon receipt by the Secretary of a petition signed by Members representing at least twenty percent (20%) of the total voting power of the Association stating the purpose of the special meeting. The notice of any special meeting shall be given within twenty (20) days after adoption of such resolution or receipt of such request or petition and shall state the date, time and place of such meeting and the general nature of the business to be transacted. 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 request or petition. No business shall be transacted at a special meeting except as stated in the notice. Each first Mortgagee of a Lot in the Project may designate a representative to attend all special meetings of the Members.

3.5. Notice; Record Dates. It shall be the duty of the Secretary to send a notice of each annual or special meeting by first-class mail, at least ten (10) but not more than sixty (60) days prior to such meeting, stating the purpose thereof as well as the day, hour and place where it is to be held, to each Member of record, and to each first Mortgagee of a Lot, which Mortgagee has filed a written request for notice with the Secretary. The notice may set forth time limits for speakers and nominating procedures for the meeting. The notice shall specify those matters the Board intends to present for action by the Members, but, except as otherwise provided by law, any proper matter may be presented at the meeting for action. The 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 to the Members. The mailing of a notice, postage prepaid, in the manner provided in this Section, shall be considered notice served when said notice has been deposited in a regular depository of the United States mail. The Board may fix a date in the future as a record date for the determination of the Members entitled to notice of any meeting of Members. If the Board does not fix a record date for notice to Members, the record date for notice shall be the close of business on the business day preceding the day on which notice is given. In addition, the Board may fix a date in the future as a record date for the determination of the Members entitled to vote at any meeting of Members. If the Board does not fix a record date for determining Members entitled to vote, Members on the day of the meeting who are otherwise eligible to vote are entitled to vote at the meeting.

3.6. Adjourned Meetings. Except as set forth in Section 2.10 of the Declaration, if any meeting of Members cannot be organized because a quorum is not present, a majority of the Members who are present, either in person or by proxy, 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 in person or by proxy of the Members holding at least fifteen percent (15%) of the voting power of the Association. Such an adjourned meeting may be held without notice thereof as provided in this Article III, provided that notice is given by announcement at the meeting at which such adjournment is taken.

3.7. Order of Business. The order of business at all meetings of the Members may 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 inspector of elections (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.

The Board may adopt any other order of business for the meetings of the Members as the Board deems just and proper.

3.8. Action Without Meeting. Any action, which may be taken at a meeting of the Members (including the election of Directors) may be taken without a meeting by written ballot of the Members. Ballots shall be solicited in the same manner as provided in Section 3.5 for the giving of notice of meetings of Members. Such solicitations shall specify (a) the number of responses needed to meet the quorum requirements, (b) the percentage of approvals necessary to approve the action, and (c) the time by which ballots must be received in order to be counted. The form of written ballot shall set forth each proposed action or candidate, shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the Member specifies a choice, the vote shall be cast in accordance therewith. Receipt within the time period specified in the solicitation of a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting and a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast shall constitute approval by written ballot.

3.9. Consent of Absentees. The transactions of any meeting of Members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the Members not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the Minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the Minutes of the Meeting.

3.10. Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of Members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the Minutes executed by the Secretary that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE IV

4. Board of Directors.

4.1. Number and Qualification. Commencing with the first annual meeting of Members, the property, business and affairs of the Association shall be governed and managed by a Board composed of three (3) Persons, each of whom, except for those appointed and serving as first Directors, must either be an Owner or an agent of Declarant for so long as Declarant has control of the Board. Thereafter, at least a majority of the Board shall be Owners. The authorized number of Directors may be changed by a duly adopted amendment to these 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 Members representing at least a majority of the voting power of the Association; provided, however, that (1) nothing herein contained shall be construed to preclude any Director from serving the Association in some other capacity and receiving compensation therefor, and (2) any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

4.2. Powers and Duties. The Board has the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done exclusively by the Members.

4.3. Special Powers and Duties. Without prejudice to such foregoing general powers and duties and such powers and duties as are set forth in the Declaration, the Board is vested with, and responsible for, the following powers and duties:

(a) Subject to the provisions of the Declaration concerning Declarant's rights to appoint the officers of the Association, the power and duty to select, appoint, and remove all officers, agents and employees of the Association, to prescribe such powers and duties for them as may be consistent with law, the Articles of Incorporation, the 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, manage and control the affairs and business of the Association, and to make and enforce such rules and regulations therefor consistent with law, the Articles, the 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 Association from one location to another within the County in which the Property is located, as provided in Article I hereof; to designate any place within said County for the holding of any annual or special meeting or meetings of Members consistent with the provisions of Section 3.2 hereof; and to adopt and use 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 Members representing at least two-thirds (2/3rds) of the voting power of the Association, the power but not the duty to borrow money and to incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor; provided, however, that the Common Elements may not be subjected to a Mortgage unless the requirements of Section 3.5(b) of the Declaration are first satisfied.

(e) The power and duty to fix and levy from time to time Annual Assessments and Special Assessments upon Members, as provided in the Declaration; to determine and fix the due date for the payment of such assessments, and the date upon which the same shall become delinquent; provided, however, that such assessments shall be fixed and levied only to provide for the payment of the Common Expenses of the Association and of taxes and assessments upon real or personal property owned, leased, controlled or occupied by the Association, or for the payment of expenses for labor rendered or materials or supplies used and consumed, or equipment and appliances furnished for the maintenance, improvement or development of such Property or for the payment of any and all obligations in relation thereto, or in performing or causing to be performed any of the purposes of the Association for the general benefit and welfare of its Members, in accordance with the provisions of the Declaration. Subject to any limitations imposed by the Declaration and these Bylaws, the Board shall have the power and duty to incur any and all such expenditures for any of the foregoing purposes and to provide, or cause to be provided, adequate reserves for replacements as it shall deem to be necessary or advisable in the interest of the Association or welfare of its Members. The funds collected by the Board from the Members, attributable to replacement reserves, for maintenance recurring less frequently than annually, and for capital improvements, shall at all times be held in trust for the Members. Disbursements from such trust reserve fund shall be made only in accordance with the provisions of the Declaration. Such Annual Assessments and Special Assessments shall be fixed in accordance with the provisions of the Declaration. Should any Member fail to pay such assessments before delinquency, the Board in its discretion is authorized to enforce the payment of such delinquent assessments as provided in the Declaration.

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

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

(h) The power and duty to contract for and pay for maintenance, gardening, and common utilities services, and for materials and supplies and other Common Expenses relating to the Common Elements, and relating to the Lots only to the extent not separately metered or charged, and to employ personnel necessary for the operation of the Property, including legal and accounting services, and to contract for and pay for Improvements on the Common Elements.

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

(j) The power but not the duty to grant or quitclaim easements, licenses or rights of way in, on, or over the Common Elements for purposes not inconsistent with the intended use of the Property as a residential project.

(k) The power and duty to adopt such Rules and Regulations as the Board may deem necessary for the management of the Property, which Rules and Regulations shall become effective and binding after (1) they are adopted by a majority of the Board at a meeting called for that purpose, or by the written consent of the Board in accordance with Section 4.13, and (2) they are distributed to the Members. Such Rules and Regulations may concern, without limitation, use of the Common Elements; signs; parking restrictions; collection and disposal of refuse; minimum standards of property maintenance consistent with the Declaration and the procedures for architectural review; and any other matter within the jurisdiction of the Association as provided in the Declaration; provided, however, that such Rules and Regulations shall be enforceable only to the extent that they are consistent with the 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 Association.

(m) The power but not the duty to appoint a Membership Committee composed of at least one (1) Director and at least one (1) Association Member at large. The Membership Committee shall be responsible for contacting all purchasers of Lots in the Project as soon as any transfer of title to a Lot is discovered. The Membership Committee shall further attempt to establish initial contact with all Members who are delinquent in the payment of any assessments or other charges due the Association.

4.4. <u>Management Agent</u>. The Board may engage a professional Manager for the Association at a compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section 4.3. The maximum term of any such contract ("Management Contract") shall be one (1) year, unless a longer term is approved either by vote or written assent of a majority of the voting power of the Association or by VA or FHA, in which case the maximum term of the Management Contract shall be three (3) years. The maximum term of any contract providing for Declarant's services to the Association or the Project shall also be three (3) years. Each such contract for Declarant's services and each management Contract shall provide for its termination by either party thereto with cause upon no more than thirty (30) days' written notice to the other party, and without cause and without payment of a termination fee upon no more than ninety (90) days' written notice to the other party.

4.5. Election and Term of Office.

(a) Subject to the right of Declarant to appoint the Association's Directors as described in the Declaration, at each annual meeting of the Members, new Directors shall be elected by secret written ballot by the Members as provided in these Bylaws. All positions on the Board vacated as a result of the expiration of Declarant's appointment right or due to the expiration of the Past Directors' term shall be filled at the first annual or special meeting following the expiration of Declarant's appointment right. 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 Members 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 (3) Directors receiving the highest number of votes at the first meeting at which Directors are elected shall be two (2) years and the term of office of the two (2) Directors receiving the next highest number of votes at such meeting shall be one (1) year. At each annual meeting thereafter, new Directors shall be elected to fill vacancies created by the removal or expiration of the terms of past Directors. The term of office of 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 of each Director elected or appointed 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 two (2) or more Directors are to be selected. If a Member cumulates his votes, such Member may cast a number of votes equal to the Member's share of the voting power multiplied by the number of Directors to be elected.

(b) Notwithstanding the foregoing, no later than sixty (60) days following the close of escrow for twenty-five percent (25%) of the Lots that may be created in the Project, at least one (1) member and not less than twenty-five percent (25%) of the Board must be elected by Owners other than Declarant and no later than sixty (60) days following the close of escrow for fifty percent (50%) of the Lots that may be created in the Project, at least two (2) members of the Board must be elected by Owners other than Declarant. Any person shall be an eligible candidate for such election upon receipt by the Secretary of a Declaration of Candidacy, signed by the candidate, at any time prior to the election. Such election shall be by secret written ballot. The person receiving the greatest number of votes cast by the Members other than Declarant shall be elected a Member of the Board in a coequal capacity with all other Directors. The remaining Directors of the Board shall be elected through the customary voting procedure outlined above.

4.6. Budget; Transfer of Association Records and Property.

(a) The Board shall distribute the proposed Budget it adopts in accordance with Section 5.2 of the Declaration.

(b) Within thirty (30) days after Owners other than Declarant may elect a majority of the Board, Declarant shall deliver to the Association all property of the Owners and of the Association held or controlled by Declarant, as set forth in Chapter 116 of the Nevada Revised Statutes.

4.7. Vacancies. Vacancies in the Board caused by any reason other than the removal of a Director by Declarant shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Any vacancy caused by the removal of a Director by Declarant shall be filled by Declarant. A Director may resign at any time by giving notice to the President, the Secretary or the Board. Any Director who ceases to be an Owner or an agent of Declarant shall be deemed to have resigned from the Board. A vacancy or vacancies shall be deemed to exist in case of death, resignation, removal or judicial adjudication of mental incompetence of any Director, or in case the Members fail to elect the full-number of authorized Directors at any meeting at which such election is to take place. Any vacancy not filled by the Directors may be filled by vote of the Members at the next annual meeting of the Members or at a special meeting of the Members called for such purpose.

4.8. Removal of Directors. At any regular or special meeting of the Members duly called, any one individual Director or the entire Board (other than Directors appointed by Declarant) may be removed prior to the expiration of their terms of office with or without cause by Members entitled to cast two-thirds of the voting power of all Members, at a meeting at which a quorum is present.

4.9. Organization Meeting of Board. The first regular ("organization") meeting of a newly elected Board 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, election of officers and the transaction of other business. No notice shall be necessary to the newly elected Directors in order legally to constitute such meeting; provided that (1) a majority of the whole Board shall be present when the time and place are announced at the annual meeting and (2) the meeting is held on the same day and at the same place as the annual meeting of the Members at which the newly constituted Board was elected.

4.10. Regular Meetings of Board. Regular meetings of the Board shall be open to all Members, provided that Members who are not Directors may not participate in any deliberation or discussion at such regular meetings unless expressly so authorized by a vote of a majority of a quorum of the Board. Regular meetings may be held at such time and place 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 meetings shall be held no less frequently than quarterly. Notice of the time and place of regular meetings of the Board shall be given to each Director, personally or by mail, telephone or telegraph, at least four (4) days prior to the date named for such meeting.

4.11. Special Meetings of Board. Special meetings of the Board shall be open to all members, provided that Members who are not Directors may not participate in any deliberation or discussion at such special meetings, unless expressly so authorized by a vote of a majority of a quorum of the Board. Special meetings may be called by the President or by any two (2) Directors upon four (4) days' notice by first-class mail or seventy-two (72) hours, notice delivered personally or by telephone or telegraph. The notice shall state the time, place (as hereinabove provided) and the purpose of the meeting.

4.12. Waiver of Notice. Before or at any meeting of the Board, any Director may, in writing, waive personal notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice to such Director. Attendance by a Director at any meeting of the Board shall be a waiver by him of personal notice of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice to Directors shall be required and any business may be transacted at such meeting. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present, and either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding such meeting, or an approval of the Minutes thereof. All such waivers, consents and approvals shall be filed with the records of the Association or made a part of the Minutes of the meeting.

4.13. Action Without Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting, if a majority of the Directors individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the Minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as a majority vote of such Directors.

4.14. Quorum and Adjournment. Except as otherwise expressly provided herein, at all meetings of the Board, 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. If at any meeting of the Board, there is less than a quorum present, the majority of those present may adjourn the meeting to another 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 the Directors present at a meeting at which a quorum has been established, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, matters that relate to the formation of contracts with third parties, and orders of business of a similar nature or any other issue that involves matters requiring privacy. The nature of any and all business to be considered in executive session shall first be announced in open session, and shall be generally noted in the minutes of the Board.

4.15. Committees. The Board, 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 (at least one of which must be a Director), 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. No such committee may (a) amend, alter or repeal these Bylaws; (b) elect, appoint or remove any member of any such committee or any Director or officer of the Association; (c) amend or repeal the Articles, adopt a plan of merger or a plan of consolidation with another corporation; (d) authorize the sale, lease or exchange of all of the property and assets of the Association; (e) authorize the voluntary dissolution of the Association or revoke proceedings therefor; (f) adopt a plan for the distribution of the assets of the Association; or (g) amend, alter or repeal any resolution of the Board unless it provides by its terms that it may be amended, altered or repealed by a committee.

ARTICLE V

5. Officers.

5.1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board. The Board 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. Any Person may hold more than one office.

5.2. Election of Officers. Subject to the right of Declarant to appoint the officers of the Association as provided in the Declaration, the officers of the Association shall be elected annually by the Board at the organization meeting of each new Board, and each officer shall hold his office at the pleasure of the Board, until he shall resign or be removed or otherwise disqualified to serve or his successor shall be elected and qualified to serve.

5.3. Removal of Officers. Subject to the right of Declarant to appoint the officers of the Association as provided in the Declaration, upon an affirmative vote of a majority of the entire Board, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board 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 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.

5.4. 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 Association's business unless such compensation is approved by the vote or written consent of Members representing at least a majority of the voting power of the Association; and provided further, that (1) nothing herein contained shall be construed to preclude any officer from serving the Association in some other capacity and 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. Notwithstanding the foregoing, no officer, employee or director of Declarant or any affiliate of Declarant may receive any compensation.

5.5. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board. He shall have all of the general powers and duties which are usually vested in the office of the President of a corporation. The President shall, subject to the control of the Board, have general supervision, direction and control of the business of the Association. The President shall sign all leases, mortgages, deeds and other instruments, and shall co-sign all checks and promissory notes; provided, however, that the President need not do so if persons other than the President are authorized by the Board to do so in accordance with Sections 11.1 or 11.2 hereof. The President shall be ex officio a member of all standing committees, and he shall have such other powers and duties as may be prescribed by the Board or these Bylaws of the Association.

5.6. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or disabled or whenever the President refuses or is unable to act. If neither the President nor the Vice President is able to act, the Board 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 or these Bylaws of the Association.

5.7. Secretary. The Secretary shall keep the Minutes of all meetings of the Board and the Minutes of all meetings of the Association at the principal office of the Association or at such other place as the Board may order. The Secretary shall keep the seal of the Association in safe custody and shall have charge of such books and papers as the Board 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 Members of the Association and of the Board required by these Bylaws or by law to be given. The Secretary shall maintain a record book of Members, listing the names, mailing addresses and telephone numbers of Members, as furnished to the Association ("Membership Register"). Termination or transfer of ownership by any Member shall be recorded in the Membership Register by the Secretary, together with the date of the transfer, in accordance with the provisions of the Declaration. The Secretary shall perform such other duties as may be prescribed by the Board or these Bylaws.

5.8. Treasurer. The Treasurer shall be the chief financial officer of the Association and shall have responsibility for 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 Association, including accounts of all assets, liabilities, receipts and disbursements in books belonging to the 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 Association in such depositories as may from time to time be designated by the Board. The Treasurer shall disburse the funds of the Association as may be ordered by the Board, in accordance with the Declaration, shall render to the President and Directors, upon request, an account of all of his transactions as Treasurer and of the financial conditions of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws. The Treasurer shall sign all checks and promissory notes; provided, however, that the Treasurer need not do so if persons other than the Treasurer are authorized by the Board to do so in accordance with Sections 11.1 or 11.2 hereof.

ARTICLE VI

6. Obligations of the Members.

6.1. Assessments.

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

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

6.2. Maintenance and Repair.

(a) Every Member must perform promptly, at his sole cost and expense, such maintenance and repair work within his own Unit, as required under the provisions of the Declaration. As further provided in the Declaration, all plans for alterations of Units must receive the prior written consent of the Board. The Board shall establish reasonable procedures for the granting of such approval, in accordance with the Declaration.

(b) As further provided in the Declaration, each Member shall reimburse the Association for any expenditures incurred in repairing or replacing any portion of the Common Elements, which is damaged through the fault of such Member or his Family or Guests. Such expenditures shall include all court costs and reasonable attorneys, fees incurred in enforcing any provision of these Bylaws or the Declaration.

ARTICLE VII

7. Amendments to Bylaws. These Bylaws may be amended by the Association by the vote or written consent of Members representing at least a majority of the voting power of the Association; provided that the specified percentage of the Members necessary to amend a specific Section or provision of these Bylaws shall not be less than the percentage of affirmative votes prescribed for action to be taken under that Section or provision; provided further, that these Bylaws may 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. In addition to the foregoing, any amendment to these Bylaws which materially affects matters delineated in the Declaration must be approved by the Beneficiaries of that percentage of first Mortgages on the Lots which is specified in the affected provision of the Declaration. So long as Declarant is entitled to cast votes representing a majority of the voting power of the Association, any amendment of these Bylaws shall require the approval of VA and FHA. A draft of the proposed amendment shall be submitted to VA and FHA for approval prior to its approval by the Membership of the Association.

ARTICLE VIII

8. Mortgagees.

8.1. Notice to Association. Upon request by the Association, a Member who mortgages his Lot shall notify the Association through the Manager, or through the Secretary in the event there is no Manager, of the name and address of his Mortgagee; and the Association shall maintain such information in the Association records. Upon request, any such Member shall likewise notify the Association as to the release or discharge of any such Mortgage.

8.2. Notice of Unpaid Assessments. The Board of the Association shall at the request of a Mortgagee of a Lot, report any unpaid assessments due from the Unit Owner of such Lot, in accordance with the provisions of the Declaration.

ARTICLE IX

9. 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 of Incorporation and these Bylaws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE X

10. Indemnification of Directors and Officers. The Board may authorize the 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 Association to the extent and under the circumstances provided in the Declaration.

ARTICLE XI

11. Miscellaneous.

11.1. Checks, Drafts and Documents. All checks, drafts, orders for payment of money, notes and other evidences of indebtedness issued in the name of or payable to the Association shall be signed or endorsed in the manner and by the person or persons as the Board shall determine by resolution.

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

11.3. Availability of Association Documents. In addition to the rights afforded by the Declaration to Beneficiaries, insurers and guarantors of first Mortgages with regard to inspection of the Association's management documents, the Association shall maintain at its principal office (or at such other place as the Board may prescribe) the Articles, Bylaws, Declaration, Rules and Regulations and the Association's books of account; minutes of meetings of Members, the Board and Board committees; and the Membership Register (collectively, the "Association Documents"), each of which shall be made available for inspection and copying by any Member or the Member's duly appointed representative for a purpose reasonably related to the Member's interest as a Member, as further provided in Sections 82.181 and 82.186 of the Nevada Revised Statutes.

11.4. Fiscal Year. The Fiscal Year of the Association shall be determined by the Board, and having been so determined, is subject to change from time to time as the Board shall determine.

ARTICLE XII

12. Notice and Hearing Procedure.

12.1. Suspension of Privileges. In the event of an alleged violation of the Declaration, these Bylaws or the Rules and Regulations of the Association, and after written notice of such alleged failure is delivered personally or mailed to the Member or any agent of the Member ("respondent") alleged to be in default in the manner herein provided, by first-class mail or by certified mail return receipt requested, or both, the Board 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 (1) or more of the following actions: (1) levy a Special Assessment as provided in the Declaration; (2) suspend said Member's voting privileges as a Member, as further provided in the Declaration; (3) enter upon a Lot to make necessary repairs, or to perform maintenance which, according to the Declaration, is the responsibility of the Owner of such Lot; (4) record a notice of noncompliance encumbering the Lot of the respondent; or (5) suspend or condition the right of said Member to use any recreational facilities in the Property. Any such suspension 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 the same 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 Association, these Bylaws or the 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 Association prescribed by these Bylaws, or by the Rules and Regulations of the Association, before that Member may resort to a court of law for relief with respect to any alleged violation of the Declaration, these Bylaws or the Rules and Regulations of the Association by another Member, provided 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 Annual Assessments, Special Assessments or Reconstruction Assessments.

12.2. Written Complaint. A hearing to determine whether a right or privilege of the respondent under the 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 with the President of the Association or other presiding member of the Board. The Board and its agents or employees shall prepare a Complaint constituting 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 Declaration, these Bylaws or the Rules and Regulations of the Association which the respondent is alleged to have violated. A copy of the Complaint prepared by the Board or its agents or employees shall be delivered to the respondent in accordance with the notice procedures set forth in the 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 within fifteen (15) days after the Complaint, the Board 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, 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. The respondent may file a separate statement by way of mitigation, even if he does not file a Notice of Defense.

12.3. Notice of Hearing. 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 12.2 of this Article XII. 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 the __________ Homeowners Association at ______________________________
> ______________________________
> ______________________________
> on the _____ day of ______________, 199_____, 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 of witnesses and the production of books, documents or other items by applying to the Board of the Association."

12.4. Hearing. The hearing shall be held before the Board in executive session pursuant to this notice affording the Member a reasonable opportunity to be heard. 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 the 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. No action against the Member arising from the alleged violation shall take effect prior to the expiration of (a) fifteen (15) days after the Member's receipt of the notice of hearing, and (b) five (5) days after the hearing required herein.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of THE GRAND ISLAND AT LEGACY HOMEOWNERS ASSOCIATION, a Nevada nonprofit corporation ("Association"); and

2. The foregoing Bylaws comprising 21 pages including this page constitute the Bylaws of the Association duly adopted by the Board of the Association on July 26, 1995.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the Association this 26 day of July, 1995.

Secretary

(SEAL)

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