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BYLAWS of the

LAKE VILLAGE HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is **LAKE VILLAGE HOMEOWNERS ASSOCIATION,** a common interest community, hereinafter referred to as the Association.

The principal officeof the corporation shall be located at the Association Clubhouse at 300 Clubhouse Avenue. The mailing address is Post Office Box 542, Zephyr Cove, Nevada 89448-0542. Meetings of Members and Directors may be held at such places within the State of Nevada, County of Douglas, as may be designated by the Board of Directors.

# ARTICLE II

## DEFINITIONS

The definitions as set forth in the Declaration of Covenants, Conditions, and Restrictions (CC&Rs) shall apply to these Bylaws.

# ARTICLE III

## MEETINGS OF MEMBERS

**Section 1. Annual Meeting.** An annual Meeting of the Members shall be held on the third Saturday of May each year, unless the Members designate otherwise at an Annual Meeting.

**Section 2. Special Meetings.** Special meetings of the Members may be called at any time by the President or by a majority of the Board of Directors or upon written request made to the Board of Directors by not less than ten percent (10%) of the voting membership. Any action taken at such a meeting shall be limited to the subject matter and purpose of the meeting as specifically set forth in the written request and shall be in compliance with the notice requirement of a meeting of the Members.

**Section 3. Notice of Member Meetings.** Written notice to the Members of all meetings and the agenda for that meetingmust be given by, or at the direction of, the Secretary. Such written notice shall be delivered to Members by mail, hand, courier, delivery service, fax, e-mail, or other commonly accepted form of delivery and shall include a notice of the Members right to speak at the meeting and the right to receive a summary or draft of the minutes.

Such notice andagendashall be sent not less than 10 days nor more than thirty (30) days prior to the meeting and shall be addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day, and hour of the meeting, the agenda, and, in the case of a special meeting, the purpose of the meeting. A summary or a draft of the minutes shall be delivered to Members by mail, hand, courier, delivery service, fax, e-mail, or other commonly accepted form of delivery, no later than thirty (30) days after the meeting.

**Section 4. Quorum.** A quorum for any action shall consist of twenty percent (20%) of the members entitled to vote. Such a quorum may be represented either inperson or by proxy, at the beginning of the meeting. If, however, such quorum is not present or represented at any meeting, those Members present, including proxies, shall have the power to adjourn the meeting until a quorum shall be present or be represented.

**Section 5. Proxies.** At all meetings of Members, each Member may vote in person or by proxy. A Member may give a proxy only to a member of his immediate family, a tenant of the Member who resides in Lake Village or another Member who resides in Lake Village.All proxies shall be in writing, dated, and filedwith the Secretary or designate. The proxy is void if it is not dated or if the proxy holder fails to disclose the proxy at the beginning of the meeting. The unit's owner may revoke the proxy by giving actual notice of revocation to the person presiding over the meeting. The proxy automatically terminates after the conclusion of the meeting for which it was executed.

A vote may not be cast, pursuant to a proxy, for the election of a member of the Board of the Association. The proxy must designate the votes that must be cast on behalf of the Member who executes the proxy.

**Section 6. Agenda for Meetings.** The agenda for the meeting must consist of:

a) A clear and complete statement of the topics scheduled to be considered during the meeting, including, without limitation, any proposed amendment to the Declaration or Bylaws, any fees or assessments to be imposed or increased by the Association, any budgetary changes, and any proposal to remove an officer or member of the Board of Directors.

b) A list describing the items on which action may be taken and must clearly denote the items that may require action. In an emergency, concerning health, safety or welfare, Members may take action on an item not listed on the agenda.

c) A period devoted to comments by Members and discussion of those comments. Except in emergencies, no action may be taken upon a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken pursuant to paragraph (b) above.

d) A request for proxies that may be voted.

e) An action item to determine the disposition of any excess operating funds allocated from the last Fiscal year.

## ARTICLE IV

# BOARD OF DIRECTORS: SELECTION AND TERM OF OFFICE

**Section 1. Number.** The affairs of this Association shall be governed by a Board of not more than seven (7) nor less than five (5) Directors, each of whom must be a Member in good standing.

**Section 2. Term of Office.**  At each annual meeting the Members shall elect Directors for a term of two (2) years. Directors may not serve on the Board for more than two (2) consecutive elected terms nor more than six consecutive years of elected plus appointed years, after which time a Director must remain off the Board for one year before serving on it again.

**Section 3. Removal.** Any Director may be removed from the Board, with or without cause, by a two-thirdsvote, in person or by proxy, by a secret ballot of the quorum of Members eligible to vote at a Members’ meeting.

Owners must be allowed fifteen (15) days, after the association mails the removal ballot, to return the removal ballot to the Association. The incumbent members of the Board, including the Director(s) that are the subject of the removal ballot, shall not possess, be given access or participate in the opening or counting of the secret ballots.

# Section 4. Replacement and Resignation of a Director. In the event of death, resignation, removal or failure to qualify due to ownership mandates of a Director, a successor may be appointed by a majority vote of the Board to serve until the next annual Members meeting when the membership shall vote to elect a Director to serve a two (2) year term. The Board may elect to leave the position vacant until the next annual meeting unless the vacancy reduces the Board to less than five (5) individuals or unless the next annual Members’ meeting is more than six (6) months from the recognition of the vacancy.

A Director 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 receipt of such notice or at any later time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

# Section 5. Compensation. A Director shall not accept any commission, personal profit or compensation of any kind from the Association for providing goods or services to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of duties. Travel expenses incurred to attend an Association business meeting outside the complex are eligible for reimbursement.

**Section 6. Disclosure.**

a) Within thirty (30) days of taking office, each Director shall filea written disclosure statement with the Board Secretary that shall set forth such person’s interest or ownership, whether individually, jointly, in partnership, corporate, or otherwise in any real property located in Lake Village or any real property in proximity to Lake Village, which could be annexed. Such Disclosure shall include any interest, direct or indirect, in such aforesaid real property currently owned. No Director shall vote on any contract or financial transaction where such Director has a direct or indirect interest in such contract or financial transaction. The disclosure statement shall be amended during said individuals’ tenure in office to reflect any changes or additions within thirty (30) days of the change or addition. The form and content of the disclosure statement shall be subject to the approval of the Board of Directors. Directors and committee members shall report to the Board any conflict of interest that may come to their attention.

b) Within thirty (30) days of taking office each Director shall filea written statement, on a form prescribed by the Board Secretary, that shall indicate that they have read and, to the best of their ability, understands Nevada Revised Statute Chapter 116 and the governing documents of the Association including, but not limited to, the Articles of Incorporation, the Bylaws, the CC&Rs and the Board of Director’s handbook.

**Section 7. Attendance at Meetings.**

Members are permitted to attend Board Meetings (except for the Executive Sessions). The Board will permit Members to speak at meetings for a reasonable period of time.

## ARTICLE V

**NOMINATION AND ELECTION OF DIRECTORS**

## AND BALLOTING PROCESS

**Section 1. Administration.** An Election Nominating Committee shall administer election of the Board of Directors. The Election Nominating Committee shall consist of a Chairman and one or more members of the Association. The Chairman shall be appointed by the President of the Board of Directors, subject to Board approval by a majority of the Directors.

The Election Committee shallnominate not less than the number of vacancies that are to be filled.Nominations shall be made from among allMembers in good standing who seek the office. The Board of Directors shall notify Members, in writing, at least thirty (30) days and not more than forty five (45) days before the Annual Meetings of the names and addresses of the persons so nominated and may include a brief resume of each nominee. Nominations also may be made from the floor at the Annual Meeting.

**Section 2. Election.** The vote for Director may only be by secret written ballot in person or by mailed ballot. The nominees receiving the largest number of votes shall be elected. Cumulative voting is not permitted. If a ballot casts more than one vote for a single candidate, only one vote shall be counted for that candidate.

**Section 3. Election and Ballot Procedure.** The Election Committee shall submit a written election and ballot procedure to the Board of Directors, for approval, at least sixty (60) days before the Annual Meeting. The procedure shall cover all aspects of the election as well as any ballot issue upon which the Members may vote. The procedure must comply with the CC&Rs, the Bylaws, and any established Board policy.

# ARTICLE VI

**MEETINGS OF DIRECTORS.**

**Section 1. Regular Meetings.** Regular meetings of the Board of Directors shall be held at the discretion of the Board, but at least everyninety (90) days, at such place and reasonable hour as may be fixed from time to time by resolution of the Board.

**Section 2. Special Meetings.** Special meetings of the Board of Directors may be called by the President of the Association or by any three Directors after not less than three (3) days of notice to each Director. Written notice of a Special Meeting of the Board shall be filed with the Secretary at least three (3) days before the meeting, specifying the purpose of and reason for the meeting. A telephonic reading of this written notice shall constitute due notice so long as it is communicated directly and actually to the Director. Due notice to all Members of the Board is required to convene a Special Meeting. Action at Special Meetings is restricted to the subject matter and purpose set forth in the notice.

**Section 3. Quorum.** A majority of the total number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present at the beginning of the meeting shall be regarded as the act of the Board. In no instance shall less than four (4) Directors constitute a quorum.

**Section 4. Board Executive Session.**

a) The Board in Executive Session may:

1) Consult with the attorney for the Association on privi1eged matters relating to litigation

2) Discuss matters relating to personnel

3) Discuss a violation of the governing documents alleged to have been committed by a Member.

b) Any matter discussed must be generally noted in the minutes and shall be available to Members. Minutes must be kept of discussions regarding an alleged violation by a Member.

c) A copy of such minutes must be provided upon the request of the Member or representative concerning the alleged violation.

**Section 5. Action Taken Without a Meeting.** The Directors shall have the right to take any action in the absence of a meeting that they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors. Any action taken shall be identified in the minutes of the next Board meeting.

**Section 6. Notice of Board Meetings.** The Secretary shall serve notice of meetings of the Board of Directors by commonly accepted delivery methods or by publication in the Association’s newsletter, not less than ten (10) days before the date of a meeting of the Board of Directors. Such notice shall specify the place, date and hour of the meeting, the agenda, and notice of the right of the Member to request a copy of a summary of the minutes and speak to the Board of Directors. The agenda shall comply with the same requirements as the agenda for a meeting of the Members under Article III, Section 6, subsections a, b and c.

**Section 7. Governing Order.** All meetings will be conducted according to

"Robert's Rules of Order" as implemented by adopted Board Motion.

# ARTICLE VII

## POWERS AND DUTIES OF THE BOARD OF DIRECTORS

**Section 1. Powers.** The Board of Directors shall have power to:

a) Adopt, publish, and enforce rules and regulations governing the use of the

Common Area and facilities and the personal conduct of the members and their guests thereon and to establish penalties or finesfor the infraction of those rules;

b) Suspend a Member's right to vote and to use the recreational facilities during any period inwhich such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations

c) Exercise for the Association all powers, duties, and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the CC&Rs

d) Declare the seat of a Director to be vacant if the Director is absent from three (3) consecutive regular meetings of the Board of Directors

e)Employ a manager, independent contractors, or other employees as deemed necessary and prescribe their duties.

**Section 2. Duties.** It shall be the duty of the Board of Directors to:

1. Keep a complete record of all its acts and corporate affairs. Present a statement thereof to the members at the annual members meeting or at any special meeting when such statement is required in writing by at least one fourth (1/4) of the members who are entitled to vote.
2. Organize all officers, agents, and employees of the Association. Assure that their duties will be properly performed in accordance with enacted Policies, Practices and Procedures.

a)As more fully provided in the Declaration of Covenants, Conditions and Restrictions, to:

1) Establish the annual assessment against each Unit and undeveloped Lot at least thirty (30) days prior to the start of the fiscalyear.

2) Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

3) When the Board considers it appropriate, to foreclose the lien against any property for which assessments are not paid or to bring an action at law against the delinquent Owner.

b)Create Board Policies that define the duties and responsibilities of all personnel and other operating procedures. Policies shall be periodically reviewed and updated. Approved Policies shall be available to all interested parties

c) Cause the Common Area to be maintained

d) Establish Committees to assist the Board in the performance of their duties including, but not limited to, Architectural, Finance, Legal and Reserve Committees.

**Section 3. Budget.**

a) Within thirty (30) days after the adoption of any proposed budget the Board shall provide a summary of the budget to all members. Included with the budget shall be:

*i)* A statement as to whether the executive board has determined or anticipates that the levy of one or more special assessments will be required to repair, replace or restore any major component of the common elements or to provide adequate reserves for that purpose;

*ii)* A general statement describing the procedures used for the estimation and accumulation of cash reserves including, without limitation, the qualifications of the person responsible for the preparation of the study required by Article VII, Section 3 (b)(2).

A date for a members meeting on the budget shall be established not less than fourteen (14) days or more than thirty (30) days after the mailing of the summary.

1) Assessments for the subsequent fiscal year shall not be levied against members until an annual budget is adopted by the Board prior to the beginning of the fiscal year.

2) Unless a majority of the members entitled to vote reject the budget, the budget is ratified.

1. All expenditures must be within the total annual budget. Variations shall be allowed between budget line items within the total. It shall be the obligation of the Board to conduct the affairs of the Association with strict adherence to the total budget. The budget shall be prepared by the Board annually using information from actual costs in previous years and shall be based on the best estimate of the anticipated expenditures for the budgeted year.

b) The budget shall contain all anticipated sources and amounts of anticipated income and the anticipated expenses. The expenses will have three (3) kinds of entries:

1) Operating Expenses. The anticipated amount of each operating expense, or any expense, which is incurred on a regular basis shall be deemed

2) Other Expenses. These entries shall detail expenditures that the Board anticipates incurring during the budgeted year that are not of a recurring nature

3) Reserve Fund. Every annual budget shall contain an item marked "Capital Reserve Budget”. The Board shall establish the amount of the “Capital Reserve Contribution” to this Budget at the time the annual budget is prepared The budget shall be based on the Board's best estimate of the future needs for upgrade of the Common Areas, Association assets and for other than daily maintenance. To assist the Board in defining the amount of the "Capital Reserve Contribution" the Board must, at least every five years, conduct a reserve study either by an industry professional or by use of a CAI recommended software package, provided that the reserve study expense is included as an item under Article VII, Section 3 (b)(2)*.*

# c) The amount of reserve contribution shall be considered to have the same priority in the budgeted expenses as any other item and shall be contributed throughout the Fiscal year. The Board shall monitor the use and accumulation of reserve funds and take appropriate action to assure that the reserve funding meets the budgeted amount at year-end, unless prohibited by Article VII, Section 4.

d) Access to the reserve funds is restricted. The Board may only use reserve funds for asset acquisition and Common Area expenditures that involve improvements, major repairs or replacements. The reserve may not be used for items listed under recurring expenses or other expenses.

e) Should the Association at any time be unable or unwilling to make any specified budget deposits, such fact shall be reported to the Members no later than thirty (30) days after the close of the fiscal year.

**Section 4. Emergency Loans.** The Board may have access to the Reserve Fund in the case of an emergency caused by a major disaster, a forest fire, earthquake, major flood, or similar act of God. Any emergency loan from the Reserve Fund requires the unanimous approval of the Board of Directors. The Board must repay the emergency loan as soon as reasonably possible by adding to the next budget’s reserve fund until the loan is repaid. Any other borrowing from this fund is prohibited.

**Section 5. Excess Operating Fund.** If operating income exceeds operating expenses the Association may deposit those funds in an interest bearing account. At the end of a Fiscal year, the Board shall determine the portion of such operating excess to be maintained in operating accounts, to be transferred to a Reserve Fund or to rebate to the Members. The decision of the Board shall prevail unless it is rejected by a majority of the Members.

**Section 6. Financial Reports to Unit Owners.** A year-to-date list of income and expenses shall be attached to the minutes of each regularly scheduled Board Meeting.

**ARTICLE VIII**

**OFFICERS AND THEIR DUTIES**

**Section 1. Enumeration of Officers.** The officers of this Association shall be a

President, Vice President, Secretary, Treasurer, and such other officers as the Board may by resolution create. All officers shall be members of the Board of Directors.

**Section 2. Election and Removal of Officers.** The election of officers shall take place by secret ballot at the first meeting of the Board of Directors immediately following each Annual Meeting.

Any officer may be removed from office at a Board meeting provided that:

1. The vote is an agenda action item
2. The vote is taken by secret ballot
3. A minimum of four (4) Directors vote in favor of the removal.

The officer subject to removal shall recuse himself or herself from voting on the removal.

**Section 3. Term.** Each officer of this Association shall be elected annually by the Board and shall hold office for one (1) year unless that person resigns, is removed, or is otherwise disqualified to serve.

**Section 4. Multiple Offices.** No person shall simultaneously hold more than one office except those of Secretary and Treasurer, and special offices created pursuant to this Article.

**Section 5. Duties of** **Officers.** Board members are fiduciaries who are required to exercise the ordinary and reasonable care required of directors of a corporation, subject to the "business judgment rule". The duties of the officers are as follows:

a) The President shall preside at all meetings of the Board of Directors.

The President shall act to execute all orders and resolutions of the Board, and shall sign all promissory notes, financial obligations, leases, mortgages, deeds, and other written instruments.

b) The Vice President shall act in the place of the President in his or her absence or his or her inability or refusal to act when required by the Board of Directors.

c) The Secretary or other person designated by the Board shall record votes of the Board and shall keep the minutes of all meetings and proceedings of the Board of Directors and of the Members at their annual meeting. The Secretary shall serve any notice under these Bylaws and the CC&Rs and shall keep appropriate current records showing the Members of the Association and their addresses, and shall perform such other duties required by the Board of Directors.

d) The Treasurer shall receive and shall cause to be deposited, in appropriate bank accounts, all receipts of the Association. The Treasurer shall disburse or cause to be disbursed such funds as directed by motion of the Board of Directors and, together with another officer, shall sign all checks drawn on reserve accounts. Any two (2) authorized Directors may sign checks drawn on operating accounts. The Treasurer, together with the President shall sign all promissory notes and other financial obligations of the Association and shall cause the Association to keep proper books of account, shall cause an annual audit of the Association books to be made by a Certified Public Accountant at the completion of each fiscal year and shall prepare, present, and deliver a copy of an annual budget and a statement of income and expenditures to the Membership at its regular Annual Meeting.

e) The Parliamentarian, or a designee, shall be available at all meetings to offer advice and render opinions concerning "Roberts Rules of Order".

1. A copy of "Roberts Rules of Order" shall be available at all meetings.

2) In the event of absence from a meeting by the Parliamentarian, the Presiding Director shall appoint another Board member or a qualified person in attendance to that position on a protem basis.

**Section 6. Liability of Directors and** **Officers.** The Association shall indemnify and hold harmless each person who serves as a Director or General Manager from and against any and all claims and liabilities resulting from any action alleged to have been taken or omitted as Director or as the General Manager. The Association shall reimburse each such person for all legal and other expenses reasonably incurred by that Director or the General Manager may incur in connection with any such claim or liability, provided however, that no such person shall be indemnified against or be reimbursed for any expense incurred in connection with any claim or liability arising out of willful misconduct.

**ARTICLE IX**

**ARCHITECTURAL CONTROL COMMITTEE.**

**Section 1. Selection of Chair.** The Board of Directors, at the first meeting of each fiscal year, shall appoint one Director as Chair of the Architectural Control Committee for a one-year term.

**Section 2. Selection of Committee.** The Chair shall submit a list of potential committee members to the Board. The committee must have at least one (1) person in addition to the Chair.

**Section 3. Procedure.** The committee shall submit a recommended set of Architectural Policies, Practices and Procedures, or ratification of existing Policies, Practices and Procedures, to the Board for its approval. The Committee shall institute comprehensive processes to implement all architectural controls, restrictions, rules, building standards and regulations provided for in the CC&Rs, Bylaws, and written Board policy.

**Section 4. Publication** The committee shall provide Members a guideline for architectural control of Lake Village in clear and plain English. No interpretation of any provision of the guideline shall the provisions of the Articles of Incorporation, CC&Rs, Bylaws and written Board policy.

ARTICLE X

**BOOKS & RECORDS**.

The Association’s books and records, except those relating to legal matters, delinquencies, or other sensitive matters, shall be available for inspection by any Member on Monday through Friday, excluding holidays, between 8:30 a.m. and 5:00 p.m. A written request must be provided at least two business days prior to the review. Review of the books and records of all association personnel shall be limited to: hours worked, rate of compensation and benefits.

The CC&Rs, Articles of Incorporation, and Bylaws shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at a reasonable cost.

**ARTICLE XI**

INSURANCE

**Section 1. Association Coverage.** The Board of Directors shall procure and maintain adequate insurance for liability, hazard, and insurable property events subject to a deductible approved by the Board. To clarify this, individual unit owners are responsible for the deductible portion of the Association insurance policy for insurance claims related to their building or unit.

a) The insurance shall cover all land and buildings within the Lake Village boundaries.

b) The Association's coverage shall include the entire exterior, roof, and the interior walls of each unit in Lake Village. Members are responsible for their own personal property coverage.

c) The insurance premiums for Association coverage are to be paid by the Association. The Association will collect a proportionate share of the premiums from each Member.

d) The insurance shall cover each owner for liability arising out of the common areas.

e) The insurance shall provide a waiver of subrogation (substitution of one creditor for another).

f) The insurance shall provide that no act or omission of a Member, unless acting on behalf of the association, shall void the policy or be a condition for recovery.

g) The Association policy shall be primary over any insurance, as defined above, in the name of an Owner.

**Section 2. Liability Coverage.** Liability insurance shall cover all officers, Directors, employees, and Unitowners engaged in official Association business.

**Section 3. Bonding.** All officers and employees with fiscal responsibilities are to be bonded, as the Board may deem appropriate.

**Section 4. Unit Interior Coverage.** The Association shall provide insurance coverage for the interior of the units, caused by an insured peril, including floor coverings, wall coverings and any permanently attached property. The Association coverage shall be subject to the deductible on the Association’s insurance policy. To clarify this, individual unit owners are responsible for the deductible portion of the Association insurance policy for insurance claims related to their building or unit.

The association shall **NOT** be responsible for Unit Owners' and guests' personal property. The Association shall **NOT** be responsible for injuries that occur within a Unit.

**ARTICLE XII**

**ASSESSMENTS.**

As more fully provided in the CC&Rs, each Member is obligated to pay to the Association the annual assessment in monthly, biannual or annual increments and any special assessments when special assessments are invoiced. Both annual and special assessments shall be an encumbrance upon the property. Any annual or special assessments that are not paid when due shall be deemed delinquent. Assessment payments are due on the first of the month, delinquent on the second of the month and subject to fine on the thirteenth of the month in which the assessment payment is scheduled to be paid. If the delinquency is not paid within fifteen (15) days after being deemed delinquent, a reasonable fee, to be determined by the Board of Directors, shall be charged. The unpaid balance of the delinquency shall bear interest at the maximum rate allowed by law.

The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, plus the interest cost and reasonable attorneys fees for any such action. No Owner may waive or otherwise escape liability for the dues or special assessments for any reason. This Article XII shall also apply to fees, fines, charges, late charges, fines and interest.

## ARTICLE XIII

**AMENDMENTS.**

These Bylaws may be amended at a regular or special meeting of the Members by a vote of ~~a~~ not less than seventy five percent (75%) of Members present in person or by proxy.

However, these Bylaws may be amended to comply with Nevada law at a regular or special meeting of the Board by approval of a resolution by the Board.

**ARTICLE XIV**

**MISCELLANEOUS.**

**Section 1. Fiscal Year.** The fiscalyear of the Association shall end March 31 of each year.

# Section 2. Commencing Litigation. The Association may commence civil litigation only upon a majority vote of all owners unless it is:

a) To enforce payment of an assessment;

b) To enforce the governing documents;

c) To proceed with a counterclaim; or

d) To protect the health, safety, and welfare of the Members of the Association.

**Section 3. Dispute Resolution Process.**  The Association shall establish rules and procedures that require all Members to attempt to resolve disputes among them and / or between them and the Association before entering into formal arbitration or civil litigation.

**Section 4. Arbitration & Mediation.** Subject to the provisions of NRS Chapter 38 requiring pre-suit arbitration or mediation, a civil action based on failure to comply with Chapter 116 or the governing documents may be brought:

a) By the Association against a Member, or

b) By a Member against the Association.

**Section 5. Selling of a Unit.** Before execution of any contract for sale of a unit, a unit owner must provide a prospective purchaser with:

a) The Association’s CC&Rs

b) Financial statements and current budget for the Association

c) A statement of any unsatisfied judgments or pending legal actions against the Association and the status of any pending legal actions relating to the community of which the Unit Owner has knowledge

d) A copy of any deed restrictions; and

e) A copy of the required "Information Statement".

**Section 6. Eminent Domain.** This Association may not exercise the power of eminent domain.

**Section 7. Order of Precedence.**  In the event of a conflict between the CC&Rs and the Bylaws, the CC&Rs prevail, except where the CC&Rs are inconsistent with NRS 116, as it shall be amended from time to time.