

BYLAWS
OF
SUN CITY MESQUITE HOMEOWNERS' ASSOCIATION

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**BYLAWS
OF
SUN CITY MESQUITE HOMEOWNERS' ASSOCIATION**

**ARTICLE 1
IDENTITY**

1.1 Declaration. These Bylaws will govern the operation of the Sun City Mesquite Homeowners' Association (the "Association"), a Nevada nonprofit corporation, which was created pursuant to the Declaration of Covenants, Conditions and Restrictions for Sun City Mesquite recorded on May 22, 2007 in Book 20070522 as Instrument No. 0002227 in the records of Clark County, Nevada, (the "Declaration"). Any amendments to the Declaration will automatically be incorporated in these Bylaws, and all references in these Bylaws to the Declaration will include any amendments.

1.2 Defined Terms. Wherever a capitalized word appears in these Bylaws, you should refer to **Section 1.2** of the Declaration or the Uniform Common-Interest Ownership Act, N.R.S. § 116.001, et seq., as amended from time to time (the "Act"), for its meaning.

1.3 Principal Office. The principal office of the Association will be located at the place designated in the Articles or such other place as the Association may designate from time to time, but meetings of Members and directors may be held at any other place within the State of Nevada designated by the Board of Directors.

**ARTICLE 2
MEMBERSHIP**

2.1 Members. Each Unit Owner is a Member of the Association. Membership may not be separated from ownership of the Unit, and joint ownership or ownership of undivided interests in a Unit will not create more Memberships than the number established by the Declaration.

2.2 Meetings. Meetings of Members may be held at the principal place of business of the Association or at any other convenient place designated by the Board of Directors. The first annual meeting of the Members may be held at any time set by the Board of Directors, but it must not be held later than the earliest to occur of (i) sixty (60) days after conveyance of twenty-five percent (25%) of the Units that may be created to Unit Owners other than a Builder or Declarant, or (ii) one (1) year after the Articles have been filed with the Nevada Secretary of State. After the first annual meeting, meetings of the Members must be held at least once each year no later than one (1) year after the date of the last meeting held, as determined by the Board of Directors. If the Members have not held a meeting for one (1) year, a meeting of the Members must be held on the following March 1.

2.3 Procedures for Meetings of Members. The President (or Vice President or any other officer of the Association if the President is unable to attend the meeting) will call the meeting to order and introduce each agenda item to be discussed. Except as provided in **Section 2.11**, any action taken at the meeting must be pursuant to an agenda item properly noticed

according to **Section 2.6**. Any Member may speak at a meeting but a Member must be recognized by the presiding officer before speaking. The Board of Directors may establish limitations on the time any one Member may speak at a meeting. Except when voting for directors as described in **Section 2.7** below, voting on Association business may be by either a show of hands or by secret written ballot, whichever the Board of Directors considers to be appropriate. Adjournment of a meeting will be initiated by a motion from a Member, followed by a second to the motion by another Member, and then a majority vote of the Members by a show of hands.

2.4 Minutes of Meetings. The Secretary of the Association shall cause minutes to be recorded or otherwise taken at each meeting of the Members. Not more than thirty (30) days after each such meeting, the Secretary shall cause the minutes or a summary of the minutes of the meeting to be made available to the Members upon payment to the Association of the cost of providing the copy to the Members. Except as otherwise provided in this Section, the minutes of each meeting of the Members must include (i) the date, time and place of the meeting, (ii) the substance of all matters proposed, discussed or decided at the meeting, and (iii) the substance of remarks made by any Member at the meeting if he requests that the minutes reflect his remarks or, if he has prepared written remarks, a copy of his prepared remarks if he submits a copy for inclusion. The Board of Directors may establish reasonable limitations on materials, remarks or other information to be included in the minutes of a meeting of the Members. The Association shall maintain the minutes of each meeting of the Members until the Community is terminated. A Member may record on audiotape or any other means of sound reproduction a meeting of the Members if the Member, before recording the meeting, provides notice of his intent to record the meeting to the other Members who are in attendance at the meeting. The Members may approve, at the annual meeting of the Members, the minutes of the prior annual meeting of the Members and the minutes of any prior special meetings of the Members. A quorum is not required to be present when the Members approve the minutes.

2.5 Proxies. At all meetings of the Members, each Member may vote in person or by proxy, except that a vote may not be cast by a proxy for the election of a director. A proxy may be granted by any Member in favor of only a person in that Member's immediate family, another Member residing in the Community or the tenant of the Member's Unit. Only a Member signing a cancellation notice and giving it to the person presiding over the meeting may cancel a proxy. Every proxy may be canceled at any time prior to the commencement of a meeting and the cancellation will be effective upon the receipt of such cancellation by the person presiding over the meeting. A facsimile, telegram or cablegram transmitted by a Member or by his authorized attorney-in-fact may be accepted as a valid proxy if it complies with this Section. Before a vote may be cast pursuant to a proxy, (i) the proxy must be dated; (ii) the proxy must not purport to be revocable without notice; (iii) the proxy must designate the meeting for which it is executed; (iv) the proxy must designate each specific item on the agenda of the meeting for which the Member has executed the proxy, except that the Member may execute the proxy without designating any specific items on the agenda of the meeting if the proxy is to be used solely for determining whether a quorum is present for the meeting. If the proxy designates one or more specific items on the agenda of the meeting for which the Member has executed the proxy, the proxy must indicate, for each specific item designated in the proxy, whether the holder of the proxy must cast a vote in the affirmative or the negative on behalf of the Member. If the proxy does not indicate whether the holder of the proxy must cast a vote in the affirmative or the negative for a

particular item on the agenda of the meeting, the proxy must be treated, with regard to that particular item, as if the Member were present but not voting on that particular item; and (v) the holder of the proxy must disclose at the beginning of the meeting for which the proxy is executed the number of proxies pursuant to which the holder will be casting votes. A proxy terminates immediately after the conclusion of the meeting for which it is executed. A vote may not be cast pursuant to a proxy for the election or removal of a director. The holder of a proxy may not cast a vote on behalf of the Member who executed the proxy in a manner that is contrary to the proxy. A proxy is void if the proxy or the holder of the proxy violates any provision of this Section. If any votes are allocated to a Unit that is owned by the Association, those votes may not be cast, by proxy or otherwise, for any purpose.

2.6 Notice.

2.6.1 Notice of all meetings of the Members stating the time and place of the meeting and any other matters required by Nevada law, must be given by the President, Vice President or Secretary unless notice is waived in writing. Each notice given under this Section must include:

(i) notification of the rights of a Member to have a copy of the minutes or a summary of the minutes of the meeting provided to a Member upon request if the Member pays the Association the cost of providing the copy to the Member;

(ii) notification of the rights of a Member to speak to the Association;
and

(iii) the agenda for the meeting, which 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 a director of the Association, (b) a list describing the items on which action may be taken and clearly denoting that action may be taken on those items, and (c) a period devoted to comments by Members and discussion of those comments.

2.6.2 The notice must be in writing and addressed to each Member entitled to vote at the meeting at the address of the Member as it appears on the books of the Association (or if no address appears, then at the Member's last known address). The notice must be hand-delivered or sent prepaid United States mail not less than fifteen (15) days or more than sixty (60) days prior to the date of the meeting. Notice of meetings may be waived before, during or after the meeting, by each Member entitled to vote at the meeting.

2.6.3 The Association must give written notice to each Member at least twenty-one (21) days before any meeting at which an Assessment for a capital improvement is to be considered or a vote is to be taken on such an Assessment.

2.6.4 The Association must give written notice to each Member at least twenty-one (21) calendar days before any meeting at which a proposed civil action is to be considered or action is to be taken on such a civil action. This paragraph does not apply to the following civil actions:

- (i) enforcement of the payment of an Assessment;
- (ii) enforcement of the Governing Documents;
- (iii) enforcement of a contract with a vendor;
- (iv) proceeding with a counterclaim; or
- (v) protection of the health, safety and welfare of the Members.

2.7 Voting for Board Members.

2.7.1 In any election for the members of the Board of Directors, every Member entitled to vote at the election may have its number of votes multiplied by the number of directors to be elected. Cumulative voting shall not be permitted. The candidates receiving the highest number of votes, up to the number of directors to be elected, will be elected. A quorum is not required for the election of any director.

2.7.2 Directors must be elected by secret written ballot. The Secretary of the Association shall cause to be sent prepaid by United States mail to the mailing address of each Member a secret ballot and a return envelope. The ballot must specify the time by which it must be delivered to the Association in order to be counted, which time shall not be less than fifteen (15) days after the date that the Association mailed the ballot. Once a ballot has been received by the Association, the ballot may not be revoked.

2.7.3 Votes cast for the election of a director must be opened and counted in public at a meeting of the Members of the Association. A quorum is not required to be present when the secret written ballots are opened and counted. Only the secret written ballots that are returned to the Association may be counted to determine the outcome of the election.

2.7.4 The incumbent directors and each person whose name is placed on the ballot as a candidate for a director may not possess, be given access to or participate in the opening or counting of the secret written ballots that are returned to the Association before those secret written ballots have been opened and counted at a meeting of the Members of the Association.

2.8 Quorum. A quorum of Members for any meeting must consist of at least ten percent (10%) of the votes entitled to be cast at the meeting. Except for the election of directors, the votes may be represented in person or by proxy. The vote of a majority of the Members represented at a meeting will be considered as the act of all Members, unless the vote of a greater number is required by these Bylaws, the Articles, the Declaration or Nevada law.

2.9 Special Meetings. Special meetings of the Members may be called by the President, a majority of the Board of Directors or upon receipt of a written request for a special meeting signed by Members constituting at least ten percent (10%) of the total number of voting Members of the Association. The same number of Members may also call a removal election pursuant to **Subsection 3.5.1** of these Bylaws. To call a special meeting or a removal election, the Members must submit a written petition signed by the required percentage of the total

number of voting Members of the Association pursuant to this Section, which must be mailed, return receipt requested, or served by a process server to the Board of Directors or the Community Manager (defined in **Section 3.21** of these Bylaws). If the petition calls for a special meeting, the Board of Directors shall set the date for the special meeting so that the special meeting is held not less than fifteen (15) days or more than sixty (60) days after the date on which the petition is received. If the petition calls for a removal election, the secret written ballots for the removal election must be sent in the manner required by **Subsection 3.5.1** not less than fifteen (15) days or more than sixty (60) days after the date on which the petition is received, and the Board of Directors shall set the date for the meeting to open and count the secret written ballots so that the meeting is held not more than fifteen (15) days after the deadline for returning the secret written ballots.

2.10 Adjourned Meetings. If any meeting of Members cannot be held because a quorum has not attended, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum is present.

2.11 Action of Members. Except in emergencies, no action may be taken at any meeting of the Association on any matter that is not specifically included on the agenda. As used in this Section, "emergency" means any occurrence or combination of occurrences that (i) could not have been reasonably foreseen, (ii) affects the health, welfare and safety of the Members or Residents, (iii) requires the immediate attention of, and possible action by, the Board of Directors, and (iv) makes it impracticable to comply with the notice provisions for meetings of Members.

ARTICLE 3 BOARD OF DIRECTORS

3.1 Number and Qualification. The business, property and affairs of the Association will be managed, controlled and conducted by the Board of Directors. The Board of Directors initially will consist of three (3) members. The number of directors may be increased from time to time by a majority vote of the Board of Directors, or by a majority vote of the Members at any regular or special meeting called for that purpose, but the number of directors shall not be less than three (3) and shall always be an odd number. If the Board of Directors or the Members vote to increase the number of directors, each additional director will be elected by the current members of the Board of Directors and each new director will hold office until his successor is elected. Each director must be a Member or other eligible person as set forth in **Section 3.2** of these Bylaws, except the directors originally named to the Board of Directors in the Articles and any director elected or appointed by Declarant. Declarant has the right to appoint and remove the members of the Board of Directors subject to the following limitations:

(i) at least one (1) director and not less than twenty-five percent (25%) of the total directors must be elected by Members other than a Builder or Declarant not later than sixty (60) days after conveyance of twenty-five percent (25%) of the total number of Units that may be created to Unit Owners other than a Builder or Declarant;

(ii) at least thirty-three and one-third percent (33-1/3%) of the total directors must be elected by Members other than a Builder or Declarant not later than sixty (60) days after conveyance of fifty percent (50%) of the total number of Units that may be created to Unit Owners other than a Builder or Declarant; and

(iii) the power reserved in these Bylaws to Declarant to appoint or remove a majority of the members of the Board of Directors will terminate on the earlier of: (a) sixty (60) days after conveyance of seventy-five percent (75%) of the total number of Units that may be created to Unit Owners other than a Builder or Declarant; (b) five (5) years after all Declarants and Builders have ceased to offer any Units for sale in the ordinary course of business; (c) five (5) years after any right to add new Units was last exercised; or (d) such later date as may be permitted under the Act.

3.2 Notice of Eligibility; Disclosure of Business Affiliations; Ineligibility.

3.2.1 Not less than thirty (30) days before the preparation of a ballot for the election of directors, the Secretary of the Association must give notice to each Member of his/her eligibility to serve as a director. Each Member who is qualified to serve as a director may have his/her name placed on the ballot along with nominees selected by the Board of Directors, provided that Unit Owners of the same Unit may not serve on the Board of Directors at the same time. In addition to a Member, an officer, employee, agent or director of a corporate Unit Owner, a trustee or designated beneficiary of a trust that owns a Unit, a partner of a partnership that owns a Unit, a member or manager of a limited liability company that owns a Unit and a fiduciary of an estate that owns a Unit (collectively, an "Entity Agent") may be a director. In all events where the person serving or offering to serve as a director is not the record Unit Owner, he/she must file proof in the records of the Association that he/she is associated with the corporate Unit Owner, trust, partnership, limited liability company or estate as required by this Subsection and identify the Unit or Units owned by the corporate Unit Owner, trust, partnership, limited liability company or estate.

3.2.2 Each person whose name is placed on the ballot as a candidate for a director must (i) make a good faith effort to disclose any financial, business, professional or personal relationship or interest that would result or would appear to a reasonable person to result in a potential conflict of interest for the candidate if the candidate were to be elected to serve as a director, and (ii) disclose whether the candidate is a Member in good standing. For the purposes of this Section, a candidate shall not be deemed to be in "good standing" if the candidate (a) has any unpaid and past due Assessments, fines, fees, charges or construction penalties that are required to be paid to the Association or if the candidate is not in compliance with any other provisions of the Governing Documents, or (b) has any unpaid and past due Assessments, fines, fees or charges that are required to be paid to the Master Association or if the candidate is not in compliance with any other provision of the Master Governing Documents. The candidate must make all disclosures required pursuant to this Subsection in writing to the Association with his candidacy information. The Association shall distribute the disclosures to each Member of the Association with the ballot at the address of the Member as it appears on the books of the Association (or if no address appears, then at the Member's last known address).

3.2.3 Unless a person is appointed by the Declarant, a person is not eligible to serve on the Board of Directors if (i) the person, his spouse or his parent or child, by blood, marriage or adoption, performs the duties of Community Manager for the Association or the Master Association, or (ii) at the time a person's name is proposed to be placed on a ballot for election of directors, such person (or the Unit Owner if such person is an Entity Agent) is not deemed to be in "good standing."

3.3 Election and Term of Office. Directors appointed by the Declarant will serve until their successors are elected. After the Period of Declarant Control has ended, the directors elected by the Members will be divided into two groups with staggered terms of office of one or two years. The directors will be assigned to one of the groups of directors based on the total number of votes each director receives with the directors receiving the highest total number of votes being assigned to the class with the longest term. In the case of a tie in the number of votes received by candidates, election and assignment of the term of the director will be decided by lot. In each election of directors thereafter, directors will be elected for a term of two years. If the number of directors is increased by the Board, the Board will assign each of the newly created directorships to one of the groups of directors so that the number of directorships in each group is reasonably consistent. Directors may succeed themselves.

3.4 Certification. At the time of his/her appointment or election, each member of the Board of Directors will, within ninety (90) days after his/her appointment or election, certify in writing to the Association, on a form prescribed by the Administrator of the Real Estate Division of the Department of Business and Industry of the State of Nevada, that he/she has read and understands the Governing Documents and the provisions of the Act to the best of his/her ability.

3.5 Removal.

3.5.1 Any director, other than a director appointed by the Declarant, may be removed from the Board of Directors, with or without cause, if at a removal election held pursuant to this Subsection the number of votes cast in favor of removal constitutes (i) at least thirty-five percent (35%) of the total number of voting Members of the Association, and (ii) at least a majority of all votes cast in such removal election. The removal of any director not appointed by the Declarant must be conducted by secret written ballot. The Secretary of the Association shall cause a secret ballot and a return envelope to be sent, prepaid by United States mail, to the mailing address of each Unit within the Community or to any other mailing address designated in writing by the Member. Each Member must be provided with at least fifteen (15) days after the date the secret written ballot is mailed to the Member to return the secret written ballot to the Association. Only the secret written ballots that are returned to the Association may be counted to determine the outcome. The secret written ballots must be opened and counted at a meeting of the Members of the Association. A quorum is not required to be present when the secret written ballots are opened and counted at the meeting. The incumbent directors, including, without limitation, the director who is subject to the removal, may not possess, be given access to or participate in the opening or counting of the secret written ballots that are returned to the Association before those secret written ballots have been opened and counted at a meeting of the Members of the Association.

3.5.2 Any director may be removed from office, with cause, by a majority vote of the Board of Directors at any regular or special meeting of the Board of Directors called for that purpose. It is cause for removal if a director is absent from more than three (3) consecutive meetings of the Board of Directors and those absences are not excused by the President of the Association prior to the meetings in question.

3.6 Vacancies. Vacancies on the Board of Directors caused by any reason may be filled by vote of the majority of the remaining directors even though a quorum may not exist, or by the remaining director if there is only one director, and each person elected will be a director until his successor is elected by the Members.

3.7 Compensation. Directors will not receive compensation for their services as directors. Directors will not receive compensation for any other services performed by a director in any other capacity unless all other directors approve of the payment before the services are performed. Even though compensation for a director for other services may be approved by all other directors, no compensation, gratuity or other remuneration may be accepted by a director that would improperly influence or would appear to a reasonable person to improperly influence the decisions made by that director or would result or would appear to a reasonable person to result in a conflict of interest for that director. Directors may be reimbursed for any actual expenses incurred in connection with their duties as directors.

3.8 Regular Meetings. Regular meetings of the Board of Directors may be held at the time and place as determined, from time to time, by a majority of the directors, but at least one (1) meeting (including an organizational meeting within ten (10) days of election of directors by the Members of the Association) must be held each ninety (90) days. At least once every ninety (90) days the Board of Directors must review at one of its meetings:

- (i) a current year-to-date financial statement of the Association;
- (ii) a current year-to-date schedule of revenues and expenses for the operating account and the reserve account, compared to the budget for those accounts;
- (iii) a current reconciliation of the operating account of the Association;
- (iv) a current reconciliation of the reserve account of the Association;
- (v) the latest account statements prepared by the financial institutions in which the accounts of the Association are maintained; and
- (vi) the current status of any civil action or claim submitted to arbitration or mediation in which the Association is a party.

Notwithstanding the foregoing, to the extent the Act from time to time provides that (i) regular meetings of the Board of Directors may be held less frequently than every ninety (90) days, or (ii) the review criteria set forth above may be reviewed less frequently than every ninety (90) days, such period of time may be established by the Board of Directors to apply in lieu of the time periods set forth in this Section.

3.9 Minutes of Meetings. The Secretary of the Association shall cause minutes to be recorded or otherwise taken at each meeting of the Board of Directors. Not more than thirty (30) days after each such meeting, the Secretary shall cause the minutes or a summary of the minutes of the meeting to be made available to the Members upon payment to the Association of the cost of providing the copy to the Members. Except as otherwise provided in this Section and N.R.S. § 116.31085, the minutes of each meeting of the Board of Directors must include (i) the date, time and place of the meeting, (ii) those directors who were present and those directors who were absent at the meeting; (iii) the substance of all matters proposed, discussed or decided at the meeting, (iv) a record of each director's vote on any matter decided by vote at the meeting, and (v) the substance of remarks made by any Member who addresses the Board of Directors at the meeting if he requests that the minutes reflect his remarks or, if he has prepared written remarks, a copy of his prepared remarks if he submits a copy for inclusion. The Board of Directors may establish reasonable limitations on materials, remarks or other information to be included in the minutes of its meetings. The Association shall maintain the minutes of each Board of Directors meeting until the Community is terminated. A Member may record on audiotape or any other means of sound reproduction a meeting of the Board of Directors unless the Board of Directors is meeting in executive session, if the Member, before recording the meeting, provides notice of his intent to record the meeting to the directors and the other Members who are in attendance at the meeting.

3.10 Notice.

3.10.1 Notice of all meetings of the Board of Directors stating the time and place of the meeting and any other matters required by Nevada law must be given to all Members by the Secretary or President unless notice is waived in writing. Each notice given under this Section must include:

(i) notification of the rights of a Member to have a copy of the minutes or a summary of the minutes of the meeting provided to a Member upon request if the Member pays the Association the cost of providing the copy to the Member;

(ii) notification of the rights of a Member to speak to the Board of Directors unless the Board of Directors is meeting in executive session; and

(iii) the agenda for the meeting, which must consist of (a) a clear and complete statement of the topics scheduled to be considered during the meeting, (b) a list describing the items on which action may be taken and clearly denoting that action may be taken on those items, and (c) a period devoted to comments by Members and discussion of those comments, which period must be scheduled for the beginning of each meeting. If at a meeting of the Board of Directors an item not listed on the agenda as an item for which action may be taken requires a vote due to an emergency, the Board of Directors may take action on that item. Instead of mailing the agenda for the meeting, the Secretary or President may include in the notice the date on which and the locations where copies of the agenda may be conveniently obtained by the Members.

3.10.2 Except as provided in **Section 3.11** below, the notice must be in writing and sent prepaid by U.S. mail or published in a newsletter or other similar publication that is

circulated to each Member. If the notice is mailed, it must be addressed to each Member at the address of the Member as it appears on the books of the Association (or if no address appears, then at the Member's last known address) and sent not less than ten (10) days prior to the date of the meeting. Notice of meetings may be waived before, during or after the meeting, by each Member.

3.11 Special and Emergency Meetings. The President or Secretary may call special meetings of the Board of Directors. Upon the written request of at least two (2) of the directors, the President or Secretary will call special meetings of the Board of Directors. All notice provisions in **Section 3.10** of these Bylaws also apply to special meetings of the Board of Directors unless the special meeting is called for emergency purposes, and in that event the notice must be hand-delivered to each Unit within the Community or posted in a prominent place or places within the Common Elements of the Association. As used in this Section and in **Subsection 3.10.1(iii)**, "emergency" means any occurrence or combination of occurrences that (i) could not have been reasonably foreseen, (ii) affects the health, welfare and safety of the Members or Residents, (iii) requires the immediate attention of, and possible action by, the Board of Directors, and (iv) makes it impracticable to comply with the notice provisions for meetings of the Board of Directors.

3.12 Right of Members to Speak at Meetings. A Member may attend any regular or special Board of Directors meeting and speak at the meeting; however, except as provided in **Section 3.14** below, Members may not attend executive sessions of the Board of Directors that may be called to discuss matters that , by law, are permitted to be discussed in executive session.

3.13 Complaints Against Board of Directors. If the Board of Directors receives a written complaint from a Member alleging that the Board of Directors has violated any provision of the Act or any provision of the Governing Documents, the Board of Directors shall, if action is required by the Board of Directors, place the subject of the complaint on the agenda of the next regularly scheduled meeting of the Board of Directors. Not later than ten (10) business days after the date that the Association receives such a complaint, the Board of Directors or an authorized representative of the Association shall acknowledge the receipt of the complaint and notify the Member that, if action is required by the Board of Directors, the subject of the complaint will be placed on the agenda of the next regularly scheduled meeting of the Board of Directors.

3.14 Executive Sessions.

3.14.1 During any meeting of the Board of Directors, the Board of Directors may call for an executive session only to (i) consult with the attorney for the Association on matters relating to proposed or pending litigation if the contents of the discussion would otherwise be governed by the privilege set forth in N.R.S. §§ 49.035 to 49.115, inclusive, or to enter into, renew, modify, terminate or take any other action regarding a contract between the Association and the attorney, (ii) discuss the character, alleged misconduct, professional competence or physical or mental health of a Community Manager or an employee of the Association, (iii) except as otherwise provided in **Subsection 3.14.2**, discuss a violation of the Governing Documents, including, without limitation, the failure to pay an Assessment, and (iv) discuss the alleged failure of a Unit Owner to adhere to a schedule established by the Association pursuant

to the Declaration if the alleged failure may subject the Unit Owner to a construction penalty. The Board of Directors may not meet in executive session to enter into, renew, modify, terminate or take any other action regarding a contract, unless it is a contract between the Association and an attorney.

3.14.2 The Board of Directors must meet in executive session to hold a hearing on an alleged violation of the Governing Documents unless the person who may be sanctioned for the alleged violation requests in writing that an open hearing be conducted by the Board of Directors. If the person who may be sanctioned for the alleged violation requests in writing that an open hearing be conducted, the person is entitled to attend all portions of the hearing related to the alleged violation, including, without limitation, the presentation of evidence and the testimony of witnesses, but the person is not entitled to attend the deliberations of the directors.

3.14.3 Any decision made on matters discussed by the Board of Directors in executive session must be generally noted in the minutes of the meeting of the Board of Directors. The Board of Directors shall maintain minutes of any decision made pursuant to **Subsection 3.14.2** concerning an alleged violation and, upon request, provide a copy of the decision to the person who was subject to being sanctioned at the hearing or to his designated representative.

3.14.4 Except as otherwise provided in **Subsection 3.14.2**, a Member is not entitled to attend or speak at a meeting of the Board of Directors held in executive session.

3.15 Quorum. A majority of the Board of Directors will constitute a quorum for the transaction of business, but if at any meeting of the Board of Directors there are less than a quorum present, a majority of those present may adjourn the meeting from time to time. Every act or decision done or made by a majority of the directors at a duly held meeting at which a quorum is present is regarded as the act of the Board of Directors unless the Articles, the Bylaws or the Declaration otherwise specifically requires the affirmative vote of a different number of directors on a specific matter.

3.16 Adjournments. The Board of Directors may adjourn any meeting from time to time when it is in the best interests of the Association, provided that no meeting may be adjourned for a period longer than thirty (30) days.

3.17 Action Taken Without a Meeting. Unless specifically prohibited under the Act and/or N.R.S. Chapter 82, the directors may 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 of the directors. Any action approved in writing has the same effect as if it were taken at a meeting of the directors.

3.18 Powers and Duties. The Board of Directors has the powers and duties necessary for the administration of the affairs of the Association. The Board of Directors may do all things necessary to operate the Association unless these Bylaws, the Articles, the Declaration or law requires a vote of the Members. The powers of the Board of Directors include, but are not limited to, all of the rights and duties of the Board of Directors stated elsewhere in these Bylaws, the Articles, the Declaration and Nevada law, and also include the power to adopt Rules

pertaining to the rights and duties of Members of the Association. These Rules may include, without limitation, reasonable fines, penalties and/or fees for violating the Governing Documents. The Board of Directors may delegate to one (1) or more committees appointed by the Board of Directors, and to other persons, duties and powers that may appear to the Board of Directors to be in the best interests of the Association but only to the extent permitted by law. All the powers and duties of the Association will be exercised by the Board of Directors, except those powers and duties requiring a vote of the Members as stated in the Declaration, the Articles, the Bylaws or by law. To the extent permitted under Nevada law, these powers and duties include, without limitation, the authority, but not the obligation, to suspend voting rights and any rights of a Member to use the Common Elements if that Member has failed to pay any Assessment or other amount due to the Association under the Governing Documents. The Board of Directors may also suspend voting and Common Element use rights for a reasonable time after notice and a hearing for violating the provisions of the Governing Documents.

3.19 Duty to Provide Reserve Study. In order to provide adequate funding of the reserve accounts of the Association, the Board of Directors must cause to be conducted at least once every five (5) years a study of the reserve funds required to repair, replace and restore the major components of the Areas of Common Responsibility. The Board of Directors will review the results of that study at least annually to determine if those reserves are sufficient and make any adjustments it deems necessary to maintain the required reserves. The study must be conducted by a person who is qualified under the Act to perform such services. A summary of the study of the reserves, which shall include the following information, must be submitted to the Division not later than forty-five (45) days after adoption by the Board of Directors:

(i) a summary of an inspection of the major components of the Areas of Common Responsibility;

(ii) identification of the major components of the Areas of Common Responsibility that have a remaining useful life of less than 30 years;

(iii) an estimate of the remaining useful life of each major component of the Areas of Common Responsibility identified in paragraph (ii);

(iv) an estimate of the cost of repair, replacement or restoration of each major component of the Areas of Common Responsibility identified in paragraph (ii) during and at the end of its useful life;

(v) an estimate of the total annual Assessment that may be necessary to cover the cost of repairing, replacing or restoring the major components of the Areas of Common Responsibility identified in paragraph (ii), after subtracting the reserves of the Association as of the date of the study; and

(vi) an estimate of the funding plan that may be necessary to provide adequate funding for the required reserves.

3.20 Duty to Conduct Audit. The Board of Directors must cause the financial statement of the Association to be audited by an independent certified public accountant at such

times as required by the Act and in compliance with the requirements for auditing or reviewing financial statements of the Association that are adopted pursuant to law.

3.21 Community Manager. The Board of Directors may employ for the Association and the Community a "Community Manager" at a compensation established by the Board of Directors. The Community Manager must be qualified, according to the standards of applicable law, to manage the Association and the Community and may perform those duties and services authorized by the Board of Directors, except for the following duties, which may be performed only by the Board of Directors:

- Assessments;
- (i) adopt the annual budgets, any amendments to the budgets or levy
 - (ii) adopt, repeal or amend Rules;
 - (iii) designate persons to sign on Association bank accounts;
 - (iv) borrow money on behalf of the Association; and
 - (v) acquire real property.

Any contract signed by the Association for services to be performed by a Community Manager must be for a term not to exceed one (1) year and contain a provision that the contract can be terminated without cause or penalty upon no more than ninety (90) days notice.

3.22 Fidelity Insurance. The Board of Directors may require, in its discretion, and must require to the extent required by the Declaration, that all officers and employees of the Association handling or responsible for the Association's funds furnish fidelity insurance. In the event fidelity insurance is required by the Board of Directors, the premiums for the insurance will be paid by the Association.

3.23 Committees. The Board of Directors may appoint committees of the Board of Directors, which committees will have the powers and authority designated in the resolution or resolutions establishing them.

ARTICLE 4 OFFICERS

4.1 Designation and Qualifications. The principal officers of the Association will be a President, a Secretary and a Treasurer, all of whom will be elected by the Board of Directors. Each officer must be a Member, an Entity Agent (as defined in **Subsection 3.2.1**) or a representative designated by Declarant. The directors may appoint one (1) or more Vice Presidents, an Assistant Secretary and an Assistant Treasurer and any other officers as in their judgment may be necessary. Any one (1) person may hold two (2) or more offices at the same time, except that no one person may simultaneously hold the office of President and Secretary. Except for a person that is elected as an officer during the Period of Declarant Control, a person may not be an officer of the Association if (i) the person, his spouse or his parent or child, by blood, marriage or adoption, performs the duties of Community Manager for the Association or

for the Master Association, or (ii) the person (or the Unit Owner if such person is an Entity Agent) is not in "good standing," as defined in **Subsection 3.2.2**.

4.2 Election of Officers. The officers of the Association will be elected from time to time by the Board of Directors. The election of officers will take place at the first meeting of the Board of Directors following each annual meeting of the Members.

4.3 Removal of Officers. Any officer may be removed, either with or without cause, and his successor elected upon an affirmative vote of a majority of the members of the Board of Directors.

4.4 Resignation of Officers. Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. A resignation by an officer will take effect on the date of receipt of the resignation notice or at any later time specified in the notice. The acceptance of an officer's resignation will not be necessary to make it effective, unless otherwise specified in the notice.

4.5 Vacancies. A vacancy in any office may be filled by vote of a majority of the Board of Directors. The officer elected to fill the vacancy will serve for the remainder of the term of the officer being replaced.

4.6 President. The President will be the chief executive officer of the Association. The President will preside at all meetings of the Members of the Association and of the Board of Directors and will have all of the general powers and duties that are normally given to the office of the President of a corporation. The President will prepare (or instruct someone to prepare), execute, certify and Record any amendments to the Governing Documents on behalf of the Association.

4.7 Vice President. The Vice President (or the most senior Vice President, if there is more than one) will take the place of the President and perform the President's duties whenever the President is absent, unable to act or refuses to act. If neither the President nor a Vice President is able to act, the Board of Directors will appoint some other member of the Board of Directors to do so on an interim basis. A Vice President will also perform any other duties that may be imposed from time to time upon the Vice President by the Board of Directors. The Vice President will prepare (or instruct someone to prepare), execute, certify and Record any amendments to the Governing Documents on behalf of the Association if the President is absent, unable to act or refuses to act.

4.8 Secretary. The Secretary will keep the minutes of the meetings of the Board of Directors and the minutes of all meetings of the Members of the Association. The Secretary will have custody of the seal of the Association and will have charge of the membership books and any other books and papers that the Board of Directors considers appropriate. The Secretary may direct, and will, in general, perform all the duties normally given to the office of the Secretary of a corporation.

4.9 Treasurer. The Treasurer will have the responsibility for the Association's funds and securities and will be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer will be responsible for the

deposit of all moneys and other valuable effects in the name and to the credit of the Association in such banks or savings and loans designated from time to time by the Board of Directors.

4.10 Compensation. Officers will not receive compensation for their services as officers. Officers will not receive compensation for any other services performed by an officer in any other capacity unless all members of the Board of Directors approve of the payment before the services are performed. Even though compensation for an officer for other services may be approved by the Board of Directors, no compensation, gratuity or other remuneration may be accepted by an officer that would improperly influence or would appear to a reasonable person to improperly influence the decisions made by that officer or would result or would appear to a reasonable person to result in a conflict of interest for that officer. Officers may be reimbursed for any actual expenses incurred in connection with their duties as officers.

ARTICLE 5 INDEMNIFICATION

To the extent it has the power to do so under the Nevada law governing nonprofit corporations, the Association will indemnify any and all of its directors and officers, and former directors and officers, against expenses incurred by them in a legal action brought against any such person for (i) acts or omissions alleged to have been committed by any such person while acting within the scope of authority as a director or officer of the Association, or (ii) exercising the powers of the Board of Directors, provided that the Board of Directors will determine in good faith that such person did not act, fail to act, or refuse to act with gross negligence or with wrongful, fraudulent or criminal intent in regard to the matter involved in the action. The expenses included in this indemnification include legal fees, judgments and penalties rendered or levied against any such person, except the Board of Directors will have the right to refuse indemnification of expenses in any instance in which the person to whom indemnification would otherwise have been applicable has incurred expenses without approval by the Board of Directors that are, according to the Board of Directors, excessive and unreasonable under the circumstances. The Board of Directors also will have the right to refuse indemnification of expenses, judgments, or penalties in any instance in which a person has refused unreasonably to permit the Association, at its own expense and through counsel of its own choosing, to defend the person in the action or to compromise and settle the action. The Association will also indemnify the employees, committee members and direct agents of the Association in the same manner and with the same limitations as provided above with respect to directors and officers.

ARTICLE 6 MISCELLANEOUS

6.1 Books and Accounts.

6.1.1 The Board of Directors at all times will keep, or will instruct the Treasurer to keep, true and correct records of account in accordance with generally accepted accounting principles and sufficiently detailed to enable the Association to comply with N.R.S. § 116.4109. The Board of Directors will have available for the inspection of all Members and their authorized agents at reasonable times, the books that will specify in reasonable detail all expenses incurred and funds accumulated from Assessments or otherwise, including, without limitation, the most

current versions of the balance sheet, profit and loss statement and operational and reserve budgets. The membership records of the Association, the Governing Documents, the most current reserve study, all contracts to which the Association is a party and all records filed with a court relating to a civil or criminal action to which the Association is a party also will be available for inspection by any Member and the Member's authorized agents at the principal offices of the Association. The Board of Directors will provide copies of any books and records to any Member within fourteen (14) days (or any shorter period of time required by law) after receiving a written request from a Member and may charge a reasonable amount not to exceed the amount allowed by applicable law for copies of books, records, minutes, summary of minutes or other documents requested by any Member. This information may be used by the Member only in connection with the business and affairs of the Association, and not for any other purposes (including, but not limited to, the solicitation of Members). The obligation of the Association to make available for inspection and to provide copies of the books and records of the Association does not apply to (i) personnel records of employees of the Association, except for those records relating to the number of hours worked and the salaries and benefits of those employees, (ii) records of the Association relating to a specific Member, except for those records described in **Subsection 6.1.2** below, (iii) a contract between the Association and an attorney, and (iv) any other information that by law may be withheld from the Members.

6.1.2 The Board of Directors shall maintain a general record concerning each violation of the Governing Documents, other than a violation involving a failure to pay an Assessment, for which the Board of Directors has imposed a fine, a construction penalty or any other sanction. The general record (i) must contain a general description of the nature of the violation and the type of the sanction imposed, provided, that if the sanction imposed was a fine or construction penalty, the general record must specify the amount of the fine or construction penalty; (ii) must not contain the name or address of the person against whom the sanction was imposed or any other personal information that may be used to identify the person or the location of the Unit, if any, that is associated with the violation; and (iii) must be maintained in an organized and convenient filing system or data system that allows a Member to search and review the general records concerning violations of the Governing Documents.

6.2 Contracts; Conflict of Interest. Except as otherwise provided in this Section, a director or an officer of an Association shall not: (i) enter into a contract or renew a contract with the Association to provide goods or services to the Association; or (ii) otherwise accept any commission, personal profit or compensation of any kind from the Association for providing goods or services to the Association. The provisions of this Section do not prohibit the Declarant, an affiliate of the Declarant or an officer, employee or agent of the Declarant or an affiliate of the Declarant from: (a) receiving any commission, personal profit or compensation from the Association, the Declarant or an affiliate of the Declarant for any goods or services furnished to the Association; (b) entering into contracts with the Association, the Declarant or affiliate of the Declarant; or (c) serving as a member of the Board of Directors or as an officer of the Association.

6.3 Execution of Corporate Documents. All notes, checks and contracts or other obligations of the Association will be signed on behalf of the Association by an officer or officers of the Association designated by the Board of Directors with the prior authorization of the Board of Directors; provided, however, that the Board of Directors at all times shall

designate persons to sign for the withdrawal of money from operating accounts and reserve accounts as required by the Act.

6.4 Change in Governing Documents. If any change is made to the Governing Documents, the Secretary of the Association will, within thirty (30) days after the change is made, prepare and cause to be hand-delivered or sent prepaid by U.S. Mail to the address of each Unit or to any other mailing address as designated in writing by a Member a copy of the change that was made.

6.5 Fiscal Year. The fiscal year of the Association will be January 1 through December 31, or any other period set by the Board of Directors. However, the first fiscal year of the Association will begin on the date of incorporation of the Association and end on December 31 of the same year as incorporation.

6.6 Conflict in Documents. In the case of any conflict between the Articles and these Bylaws, the Articles will control. In the case of any conflict between the Declaration and these Bylaws, or between the Articles and the Declaration, the Declaration will control. In the event of any conflict between these Bylaws and the Master Governing Documents, the Master Governing Documents shall control, although such documents shall be construed to be consistent with one another to the extent possible.

6.7 Conflict with N.R.S. Chapter 116. To the extent that any provision of the Bylaws conflicts with the Act, the Bylaws shall be deemed to comply with those provisions by operation of law, giving as much meaning to the intent of the Bylaws as is possible, and the Bylaws shall not be required to be amended to conform to such provisions. The inclusion of a provision that violates any provision of the Act does not render any other provisions of the Bylaws invalid or otherwise unenforceable if the other provisions can be given effect in accordance with their original intent and provisions of the Act.

ARTICLE 7 AMENDMENT OF THE BYLAWS

These Bylaws may be amended with or without a meeting of the Members by the affirmative vote or written consent of more than fifty percent (50%) of the voting power of the Members. However, an amendment of any provision of these Bylaws that requires specific voting and quorum percentages must have the same voting and quorum requirements for the amendment of the provision. These Bylaws may not be amended to contain any provisions that would be contrary to or inconsistent with the Declaration or the Master Governing Documents, and any provision of or purported amendment to these Bylaws that is contrary to or inconsistent with the Declaration or the Master Governing Documents will be void to the extent of such inconsistency. The Declarant, so long as the Declarant owns any Unit, and thereafter, the Board of Directors, without a vote of the Members, may amend these Bylaws in order to conform these Bylaws to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Governing Documents is required by law or requested by the Declarant or the Association. So long as the Declarant owns any Unit, any amendment of these Bylaws must be approved in

writing by the Declarant. These Bylaws may not be amended without the prior written approval of the Master Declarant or the Master Association, whichever is applicable pursuant to Section 4.2 of the Master Declaration, with such approval having been endorsed on such amendment.

ARTICLE 8 FINES

8.1 Power of Board of Directors to Impose Fines. Pursuant to the power granted to the Board of Directors by the Declaration and to the extent permitted under Nevada law, the Board of Directors has the right to impose reasonable fines against a Member for a violation of any provision of the Governing Documents by the Member, his family, tenants or guests.

8.2 Schedule of Fines for Respective Violations. From time to time, the Secretary of the Association may prepare and cause to be hand-delivered or sent pre-paid by United States mail to the mailing address of each Member or to any other mailing address designated in writing by the Member, a schedule of fines that may be imposed by the Association for violations of any provision of the Governing Documents.

8.3 Notification of Governing Documents. The Board of Directors may not impose a fine against a Member unless not less than thirty (30) days before the violation, the Member against whom the fine will be imposed had been provided with copies of all Governing Documents that may contain the basis of the violation, and within a reasonable time after the discovery of the violation, the Member has been provided with the written Notice of Violation described in **Section 8.4** below.

8.4 Notice of Violation.

8.4.1 The Board of Directors, or any person designated by the Board of Directors, may serve a "Notice of Violation" against a Member for a violation of any provision of the Governing Documents by the Member, his family, tenants or guests. A Notice of Violation must contain (i) a description of the violation, (ii) the approximate time and place at which the violation was observed, (iii) the amount of the fine to be paid by the Member for the violation, (iv) the name of the person issuing the Notice of Violation, and (v) the date, time and location for a hearing on the violation so that the Person against whom the fine will be imposed is provided with a reasonable opportunity to prepare for the hearing and to be present at the hearing.

8.4.2 A Notice of Violation will be considered served if delivered personally to the Member named in the Notice of Violation or sent to the Member by registered or certified United States mail, return receipt requested, postage prepaid. A Notice of Violation served by mail will be considered received by the Member to whom the notice was addressed on the earlier of the date the notice is actually received or three (3) days after the notice is deposited in the United States mail. A Notice of Violation given by mail must be addressed to the Member at the address of the Member as shown on the records of the Association. If a Unit is owned by more than one Person, a Notice of Violation to one of the Members will be considered notice to all of the joint Members.

8.4.3 The Board of Directors must hold a hearing before it may impose the fine, unless the person against whom the fine will be imposed (i) pays the fine; (ii) executes a written waiver of the right to the hearing; or (iii) fails to appear at the hearing after being provided with proper notice of the hearing.

8.4.4 If the hearing on the violation is before the Board of Directors, then the minutes of the meeting of the Board of Directors at which the hearing is held must reflect the fact that the hearing on the violation was held and the action taken by the Board of Directors on the violation. If the hearing is held before a hearing officer or a committee appointed by the Board of Directors, then the hearing officer of the committee conducting the hearing must, within ten (10) days after the conclusion of the hearing, make a written recommendation to the Board of Directors on what action the Board of Directors should take in the violation. Upon receipt of the recommendation from the hearing officer or the committee, the Board of Directors must act upon the recommendation. Any fine that is approved by the Board of Directors following a hearing pursuant to this Section must be paid by the offending Member within ten (10) days after a notice of the action of the Board of Directors is served upon the Member. Service of the notice from the Board of Directors must be made in the same manner as service of a Notice of Violation pursuant to **Subsection 8.4.2** above.

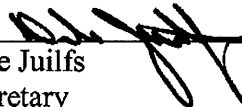
8.4.5 If the Member executes a written waiver of the right to the hearing or fails to appear at the hearing after being provided with proper notice of the hearing, the Member must pay the fine stated in the Notice of Violation to the Association within ten (10) days after the date set for the hearing.

8.4.6 Any fines imposed pursuant to this **Article 8** are the joint and several liability of all of the joint Unit Owners of a Unit and, to the extent permitted under Nevada law, are secured by the Assessment Lien.

8.5 **Fines Levied without Notice and Hearing.** If a violation for which a fine has been levied in accordance with the notice and hearing provisions of **Section 8.4** has not been cured within fourteen (14) days, the violation is considered a continuing violation. The Board of Directors may levy additional fines without any notice and hearing for a continuing violation for each seven (7) day period or any portion thereof after the initial fourteen (14) day period that the violation is not cured.

CERTIFICATE OF ADOPTION

This is to certify that the foregoing Bylaws were duly adopted by the Board of Directors of Sun City Mesquite Homeowners' Association on the 23rd day of May, 2007.

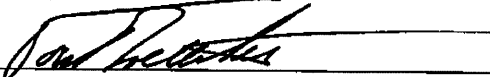


Dale Juilfs
Secretary

CONSENT OF MASTER DECLARANT

PN II, Inc., a Nevada corporation, in its capacity as Declarant under that certain Master Declaration of Covenants, Conditions, Restrictions and Easements for Anthem Mesquite to be recorded contemporaneously herewith in the Official Records of Clark County, Nevada, as amended or supplemented from time to time, (the "Master Declaration"), hereby (i) declares that the foregoing Bylaws of the Sun City Mesquite Homeowners' Association ("Bylaws") shall be subject and subordinate in all respects to the provisions of the Master Declaration, the Articles of Incorporation and Bylaws of the Anthem Mesquite Master Association and the Association Rules (as such term is defined in the Master Declaration), as they may be amended from time to time (collectively, the "Master Governing Documents"), and in the event of any conflict or inconsistency between the terms or provisions of the foregoing Bylaws and terms or provisions of the Master Governing Documents, the Master Governing Documents shall control; and (ii) approves of the form and content of the foregoing Bylaws.

PN II, INC., a Nevada corporation

By: 

Its: Attorney-in-Fact