

1 **BEFORE THE COMMISSION FOR COMMON-INTEREST**
2 **COMMUNITIES AND CONDOMINIUM HOTELS**
3 **STATE OF NEVADA**

4 JOSEPH (J.D.) DECKER, Administrator,
5 REAL ESTATE DIVISION, DEPARTMENT
6 OF BUSINESS & INDUSTRY, STATE OF
7 NEVADA,

8 Petitioner,

9 vs.

10 ANTHEM HIGHLANDS COMMUNITY
11 ASSOCIATION; ROBERT STERN;
12 CHARLES HERNANDEZ; AND RONNIE
13 YOUNG,

14 Respondents.

Case Nos. 2015-3615; 2015-2155;
2015-3100; 2015-2207

FILED

APR 29 2016

**NEVADA COMMISSION OF
COMMON INTEREST COMMUNITIES
AND CONDOMINIUM HOTELS**

15 **MOTION TO DISMISS THE COMPLAINT IN ITS ENTIRETY**

16 This Motion is submitted by BOYACK ORME & TAYLOR, counsel for the Respondent
17 ANTHEM HIGHLANDS COMMUNITY ASSOCIATION (“Anthem”, “Association”), and counsel
18 for Respondent CHARLES HERNANDEZ (“Charlie”) in his capacity as a Board Member for
19 Anthem (collectively, the “Respondents”). As of the time of this Motion, Respondent ROBERT
20 STERN has indicated that he retained separate counsel to represent him in this matter. Respondent
21 RONNIE YOUNG has been dismissed from this action by way of a Stipulation and Order for Partial
22 Settlement of Disciplinary Action filed on February 2, 2016.

23 Respondents hereby bring this Motion to Dismiss the Complaint In Its Entirety (“Motion”)
24 due to a distinct lack of evidence supporting the alleged violations. Respondents here feel that the
25 alleged violations are more narrowly confined to the demonstrable misconduct of Board Members
26 Stern and Young- a fact made more cogent in light of Young’s Stipulation and resignation from the
27 Anthem Highlands Community Association Board of Directors, and by Stern’s retaining outside
28 counsel in his defense. *See* Exhibits A - Letter Advising of Stipulation and Order; and B - Stipulation
 and Order.

1 Furthermore, while the accusations are vague, they appear designed to hold Respondents
2 accountable for the inability to conduct Association business based on the willing and deliberate
3 failure to participate of the other two named Board members, Stern and Young. As Anthem was
4 unable to reach a quorum to conduct any business due to Stern's and Young's failure to attend
5 meetings, there can be no basis the in law by which to hold Charlie accountable for a breach of his
6 duties as Board president.

7
8 **TIMING OF THIS MOTION**

9 This Motion is being brought and filed contemporaneously with a Motion for a Pre-Hearing
10 Conference. It is Respondents' sincere belief that the alleged violations contained in the Complaint
11 for Disciplinary Action and Notice of Hearing (Case Nos. 2015-3615; 2015-2155; 2015-3100; 2015-
12 2207), filed December 21, 2015 ("Complaint") are wholly without merit and do not indicate any
13 wrongdoing on Charlie's part. Accordingly, it would benefit the Commission and the Association
14 if the Complaint is dismissed without the need for the formal hearing presently scheduled for June
15 7-9, 2016, as it would save the Commission the costs of pursuing an unnecessary hearing, while
16 sparing Anthem from the costs and legal fees associated with defending this Complaint where there
17 is no basis for the Complaint in the first place.

18 Respondents therefore respectfully request that this Motion to Dismiss be considered and
19 decided at the requested Pre-Hearing Conference, as put forth and requested in the contemporaneous
20 motion for the same.

21
22 **FACTS**

23 As the Complaint concerns four different cases with the Division, the individual facts
24 pertinent to each case are discussed where appropriate. Furthermore, given the disparate interests and
25 representation of the parties as set forth above, only some of the cases informing the Complaint need
26 be discussed as they pertain to the respondents on whose behalf this Motion is being filed.

1 **LEGAL ARGUMENT**

2 The Complaint pertains to four cases: 2015-2155; 2015-2207; 2015-3100; and 2015-3615.
3 None of these cases supports the type of discipline that the Division suggests, and thus the Complaint
4 should be dismissed in its entirety. The alleged violations contained within the Complaint do not
5 apply to the Respondents and thus the Complaint should be dismissed in its entirety.
6

7 **A. Case 2015-2155 inappropriately seeks to create a legal duty where none exists, either
8 by statute or within Anthem's governing documents.**

Case 2015-2155 is described as follows:

9 An Intervention Affidavit was filed against Mr. Charles Hernandez alleging:

- 10 . . .
11 ii) Refusal to allow Jody Fassett to withdraw her resignation. (2015-2155)
12 iii) Mr. Hernandez refused to participate in the Informal Conference process
with the Ombudsman's Office to resolve the Intervention Affidavit. (2015-
2155)

See Exhibit C - NRED Letter of December 8, 2015.

13 These claims were further expanded on in a Letter of Determination from the Division, dated
14 December 22, 2015:

- 15 1. NRS 116.3103 (through NAC 116.405) as Mr. Charles Hernandez refused
16 to allow Jody Fassett to withdraw her resignation which would have avoided
17 the loss of a quorum and allowed the board to transact business, and he
18 refused to participate in the Informal Conference process with the
Ombudsman's Office to resolve an Intervention Affidavit. (Case 2015-2155)
See Exhibit D - Letter of Determination.

19 The resignation referred to was that of Board member Jody Fassette, tendered via email on
20 June 12, 2015. In the email, Fassette states, unequivocally and without qualification, that she was
21 resigning her position as Vice President, and as a Board of Directors member for Anthem Highlands,
22 effective immediately. See Exhibit E - Fassette Resignation. Her email further contains language
23 indicating that she sought a position on the Board because she wished to serve her community, but
24 had become unable to do so. *Id.* Finally, she closed out the email by telling the Community Manager,
25 Carmen Eassa, that she enjoyed working with her, and by thanking her for everything she had done
26 for the community. *Id.* In other words, Fassette's resignation contained certain "good bye" language
27

1 that, when taken and considered together with her statement of resignation, clearly indicate her intent
2 to resign from the Board at-large.

3 Ms. Eassa forwarded this resignation to the rest of the Board, indicating that it was effective
4 that day (June 12, 2015).

5 What ultimately resulted from this resignation was a sort of partisan gridlock among the
6 remaining Board members, with Respondent Stern contesting the scope of Fassette's resignation (he
7 interpreted it as merely being a resignation from the Vice President position, despite the non-
8 conditional language of Fassette's "goodbye" to Ms. Eassa). Stern also claimed that a resignation
9 was not effective unless acknowledged/accepted by the Board- a proposition that is wholly without
10 basis in the law, or in the governing documents of the Association. In the midst of Stern's objections,
11 Fassette attempted to "take back" her resignation- a proposition also without basis in the law, or in
12 the governing documents of the Association.

13 Charlie as Board President was unsure how to proceed, given the official, effective quality
14 of the resignation, but in light of its effect on the Board. Furthermore, despite being President of the
15 Board, Charlie was not invested with any special powers or authority that could resolve this matter
16 unilaterally. Therefore, and in the best interests of Anthem, he requested guidance from the
17 Association's general counsel, Boyack Orme & Taylor.

18 Counsel advised Charlie that Fassette's resignation was effective, and that she resigned as
19 a Board member; that Stern's objections were without merit; that the Bylaws or NRS Chapter 116
20 do not require a special meeting of the Board or a special agenda item to accept a resignation from
21 a Board member; that a Board president is not compelled to rescind a resignation upon request, and
22 that such a resignation may only be withdrawn prior to any effective date provided if it has not
23 already been made effective; and that the Anthem Bylaws are quite clear that once a Board member
24 resigns, and the resignation has become effective, *Charlie is without the power to fill the vacancy*
25 *unilaterally. See Exhibit F - Anthem Bylaws (Art. III, § 3.9 - Vacancies: "Vacancies on the Board*
26 *of Directors caused by any reason may be filled by vote of the majority of the remaining directors*

1 even though a quorum may not exist ...”).

2 In addition, the Board could not appoint anyone to fill the vacancy because Stern and Young
3 refused to attend regularly-scheduled Board and Executive meetings, and the Board lacked the
4 unanimity required to take action outside of a Board meeting. Art. III, § 3.20 of the Anthem Bylaws
5 (titled, “Action Taken Without a Meeting”) states that “Unless specifically prohibited under the Act
6 and/or N.R.S. Chapter 82, the directors may have the right to take any action in the absence of a
7 meeting which they could take at a meeting by obtaining the written approval of all of the directors.”

8 Here, the Board was at odds and thus no unanimity sufficient to hold a vote on Fassette’s
9 reappointment to the Board could be held outside of the regularly-scheduled meetings. It is precisely
10 this lack of unanimity that spurred Stern’s rather vocal and contentious objections and alleged
11 violations of impropriety- namely that Fassette’s resignation was from her role as Vice President
12 rather than from the Board at-large, and/or that Charlie must allow Fassette to withdraw her
13 resignation. As stated above, Charlie had been advised by Anthem’s general counsel that Fassette
14 was no longer a Board member, owing to a valid, effective resignation, and thus her reappointment
15 to the Board could only be accomplished by the two means described above.

16 Accordingly, Charlie lacked the authority to allow Fassette’s withdrawal of her effective,
17 tendered resignation, as doing so would have been a violation both of NRS Chapter 116 and of the
18 governing documents. Additionally, as to reappointing Fassette to fill her own vacancy, the
19 remaining Board members were at odds, and thus the matter could not be voted on outside of a
20 regularly-scheduled meeting of the Board. Stern and Young refused to attend such regular meetings
21 (see Case Nos. 2015-2207, 2015-3100 of the Complaint), therefore no such vote could be held as
22 it would not have constituted a majority of the remaining Board members.

23 Nevertheless, Charlie attempted to clear the logjam by submitting the matter for Alternative
24 Dispute Resolution on July 8, 2016. In the midst of the request for ADR of the dispute, the
25 Ombudsman attempted to intervene in the manner by requesting that Charlie and Fassette attend an
26 informal conference. In light of the issues with Stern and a prior settlement brokered through the
27

1 Ombudsman's office—one that was heavily contested and resulted in litigation anyway when Stern
2 refused to comply with the terms of the settlement—Charlie instead chose to pursue a resolution
3 through a referee under the ADR program. Fassette failed to participate in the ADR process, leading
4 Charlie to consider the matter concluded. Furthermore, Fassette—the actual, allegedly aggrieved
5 party—declined to file a response to resolve the matter even though the Ombudsman, in
6 correspondence dated October 5, 2015, gave her another opportunity to do so. *See Exhibit G -*
7 *Jackson Letter.* In fact, to date Fassette has never filed a response, either through the initial ADR
8 claim or with the Ombudsman regarding the offer for an informal mediation.

9 At all times of this dispute concerning Fassette's resignation, the matter has been whether
10 or not she did in fact resign from her position as a Board member. It has been Fassette's position—as
11 well as Stern's and Young's—that she did not resign, or that she withdrew the resignation, and thus
12 she was a serving Board member. If the Division is prepared to adopt that position as well, then
13 Fassette herself, by failing to participate in the ADR process and failing to work toward a resolution
14 of the dispute that she was at the center of, violated a fiduciary duty to Anthem and should be named
15 in the Complaint as well. If the Division agrees with Charlie that Fassette did in fact resign and was
16 no longer a member of the Board, then the Division must necessarily concede that Charlie and the
17 remaining Board members were limited by NRS 116 and the Anthem governing documents in the
18 means they could pursue to replace Fassette, or to reinstate her.

19 Based on the above facts and circumstances, Charlie is, frankly, at a loss to explain why the
20 Division is suggesting discipline against him, or against the Association. With no clear majority to
21 fill the vacancy—indeed, Stern and Young refused to participate in any Board or Executive sessions
22 unless Fassette was reinstated or her resignation disregarded, in an obvious attempt to cajole Charlie
23 into acting outside of his authority—there was no action available to Charlie that could have broken
24 the gridlock. The only other option would have been for Charlie to acquiesce to the demands of Stern
25 and Young, an action that Charlie, in his reasonable, informed, and good faith estimation, believed
26 would have been a violation of his duty under NRS 116.3103- precisely the section of the NRS that
27
28

1 Charlie is accused of violating.

2 NRS 116.3103 states, in relevant part, the following:

3 1. Except as otherwise provided in the declaration, the bylaws, this section
4 or other provisions of this chapter, the executive board acts on behalf of the
5 association. In the performance of their duties, the officers and members
6 of the executive board are fiduciaries and shall act on an informed basis,
7 in good faith and in the honest belief that their actions are in the best
8 interest of the association. Officers and members of the executive board:

9 (a) Are required to exercise the ordinary and reasonable care of
10 officers and directors of a nonprofit corporation, subject to the
11 business-judgment rule;
12 (Emphasis added).

13 A Board member basing their vote on a matter as crucial as the appointment of a Board
14 member in response to an unlawful, strong-arm tactic such as refusing to participate in Association
15 meetings (as Stern and Young did) certainly does not comport with the best judgment, good faith,
16 or the best interests of the Association. On the one hand, Charlie would be working to appoint a
17 fickle Board member (Fassette), who has already demonstrated that she has no problem quitting her
18 duties without notice to the Board. On the other hand, Charlie would be encouraging the bad,
19 unlawful behavior of Board members such as Stern and Young to paralyze the Association whenever
20 they do not get their way. This could have had ramifications across a host of other actions that the
21 Board is charged with, such as budgeting, vendors, and even legal action.

22 Neither option was, in Charlie's judgment, in Anthem's best interests; Stern's and Young's
23 actions were in bad faith, and in violation both of their duties as Board members and NRS Chapter
24 116; and reinstating Fassette unilaterally would have been a violation both of NRS Chapter 116 and
25 the Anthem governing documents.

26 Furthermore, the Division is implying that Charlie had some singular, unilateral authority to
27 allow Fassette to withdraw her resignation, but does not cite to any provision of NRS Chapter 116
28 or within Anthem's governing documents that support this accusation (and indeed no such provision
exists). In fact, NRS Chapter 116 specifically prohibits an executive board from taking such an
action:

1 First, Fassette's resignation did not lead to loss of a quorum; Stern's and Young's refusal to
2 attend meetings did. Art. III, § 3.18 of the Anthem Bylaws (titled, appropriately, "Quorum") states
3 that "A majority of the Board of Directors will constitute a quorum for the transaction of business
4 ..." At the time of Fassette's resignation, the Board consisted of five members: Charlie, Stern,
5 Young, Fassette, and Brensinger. *Ex. 7.* Upon Fassette's resignation, this left four Board members,
6 and thus a majority—three (3) members—was still possible. Had *either* Stern or Young showed up for
7 meetings as they were obligated to do, in accordance with both NRS Chapter 116 and the Anthem
8 governing documents, then a quorum could easily have been achieved. Instead, the Division is
9 somehow interpreting the resignation of a Board member and the willful, deliberate neglect of
10 fiduciary duty on the part of two other Board members to be actionable against Charlie- one of two
11 members who continued to show up to meetings as he was required, and who was otherwise caught
12 in the middle.

13 Second, to lend any weight to the Division's finding that the willful absence of two Board
14 members is somehow attributable and actionable to one remaining Board member—Charlie—but not
15 the other—Brensinger—works a fundamental unfairness of both due process and equity at law. As
16 stated above, Charlie was without the power either to reinstate Fassette unilaterally, or to allow her
17 withdrawal of a valid, effective resignation. This, at worst, places Charlie on even footing with the
18 remaining Board members, two of whom demonstrated that they would not participate in any Board
19 business unless they got their way (Stern and Young), and another who was just as much a bystander
20 as Charlie was (Brensinger). However, the Division has only sought to bring action against Charlie
21 and not Brensinger, either because there is a focused, malicious agenda to discipline Charlie for
22 reasons unknown, or because the Division has unreasonably created some heightened duty, with no
23 basis in NRS Chapter 116 or the Anthem governing documents, and subsequently accused Charlie
24 of violating it.

25 Ultimately, what the Division is suggesting is that Charlie be held liable and that Anthem be
26 disciplined for failure to fill the vacancy unilaterally, and that Charlie be held liable and that Anthem
27

1 be disciplined for seeking to resolve the vacancy dispute via the Division's own mechanisms. Such
2 a proposition is not only illogical, it is patently unfair to Charlie, and to Anthem.

3 As such, Respondents request that Case No. 2015-2155 be dismissed in its entirety.
4

5 **B. Case No. 2015-2207 concerns Stern directly, and solely.**

6 As Stern has retained his own counsel to defend him on this matter, such counsel will address
7 this matter.
8

9 **C. Case No. 2015-3100 has been dismissed via Young's stipulation and resignation.**

10 This case dealt with Young's failure to attend regular Board meetings, and executive sessions
11 of the Board held to address legal matters. In a stipulation filed February 2, 2016, Young agreed to
12 resign from the Association's Board, effective May 20, 2016, and agreed not to serve on any other
13 Board for a common-interest community in Nevada for the next 10 years. In exchange, the Division
14 agreed not to pursue any other disciplinary action against him.

15 As this matter has therefore been dealt with under the stipulation and agreement, it is moot
16 and therefore must be dismissed in its entirety.
17

18 **D. Case No. 2015-3615 is unfairly and illogically imposing liability on Charlie for the
19 independent, unlawful actions of Stern and Young.**

20 The alleged violations concerning this case are very generalized, and ignore the reality of the
21 situation taking place in the Anthem Association.

22 In its Letter of Determination, the Division described the alleged violations of Case No.
23 2015-3615 accordingly:

- 24 4. NRS 116.3103 (through NAC 116.405) and NRS 116.31083 as the
25 Executive Board of Directors, since July 22, 2015, has failed to meet and
26 review the financial information of the Association. (Case 2015-3615)
- 27 5. NRS 116.3103 (through NAC 116.405) as the Executive Board of
28 Directors failed to approve a budget for 2016.
6. NRS 116.3103 (through NAC 116.405) as the Executive Board of
Directors since, July 22 2015 [sic], has failed to meet in executive session to
conduct business of the Association. (Case 2015-3615).

1 *See Ex. 4.*

2 In essence, the complaint here is that Anthem's Board failed to meet, and failed to conduct
3 business (including the adoption of a budget for 2016). The Division is attempting to impose liability
4 against Charlie for this failure despite the fact that Charlie attended all meetings, and prepared a
5 budget that he was unable to get approved due to Stern's and Young's refusal to attend meetings and
6 establish quorum.

7 This ignores the conditions of the Anthem Board that were operating at the time- namely that
8 quorum was impossible to achieve due to Stern's and Young's willful absences from Board meetings
9 for political reasons. The Division is aware of this, and so acknowledges the fact through the two
10 additional cases that form the basis of its Complaint: Cases Nos. 2015-2207 (Stern's failure to attend
11 meetings) and 2015-3100 (Young's failure to attend meetings). What is conspicuously absent from
12 the Complaint is any allegation that Charlie failed to attend the meetings, or failed to attempt to
13 conduct business for the Association.

14 In fact, the Division has been provided with all of the minutes and recordings of the
15 regularly-scheduled meetings. The Division is aware that Charlie was present for each and every one.
16 The Division is aware that each regular meeting was stymied due to Stern's and Young's deliberate
17 and calculated absences. The Division is aware that Charlie did not have the quorum necessary to
18 conduct the business of the Association. The Division is also aware that Charlie noticed four
19 additional special-session meetings in an effort to conduct Association business, and Stern and
20 Young refused to attend each and every meeting in a deliberate effort to create dysfunction within
21 the Association.

22 Nevertheless, the Division seeks somehow to bootstrap Stern's and Young's misconduct onto
23 Charlie for some reason or reasons that are inscrutable from the vague Complaint the Division has
24 lodged against him. In essence, the Division's theory appears to be something along the lines of
25 "Charlie is at fault because two other members chose not to attend meetings." There is no basis in
26 the law or in Anthem's CC&Rs by which liability for the willful, deliberate acts of another can be
27

1 imposed upon an innocent third-party. Yet this is precisely what the Complaint seeks to do.

2 Art. III, § 3.8 of the Anthem Bylaws (titled, "Removal") states that "Any director may be
3 removed from office, with or without cause, by a two-thirds (2/3) vote of all Members entitled to
4 vote at any annual meeting or at any special meeting called for that purpose at which a quorum is
5 present ..." See § 3.8.1. Alternately, "Any director may be removed from office, with cause, by a
6 majority vote of the Board of Directors at any regular or special meeting of the Board of Directors
7 called for that purpose." See § 3.8.2. Neither option was available to Charlie.

8 First, a homeowner (Member) vote was impossible because, as § 3.8.1 makes clear, a quorum
9 is necessary even to call such a vote. The entire impetus behind calling such a vote would be for lack
10 of quorum, thus removing this option from Charlie's ability to control and conduct Association
11 business. Second, Charlie did not have the requisite majority to remove Stern and Young for cause.
12 Recall that Fassette had resigned, leaving Anthem with only four sitting Board members. Of the four,
13 Stern and Young were not attending meetings (in violation of their duty as Board members), leaving
14 only Charlie and Brensinger sitting on the Board. Even if Brensinger voted with Charlie to remove
15 either Stern, Young, or both, this would not have been the majority of Board members needed under
16 § 3.8.2 for a for-cause removal.

17 In other words, Charlie was stuck between the proverbial rock and hard-place: he was unable
18 to conduct the business of the Association due to the willful, deliberate, and unlawful acts of two of
19 his Board members, and he was unable to remove/replace those Board members. Now, the Division
20 seeks to hold him liable for this when the events clearly were beyond his control, and can only be
21 described as a "perfect storm" of misfortune and conspiratorial actions of multiple Board members.
22 Given that no other cogent alleged violations are present that could form the basis of any discernible
23 liability on Charlie's part—either for some knowing, deliberate act or a failure of some duty—Charlie
24 is left perplexed as to what exactly he has done wrong.

25 Accordingly, Respondents request that Case No. 2015-3615 be dismissed in its entirety.

1 CONCLUSION

2 The problems with the Anthem Board can clearly be tied to two people: Stern and Young.
3 These two members conspired to paralyze the Board based on a dispute they had with the Board
4 President, Charles Hernandez. While the Division has acknowledged the problems wrought by Stern
5 and Young, it has been over-inclusive in its Complaint and named Charlie as a respondent under
6 some tortured theory that, based on the lack of specificity in the Complaint, the entire crop of
7 directors is bad and should be removed.

8 However, the Division overreaches in its effort to impose liability on a Board President who
9 continued to attend meetings even when he knew the other two Board members would not; who
10 continued to look after the Association's interests when he knew the other two Board members
11 would not; and who continues, to this day, to pursue the best interests of his Association.

12 As the Division's complaints and alleged violations against Charlie are wholly without merit,
13 the Complaint should be dismissed in its entirety.

14 DATED this 28th day of April, 2016.

15
16
17 BOYACK ORME & TAYLOR

18 By: /s/ Edward D. Boyack
19 EDWARD D. BOYACK
20 Nevada Bar No. 005229
21 401 N. Buffalo Drive #202
22 Las Vegas, NV 89145
23 Attorney for Respondents
24
25
26
27
28

EXHIBIT A

EXHIBIT A

BRIAN SANDOVAL
Governor

STATE OF NEVADA



BRUCE H. BRESLOW
Director

JOSEPH (JD) DECKER
Administrator

DEPARTMENT OF BUSINESS AND INDUSTRY
REAL ESTATE DIVISION
www.red.nv.gov

RECEIVED
FEB 09 2016

BY: _____

February 08, 2016

Ronnie Young
2588 Sturrock Dr.
Henderson, NV. 89044

COPY

Re: NRED v. ANTHEM HIGHLANDS COMMUNITY ASSOCIATION; ROBERT STERN; CHARLES HERNANDEZ; and RONNIE YOUNG.
Case Nos. 2015-3615; 2015-2155; 2015-3100; 2015-2207

Dear Mr. Young:

Enclosed herewith you will find the STIPULATION AND ORDER FOR PARTIAL SETTLEMENT OF DISCIPLINARY ACTION entered by the Nevada Commission for Common-Interest Communities and Condominium Hotels at the meeting held February 2, 2016 in Las Vegas, Nevada.

The Commission has ordered the following:

1. Respondents Ronnie Young agrees to resign from the Association's board of directors effective May 20, 2016.
2. Respondents Ronnie Young's resignation is irrevocable and the vacancy left by Respondents Ronnie Young is intended to be filled by the Association at its May 2016 election.
3. Respondents Ronnie Young agrees not to serve on any board of directors for a common-interest community located in the State of Nevada for a period of 10 years from the date the Stipulation is approved by the Commission.

EFFECTIVE DATE OF THIS ORDER: FEBRUARY 2, 2016

If you have any questions, please feel free to contact me at (702) 486-4606, or crosolen@red.nv.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Claudia Rosolen".

Claudia Rosolen
Commission Coordinator

cc: Joseph (JD) Decker, Administrator

2501 E. Sahara Avenue, Suite 303, Las Vegas, Nevada 89104-4137
1818 E. College Parkway, Suite 110, Carson City, Nevada 89706

Telephone: (702) 486-4033
Telephone: (775) 684-1900

Fax: (702) 486-4275
Fax: (775) 687-4868

ANTHEM HIGHLANDS COMMUNITY ASSOCIATION; ROBERT STERN;
CHARLES HERNANDEZ; and RONNIE YOUNG
February 8, 2016
Page 2

Michelle Briggs, Senior Deputy Attorney General
Robert Stern
Charles Hernandez
Boyack Orme & Taylor
Anthem Highlands Community Association

**Certificate of Service
(NRS 645.680)**

I certify that on the 8th day of February, 2016 I deposited a copy of the foregoing:

STIPULATION AND ORDER FOR PARTIAL SETTLEMENT OF DISCIPLINARY ACTION

in the United States Mail, postage pre-paid, in Las Vegas, Nevada, through the State of Nevada mailroom, by first class mail addressed to the following respondents at their last known address as follows:

Anthem Highlands Community Association **Certified No. 7013 1090 0000 1902 0245**
c/o Elyssa Ramos
8920 Arville Street
Las Vegas, NV 89139

Boyack Orme & Taylor **Certified No. 7013 1090 0000 1902 0252**
Attn: Edward D. Boyack
401 N. Buffalo Drive #202
Las Vegas, NV 89145

Charles Hernandez **Certified No. 7013 1090 0000 1902 0238**
2729 Borthwick Ave.
Henderson, NV 89044

Ronnie Young **Certified No. 7013 1090 0000 1902 0276**
2588 Sturrock Dr.
Henderson, NV 89044

Robert Stern **Certified No. 7013 1090 0000 1902 0221**
2639 Lochleven Way
Henderson, NV 89044


By: 
Claudia Rosolen,
Commission Coordinator
2501 E. Sahara Avenue, Suite 303
Las Vegas, NV 89104

EXHIBIT B

EXHIBIT B

BEFORE THE COMMISSION FOR COMMON-INTEREST
COMMUNITIES AND CONDOMINIUM HOTELS
STATE OF NEVADA

JOSEPH (J.D.) DECKER, Administrator,
REAL ESTATE DIVISION, DEPARTMENT
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STATE OF NEVADA,

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vs.

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FILED

FEB 02 2016

NEVADA COMMISSION OF
COMMON INTEREST COMMUNITIES
AND CONDOMINIUM HOTELS

STIPULATION AND ORDER FOR PARTIAL SETTLEMENT OF DISCIPLINARY ACTION

Petitioner, Real Estate Division of the Department of Business and Industry, State of Nevada (the "Division"), through its Administrator, Joseph (J.D.) Decker, and Respondent, RONNIE YOUNG stipulate and agree as follows.

JURISDICTION AND NOTICE ALLEGED IN THE COMPLAINT

1. During the relevant times mentioned in this complaint, RESPONDENTS ROBERT STERN, CHARLES HERNANDEZ, and RONNIE YOUNG were officers or directors of ANTHEM HIGHLANDS COMMUNITY ASSOCIATION (the "Association"), a homeowners' association located in Henderson, Nevada.

2. RESPONDENTS are subject to the provisions of Chapter 116 of each the Nevada Revised Statutes ("NRS") and the Nevada Administrative Code ("NAC") (hereinafter collectively referred to as "NRS 116") and are subject to the jurisdiction of the Division, and the Commission for Common Interest Communities pursuant to the provisions of NRS 116.750.

SUMMARY OF FACTUAL ALLEGATIONS ALLEGED IN THE COMPLAINT

1. The Association is a master association with approximately 1,549 homes.

1 2. The Association entered into an informal conference agreement with
2 RESPONDENT ROBERT STERN dated February 20, 2014 ("ICA") to settle a number of
3 intervention affidavits filed by the Association and RESPONDENT STERN.

4 3. In May 2014, the Association alleged a violation of the ICA by RESPONDENT
5 STERN and filed a claim with the Division's referee program.

6 4. RESPONDENT STERN refused to agree to the referee process and the
7 Association pursued a claim with the District Court in October 2014.

8 5. The Association's claim with the District Court sought declaratory relief as to the
9 ICA terms and requirements, but also alleged a claim for fraud against RESPONDENT
10 STERN.

11 6. RESPONDENT STERN filed a few intervention affidavits against the
12 Association after the ICA, including: one for not complying with NRS 116.31088 in the filing of
13 the civil action; and one for the board using Association funds for a trip to Carson City to meet
14 with legislators during the legislative session.

15 7. The civil case was dismissed and ordered to go to the referee program.

16 8. The Division investigated the affidavit and issued a letter of instruction to the
17 Association for failing to comply with NRS 116.31088.

18 9. The Division also investigated the issue of the use of Association funds and
19 issued a letter of instruction to the board advising them that a trip to the Nevada Legislature is
20 not a common expense.

21 10. RESPONDENTS STERN and HERNANDEZ ran for and were elected to the
22 board on May 27, 2015, also elected to the board at this time was Jody Fassette and Ken
23 Brensinger. RESPONDENT YOUNG was already on the board.

24 11. On or about May 31, 2015, Pennie Puhek contacted Ms. Fassette to discuss
25 Association issues.

26 12. Ms. Puhek was part of the investigations the Division concluded with a letters of
27 instruction and was a member of the Association's board when issues addressed by the ICA
28 were originally brought to the Division and has a long history of conflict with RESPONDENT

1 STERN.

2 13. The Association was to consider a memorandum of understanding with a sub-
3 association, Earlstone Homeowners Association ("Earlstone").

4 14. Ms. Puhek is a member of the board for Earlstone.

5 15. Ms. Fassette agreed to meet with Ms. Puhek on June 3, 2015 in a public place.

6 16. RESPONDENT HERNANDEZ and board member Brensinger were also
7 present, but Ms. Fassette was not told prior that they would be there.

8 17. Ms. Puhek, with Mr. Brensinger and HERNANDEZ, tried to convince Ms.
9 Fassette to vote in favor of the Earlstone memorandum.

10 18. Ms. Fassette was concerned about the terms of the memorandum and wanted
11 to see supporting documentation, so she could make an informed decision.

12 19. At the meeting later on June 3, board members RESPONDENTS STERN,
13 HERNANDEZ and YOUNG, as well as Ms. Fassette and Mr. Brensinger were present.

14 20. At the meeting, RESPONDENT HERNANDEZ made a motion to approve First
15 Service as the community manager effective September 1, subject to a committee of the
16 board to interview and approve a manager. The motion also included approval of the
17 Earlstone memorandum.

18 21. The motion failed.

19 22. Immediately after the June 3rd meeting Mr. Brensinger and RESPONDENT
20 HERNANDEZ verbally resigned, but never submitted a resignation in writing and continued to
21 act as members of the board.

22 23. On June 5, Ms. Puhek emailed the Association's board members threatening
23 legal action if the Earlstone memorandum is not approved.

24 24. An emergency meeting was called for June 12, 2015 to discuss and take action
25 on a new management contract.

26 25. Ms. Fassette emailed RESPONDENT HERNANDEZ, the board president, on
27 June 10 after she received the revised agenda for the emergency meeting.

28 26. The original agenda had not included the Earlstone memorandum, but the

1 revised agenda included the memorandum and tied it to the approval of the management
2 contract.

3 27. Ms. Fassette's email states:

4 I do not believe this falls under the emergency meeting criteria as the Earlstone
5 Memorandum is not an emergency.

6 28. Ms. Fassette went on to explain her issues with the Earlstone memorandum in
7 detail and asked for clarification.

8 29. Ms. Fassette also emailed the Association's attorney with her issues regarding
9 the Earlstone memorandum.

10 30. Ms. Fassette claims RESPONDENT HERNANDEZ told her the main issue was
11 the management agreement and that he would remove the Earlstone memorandum from the
12 agenda for the emergency meeting.

13 31. RESPONDENT HERNANDEZ did not remove the Earlstone memorandum from
14 the agenda, and instead phoned into the emergency meeting forcing Ms. Fassette to chair the
15 meeting.

16 32. Ms. Fassette was not comfortable voting in favor of the Earlstone memorandum.

17 33. During the meeting, the board created a committee consisting of
18 RESPONDENT HERNANDEZ and Ms. Fassette to interview and hire a manager.

19 34. Ms. Puhek is heard throughout the meeting yelling for a point of order as is
20 RESPONDENT STERN.

21 35. RESPONDENT STERN objects to having the Earlstone memorandum
22 addressed as it is not an emergency.

23 36. Mr. Brensinger says RESPONDENT STERN is not recognized by the chair
24 which seems to change from RESPONDENT HERNANDEZ to Ms. Fassette at various times.

25 37. The meeting is chaotic and ultimately the board continued the matter of the
26 Earlstone memorandum.

27 38. As a result of the June 12, 2015 meeting, Jody Fassette submitted her
28 resignation citing as her reason "threats, litigation intimidation from more than one individual,

1 retaliatory actions for voting/not voting a certain way and public defaming."

2 39. By email dated June 18, 2015, Ms. Fassette notified RESPONDENT
3 HERNANDEZ that she wished to finish her term on the board.

4 40. RESPONDENT HERNANDEZ initiated a few letters from the Association's
5 attorney regarding Ms. Fassette's resignation and the effectiveness of it.

6 41. On June 30, RESPONDENT STERN posted to the Association's community
7 blog that he "will not be attending any board meetings until it is absolutely clear that
8 competent armed security is in place."

9 42. On July 2, RESPONDENT STERN posted to the same blog that "trained
10 professionals with the necessary permits and training have decided that they will attend the
11 open board meetings to provide security." He goes on to say he will attend the July 22
12 meeting of the board.

13 43. By letter dated July 8, Ms. Fassette states that her resignation was given under
14 duress and explains the situation she felt she was in.

15 44. By email dated July 19 to other board members, Ms. Fassette and Ms. Puhek,
16 RESPONDENT STERN states:

17 The clock is set and the final reel is unwinding. Get the popcorn and snow
18 cones. It is time to really protect the children and their parents from the enemies
19 within the Community. Most of the audience has figured it out and fearful that
20 the evil doers may prevail. Midsummers Nightmare. Coming to your local theater
21 July 22.

22 45. RESPONDENT HERNANDEZ refused to allow Ms. Fassette to return to her
23 position on the board, so RESPONDENT STERN filed an intervention affidavit against him.

24 46. RESPONDENT HERNANDEZ refused to attend an informal conference with the
25 Ombudsman's office to resolve the complaint.

26 47. At the July 22 meeting, several items were postponed and several items failed
27 due to split votes with only 4 board members.

28 48. RESPONDENT STERN made a motion to terminate the Association's attorney
as general counsel.

1 49. The Association's attorney represented the Association against RESPONDENT
2 STERN in the ICA matter referred back to the referee program and was not yet concluded.

3 50. RESPONDENT YOUNG supported the motion.

4 51. The motion passed with a "yes" vote from Mr. Brensinger who tried to take back
5 his vote saying he was confused about the motion and an argument ensued.

6 52. The same motion was brought up for a second vote and failed.

7 53. RESPONDENT STERN asserted Mr. Brensinger was not allowed to take back
8 his vote and treated the second vote as a motion to reconsider.

9 54. RESPONDENT HERNANDEZ, chairing the meeting, did not call for a vote
10 regarding Ms. Fassette's request to return to her seat on the board and no action was taken
11 to fill her vacancy.

12 55. By email dated September 9, Ms. Fassette asks RESPONDENT HERNANDEZ
13 and Mr. Brensinger to allow her to come back to the board as "a four person board is a
14 detriment to this community."

15 56. The Association had a meeting scheduled for September 23, but the meeting
16 did not occur due to a lack of a quorum with RESPONDENTS STERN and YOUNG not in
17 attendance.

18 57. By letter dated October 5, the Division notified RESPONDENT HERNANDEZ
19 that all efforts need to be taken to put an end to the board's current impasse.

20 58. Also by letter dated October 5, RESPONDENT STERN was notified that while
21 the intervention affidavit filed against him for failing to attend board meetings was being
22 closed due to the complainant's refusal to attend an informal conference, the Division
23 reserved the right to re-open the case if RESPONDENT STERN continued to fail to attend
24 future board meetings.

25 59. On or about October 6, 2015, Mr. Brensinger and RESPONDENT HERNANDEZ
26 signed an agreement whereby they would agree to bring Ms. Fassette back to the board on
27 certain conditions.

28 60. Ms. Fassette also signed the agreement, but RESPONDENT STERN and

1 YOUNG did not.

2 61. RESPONDENT STERN requested different terms of Ms. Fassette's return to the
3 board.

4 62. The board meetings scheduled for October 28, November 16, and December 9
5 did not take place due to a lack of a quorum as RESPONDENTS STERN and YOUNG did not
6 attend.

7 63. A meeting scheduled for December 28, requested by RESPONDENT STERN
8 with the agenda set by RESPONDENT STERN, did not happen due to a lack of a quorum
9 with RESPONDENTS STERN and YOUNG not in attendance.

10 64. The board has not met since the meeting on July 22, 2015.

11 65. The board has not addressed owner violations or adopted a budget for 2016.

12 66. The Association's fiscal year begins January 1.

13 **SUMMARY OF VIOLATIONS OF LAW ALLEGED IN THE COMPLAINT**

14 1. RESPONDENTS STERN, YOUNG and HERNANDEZ knowingly and willfully
15 violated NRS 116.3103 (through NAC 116.405(2)) by failing to act in good faith and in the
16 best interests of the Association by acting for reasons of self-interest, gain, prejudice, or
17 revenge.

18 2. RESPONDENTS STERN, YOUNG and HERNANDEZ knowingly and willfully
19 violated NRS 116.3103 (through NAC 116.405(3)) by failing to act in good faith and in the
20 best interests of the Association by committing an act or omission which amounts to
21 incompetence, negligence or gross negligence.

22 3. RESPONDENTS STERN, YOUNG and HERNANDEZ knowingly and willfully
23 violated NRS 116.3103 (through NAC 116.405(8)(a)) by failing to act in good faith and in the
24 best interests of the Association by failing to cause the Association to comply with all
25 applicable federal, state and local laws and regulations and the governing documents of the
26 Association.

27 4. RESPONDENTS STERN, YOUNG and HERNANDEZ knowingly and willfully
28 violated NRS 116.3103 (through NAC 116.405(8)(c)) by failing to act in good faith and in the

1 best interests of the Association by failing to cause the Association to hold meetings of the
2 executive board with such frequency as to properly and efficiently address the affairs of the
3 Association.

4 5. RESPONDENTS knowingly and willfully violated NRS 116.31083(1) by failing to
5 have a meeting of the board at least once each quarter, and not less than once every 100
6 days.

7 6. RESPONDENTS knowingly and willfully violated NRS 116.31083(6) by failing to
8 have a meeting of the board at least once every quarter, and not less than once every 100
9 days, to review financial statements, revenues and expenses, operating and reserve
10 accounts, or financial statements.

11 7. RESPONDENTS knowingly and willfully violated NRS 116.31151(1) by failing to
12 prepare and distribute to each unit's owner a copy of the operating and reserve budget not
13 less than 30 days or more than 60 days before the beginning of the Association's fiscal year.

14 **DISCIPLINE AUTHORIZED**

15 Pursuant to the provisions of NRS 116.615; NRS 116.755; NRS 116.785; and NRS 116.790
16 the Commission has discretion to take any or all of the following actions:

- 17 1. Issue an order directing RESPONDENTS to cease and desist from continuing to
18 engage in the unlawful conduct that resulted in the violation.
- 19 2. Issue an order directing RESPONDENTS to take affirmative action to correct any
20 conditions resulting from the violation.
- 21 3. Impose an administrative fine of up to \$1,000 for each violation by RESPONDENTS.
- 22 4. IF RESPONDENTS ARE FOUND TO HAVE KNOWINGLY AND WILLFULLY
23 COMMITTED A VIOLATION of NRS or NAC 116 AND it is in the best interest of the
24 Association, such RESPONDENTS may be removed from his/her position as a director
25 and/or officer.
- 26 5. Order an audit of the ASSOCIATION, at the expense of the ASSOCIATION.
- 27 6. Require the BOARD MEMBERS to hire a community manager who holds a certificate.
- 28

- 1 7. Require RESPONDENTS to pay the costs of the proceedings incurred by the Division,
2 including, without limitation, the cost of the investigation and reasonable attorney's
3 fees.
- 4 8. Take whatever further disciplinary action as the Commission deems appropriate.

5
6 The Commission may order one or any combination of the discipline described above.
7 If the Commission finds that the RESPONDENTS knowingly and willfully violated the
8 provisions of NRS or NAC 116, the Commission may order that RESPONDENTS be
9 personally liable for all fines and costs imposed.

10 SETTLEMENT

11
12 1. The Division was prepared to present its case based upon the Complaint filed
13 with the Commission and RESPONDENT YOUNG was prepared to defend against the
14 Complaint.

15 2. RESPONDENT YOUNG agrees to resign from the Association's board of
16 directors effective May 20, 2016.

17 3. RESPONDENT YOUNG'S resignation set forth in Paragraph 2 is irrevocable
18 and the vacancy left by RESPONDENT YOUNG is intended to be filled by the Association at
19 its May 2016 election.

20 4. RESPONDENT YOUNG agrees not to serve on any board of directors for a
21 common-interest community located in the state of Nevada for a period of 10 years from the
22 date this Stipulation is approved by the Commission.

23 5. The Division agrees not to pursue any other or greater remedies or fines in
24 connection with RESPONDENT YOUNG'S alleged conduct referenced herein.

25 6. RESPONDENT YOUNG and the Division agree that by entering into this
26 Stipulation, the Division does not concede any defense or mitigation RESPONDENT YOUNG
27 may assert and that once this Stipulation is approved and fully performed, the Division will
28 remove RESPONDENT YOUNG as a respondent in this matter.

1 7. This Stipulation includes any claims that could have been included in a
2 supplemental or amended complaint arising from the same operative facts, transactions and
3 occurrences in existence as of the effective date of this Agreement. However, this Settlement
4 does not include claims arising from facts or circumstances which have been concealed by
5 RESPONDENT YOUNG.

6 8. RESPONDENT YOUNG agrees that if the terms and conditions of this
7 Stipulation are not met, the Division may, at its option, rescind this Stipulation and proceed
8 with prosecuting the Complaint before the Commission.

9 9. RESPONDENT YOUNG agrees and understands that by entering into this
10 Stipulation, RESPONDENT YOUNG is waiving his right to a hearing at which RESPONDENT
11 YOUNG may present evidence in his defense, his right to a written decision on the merits of
12 the Complaint, his rights to reconsideration and/or rehearing, appeal and/or judicial review,
13 and all other rights which may be accorded by the Nevada Administrative Procedure Act, the
14 Nevada Common Interest Ownership statutes and accompanying regulations, and the federal
15 and state constitutions. RESPONDENT YOUNG understands that this Stipulation and other
16 documentation may be subject to public records laws. The Commission members who review
17 this matter for approval of this Stipulation may be the same members who ultimately hear,
18 consider and decide the Complaint if this Stipulation is either not approved by the
19 Commission or is not timely performed by RESPONDENT YOUNG. RESPONDENT YOUNG
20 fully understands that he has the right to be represented by legal counsel in this matter at his
21 own expense.

22 10. Each party shall bear its own attorney's fees and costs.

23 11. Stipulation is Not Evidence. Neither this Stipulation nor any statements made
24 concerning this Stipulation may be discussed or introduced into evidence at any hearing on
25 the Complaint, except as it pertains to the hearing regarding the remaining Respondents, if
26 the Division must ultimately present its case based on the Complaint filed in this matter.

27 12. Approval of Stipulation. Once executed, this Stipulation will be filed with the
28 Commission and will be placed on the agenda for approval at its February 2016 public

1 meeting. The Division will recommend to the Commission approval of the Stipulation.
2 RESPONDENT YOUNG agrees that the Commission may approve, reject, or suggest
3 amendments to this Stipulation and that it must be accepted or rejected by RESPONDENT
4 YOUNG before any amendment is effective.

5 13. Withdrawal of Stipulation. If the Commission rejects this Stipulation or suggests
6 amendments unacceptable to RESPONDENT YOUNG, RESPONDENT YOUNG may
7 withdraw from this Stipulation and the Division may pursue its Complaint against
8 RESPONDENT YOUNG before the Commission at the Commission's next regular public
9 meeting.

10 14. Release. In consideration of execution of this Stipulation, RESPONDENT
11 YOUNG for himself, his heirs, executors, administrators, successors, and assigns, hereby
12 releases, remises, and forever discharges the State of Nevada, the Department of Business
13 and Industry and the Division, and each of their respective members, agents, employees and
14 counsel in their individual and representative capacities, from any and all manner of actions,
15 causes of action, suits, debts, judgments, executions, claims, and demands whatsoever,
16 known and unknown, in law or equity, that the RESPONDENT YOUNG ever had, now has,
17 may have, or claim to have, against any or all of the persons or entities named in this section,
18 arising out of or by reason of the Division's investigation, this disciplinary action, and all other
19 matters relating thereto.

20 15. Indemnification. RESPONDENT YOUNG hereby indemnifies and holds
21 harmless the State of Nevada, the Department of Business and Industry, the Division, and
22 each of their respective members, agents, employees and counsel in their individual and
23 representative capacities against any and all claims, suits, and actions brought against said
24 persons and/or entities by reason of the Division's investigation, this disciplinary action and all
25 other matters relating thereto, and against any and all expenses, damages, and costs,
26 including court costs and attorney fees, which may be sustained by the persons and/or
27 entities named in this section as a result of said claims, suits, and actions.

28 16. Nothing contained in this Stipulation shall hinder the Division's pursuit of the

1 Complaint as to the Respondents, excluding YOUNG. The Division specifically reserves the
2 right to pursue the Complaint as to the Respondents, excluding YOUNG.

3 17. RESPONDENT YOUNG has signed and dated this Stipulation only after reading
4 and understanding all terms herein.

5 Dated: 02/02/16

REAL ESTATE DIVISION
DEPARTMENT OF BUSINESS & INDUSTRY
STATE OF NEVADA

6
7
8
9 By: 
10 JOSEPH (J.D.) DECKER, Administrator

11 Dated: Jan. 24, 2016

12 By: 
13 RONNIE YOUNG, RESPONDENT

14 Submitted by:

15 ADAM PAUL LAXALT
16 Attorney General

17 By: 
18 MICHELLE D. BRIGGS
19 Senior Deputy Attorney General
20 555 E. Washington Ave. Ste 3900
21 Las Vegas, Nevada 89101
22 (702) 486-3420
23 Attorneys for Real Estate Division

24 **IT IS ORDERED** that the foregoing Stipulation is approved in full.

25 Dated this 2 day of FEBRUARY, 2016.

26 COMMISSION FOR COMMON-INTEREST
27 COMMUNITIES AND CONDOMINIUM HOTELS
28 DEPARTMENT OF BUSINESS & INDUSTRY
STATE OF NEVADA

By: 
SCOTT SIBLEY, CHAIRMAN

EXHIBIT C

EXHIBIT C

BRIAN SANDOVAL
Governor



BRUCE H. BRESLOW
Director

JOSEPH (J.D.) DECKER
Administrator

SHARON JACKSON
Ombudsman

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
REAL ESTATE DIVISION
COMMON-INTEREST COMMUNITIES AND CONDOMINIUM HOTELS
CICombudsman@red.state.nv.us
www.red.state.nv.us

December 8, 2015
7013 1090 0000 1902 8807

Via Certified Mail Return Receipt Requested

Anthem Highlands Community Association Executive Board of Directors
First Service Residential Nevada
Attn: Elyssa Ramos
8290 Arville Street
Las Vegas, NV 89139

Re: Case No. 2015-3615, 2015-2155, 2015-3100, 2015-2207, 2015-725, 2015-5, 2015-291

Dear Executive Board:

The State of Nevada Real Estate Division (the "Division"), Enforcement Section for Common-Interest Communities and Condominium Hotels, is investigating violations of Nevada Revised Statutes (NRS) Chapter 116 and Nevada Administrative Code (NAC) Chapter 116 by the board members for Anthem Highlands Community Association (the "Association").

Please provide a notarized response to the following allegations against specific members of the Executive Board of Directors and the Executive Board of Directors as a whole to perform its fiduciary duties per NRS 116.3103:

- a. An Intervention Affidavit was filed against Mr. Charles Hernandez alleging:
 - i) Improper use of Association funds to file an ADR claim regarding the resignation of Jody Fassett. (2015-2155)
 - ii) Refusal to allow Jody Fassett to withdraw her resignation. (2015-2155)
 - iii) Mr. Hernandez refused to participate in the Informal Conference process with the Ombudsman's Office to resolve the Intervention Affidavit. (2015-2155)
- b. Mr. Young has failed to attend regular meetings and conduct Association business. (2015-3100)
- c. Mr. Young has failed to attend executive sessions of the Board to address legal matters. (2015-3100)
- d. Mr. Stern has failed to attend regular meetings and conduct Association business. (2015-3100) (2015-2207)
- e. Mr. Stern has failed to attend executive sessions of the Board to address legal matters. (2015-3100) (2015-2207)

2501 East Sahara Avenue Ste 202 • Las Vegas, Nevada 89104-4137
Telephone (702) 486-4480 • Facsimile (702) 486-4520 • Statewide Toll Free (877) 829-9907

- f. Mr. Stern, at the July 22, 2015, meeting, made a motion to dismiss Mr. Boyack as General Counsel for the Association effective immediately. The board did not discuss any pending legal matters involving the association, and Mr. Stern was involved in legal proceedings with the association. (2015-3615)
- g. The Executive Board of Directors since July 22, 2015, failed to review and approve the financial information of the Association. (2015-3615)
- h. The Executive Board of Directors since July 22, 2015, failed to meet and conduct business of the Association. (2015-3615)
- i. The Executive Board of Directors since July 22 2015, failed to meet in executive session to conduct business of the Association. (2015-3615)
- j. The Division issued an LOI to the Association for failing to comply with having a vote of the membership concerning taking a civil matter to court; this matter was reopened. (2015-5)
- k. The Division issued an LOI to the Association for failing to comply with NRS 116.31185 for the board members' improper use of Association funds; this matter was reopened. (2015-725)
- l. A Case involving retaliation against a homeowner was already transferred to the Attorney General Office for prosecution before the Commission. (2015-291)

Please provide the following documents:

- a. All meeting notices and agendas for calendar year 2014 and 2015 sent to homeowners pursuant to NRS 116.31083.
- b. All executive session agendas for calendar year 2014 and 2015.
- c. All approved minutes for calendar year 2014 and 2015.
- d. All correspondence between Board Members regarding the reason the Board did not hold meetings per alleged violation (h).

Should you be in possession of any documents or items you feel are relevant to this investigation, please provide those as well. If possible, please provide all documents on a compact disk, or some other electronic format, such as a thumb/flash drive. Please do not email large documents.

Enclosed is an affidavit form for you to complete with your statement concerning the above mentioned allegation(s) and have notarized.

Please be advised that pursuant to NAC 116.405(5), the Commission may find that a member of the executive board violated his or her duties pursuant to NRS 116.3103 by impeding or otherwise interfering with an investigation by the Division.

The Association had its last regular meeting on July 22, 2015. The Investigation Unit listened to the audio recording of the meeting and believes the Association is paralyzed and the Executive Board of Directors is unable to act on behalf of the Association. Since that meeting, there have been no regular or executive session meetings of the Association. Allegations of violations by members of the Executive Board of Directors against other Board members have caused a very toxic environment. In an effort to resolve these disciplinary issues and move the Association forward, the Division requests that all Executive Board members involved in any of these matters agree to resign from the Executive Board of Directors, if applicable, and agree not to run

for a position on the Executive Board of Directors for This and any other Association in Nevada for no less than 5 years.

Your notarized written response, including any proposed resolution, and the requested documentation must be submitted to the Division at the address on the first page no later than 10 days from the date of this letter.

Thank you in advance for your anticipated cooperation. Should you have any questions, you may contact me at (702) 486-4079 or by email at csewell@red.nv.gov.

Sincerely,



Christopher Sewell,
Chief Investigator

Enclosure: Affidavit Form

cc: Charles Hernandez
Ken Brensinger
Robert Stern
Ronnie Young
Penny Puhek
Linda Rich
James Lauth

EXHIBIT D

EXHIBIT D

BRIAN SANDOVAL
Governor



STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
REAL ESTATE DIVISION
COMMON-INTEREST COMMUNITIES AND
CONDOMINIUM HOTELS PROGRAM
CICOmbudsman@red.state.nv.us
www.red.state.nv.us

BRUCE H. BRESLOW
Director

JOSEPH (J.D.) DECKER
Administrator

SHARON JACKSON
Ombudsman

DEC 4 2015

December 22, 2015

Via Certified Mail Return Receipt Requested
7012 1010 0000 1180 9157

Anthem Highlands Community Association Executive Board of Directors
c/o First Service Residential Nevada
Attn: Elyssa Ramos
8290 Arville Street
Las Vegas, NV 89139

Re: Case Nos. 2015-3615, 2015-2155, 2015-3100, 2015-2207

Dear Executive Board:

This letter is a follow-up to an investigation by the Division concerning the above-referenced case numbers. The Division has obtained sufficient evidence to commence a disciplinary action against you and intends to do so by filing a complaint for hearing before the Commission for Common-Interest Communities and Condominium Hotels (the "Commission"). The allegations and violations of law alleged will include, but may not be limited to:

1. NRS 116.3103 (through NAC 116.405) as Mr. Charles Hernandez refused to allow Jody Fassett to withdraw her resignation which would have avoided the loss of a quorum and allowed the board to transact business, and he refused to participate in the Informal Conference process with the Ombudsman's Office to resolve an Intervention Affidavit. (Case 2015-2155)
2. NRS 116.3103 (through NAC 116.405) as Mr. Young failed to attend regular meetings or executive sessions of the board and conduct Association business. (Case 2015-3100)
3. NRS 116.3103 (through NAC 116.405) as Mr. Stern failed to attend regular meetings or executive sessions of the board and conduct Association business. (Cases 2015-3100 and 2015-2207)


4. NRS 116.3103 (through NAC 116.405) and NRS 116.31083 as the Executive Board of Directors, since July 22, 2015, has failed to meet and review the financial information of the Association. (Case 2015-3615)
5. NRS 116.3103 (through NAC 116.405) as the Executive Board of Directors failed to approve a budget for 2016.
6. NRS 116.3103 (through NAC 116.405) as the Executive Board of Directors since, July 22 2015, has failed to meet in executive session to conduct business of the Association. (Case 2015-3615)

Pursuant to NRS 116.785, if the Commission determines violations of law occurred, it may impose fines of up to \$1,000 per violation. Additionally, the costs of the investigation and hearing, including attorney's fees, may be recovered. Failure to pay these sums in a timely manner may result in the institution of collection proceedings.

Any documentation or other evidence you have to support your compliance with the above provisions should immediately be brought to the undersigned's attention.

Upon consultation with its counsel, the Attorney General, the Division may be willing to resolve this matter through a negotiated settlement. This type of settlement must be presented to and approved by the Commission.

Sincerely,



Christopher Sewell,
Chief Investigator

Cc: Charles Hernandez
Ken Brensinger
Robert Stern
Ronnie Young

EXHIBIT E

EXHIBIT E

Carmen Eassa

From: Jody gmail [jodyfassette@gmail.com]
Sent: Friday, June 12, 2015 3:58 PM
To: Carmen Eassa
Subject: Resignation

Dear Carmen,

As of today June 12, 2015, I am officially resigning from the Vice President position, as a Board of Director for Anthem Highlands.

I have served this community previously, and wanted to serve again and volunteer my time towards making our community better, safer and acting in the best interest of the homeowners.

In the past two weeks I have received threats, litigation intimidation from more than one individual, retaliatory actions for voting/not voting a certain way and public defaming.

I have enjoyed working with you over the last two weeks and thank you for all that you have done for our community.

Jody Fassette

Sent from my iPad

EXHIBIT F

EXHIBIT F

**BYLAWS
OF
ANTHEM HIGHLANDS COMMUNITY ASSOCIATION**

**BYLAWS
OF
ANTHEM HIGHLANDS COMMUNITY ASSOCIATION**

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**BYLAWS
OF
ANTHEM HIGHLANDS COMMUNITY ASSOCIATION**

**ARTICLE 1
IDENTITY**

1.1 **Declaration.** These Bylaws will govern the operation of the Anthem Highlands Community Association (the "Association"), a Nevada nonprofit corporation, which was created pursuant to the Declaration of Covenants, Conditions and Restrictions for Anthem Highlands recorded on July 25, 2003, in Book 20030725 as Instrument No. 0651 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. § 116.1101, 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's 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 (a) sixty (60) days after twenty-five percent (25%) of the total number of Units that Declarant reserves the right to create have been conveyed to the home buying public, or (b) 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.

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 (a) the date, time and place of the meeting, (b) the substance of all matters proposed, discussed or decided at the meeting, and (c) 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.

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, (a) the proxy must be dated; (b) the proxy must not purport to be revocable without notice; (c) the proxy must designate the meeting for which it is executed; (d) 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 (e) 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 an officer of the Association or a director, (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 ten (10) days nor 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) 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) proceeding with a counterclaim; or
- (iv) 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. Each Member may have the right to cumulate these votes for one (1) candidate or to divide the votes among any number of the candidates. 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 having ten percent (10%) of the total voting power in the Association.

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 which is not specifically included on the agenda. As used in this Section, "emergency" means any occurrence or combination of occurrences that (a) could not have been reasonably foreseen, (b) affects the health, welfare and safety of the Members, (c) requires the immediate attention of, and possible action by, the Board of Directors, and (d) 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 changed 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 must 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 Declarant not later than sixty (60) days after conveyance to the home buying public of twenty-five percent (25%) of the total number of Units which Declarant has reserved under the Declaration the right to create;

(ii) at least one-third (1/3) of the total directors must be elected by Members other than Declarant no later than sixty (60) days after conveyance to the home buying public of fifty percent (50%) of the total number of Units which Declarant has reserved the right to create; 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 to the home buying public of seventy-five percent (75%) of the total number of Units that Declarant has reserved under the Declaration the right to create; or (b) five (5) years after Declarant has ceased to offer any Units for sale in the ordinary course of business.

3.2 Notice of Eligibility; Disclosure of Business Affiliations.

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. In addition to a Member, an officer, employee, agent or director of a corporate Unit's 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 may be a director. In all events where the person serving or offering to serve as a director is not the record Unit's Owner, he/she must file proof in the records of the Association that he/she is associated with the corporate Unit's Owner, trust, partnership, limited liability company or estate as required by this Subsection and identify the Unit or Units owned by the corporate Unit's 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 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. The candidate must make the disclosure, in writing, to each Member of the Association 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 disclosure must be hand-delivered or sent prepaid United States mail not less than two (2) days after the date that the Association has mailed the ballots for election of directors. Unless a person is appointed by the Declarant, a person may not be a director of the Association if the person, his spouse or his parent or child, by blood, marriage or adoption, performs the duties of Community Manager for the Association.

3.3 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 which 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 regular or special Assessment. 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.

3.4 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 Common Elements and those parts of the Units for which the Association has the responsibility of maintaining. 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 by training and experience to conduct such a study, including, without limitation, a director, a Member or the Community Manager of the Association who is so qualified. The study of the reserves, which shall include the following information, must be submitted to the Commission for Common-Interest Communities created pursuant to the Act 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 Common Elements and those parts of the Units for which the Association has the responsibility of maintaining;

(ii) identification of the major components of the Common Elements and those parts of the Units for which the Association has the responsibility of maintaining which have a remaining useful life of less than 30 years;

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

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

(v) estimate of the total annual Assessment that may be required to cover the cost of repairing, replacing or restoring the major components identified in paragraph (ii), after subtracting the reserves of the Association as of the date of the study.

3.5 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.

3.6 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 signatories 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.

3.7 Election and Term of Office. After the Period of Declarant Control has ended, directors will be elected so that they hold office for staggered terms. At the first meeting of the Board of Directors after the Period of Declarant Control has ended, the directors currently in office will divide the directors into two (2) groups, with the number of directors in each group being equal, to the extent possible. The first term of the directors included in the first group will be one (1) year and the first term of the directors in the second group will be two (2) years. When the term ends for each directorship, the subsequent terms of the directorships will be two (2) years. Every year at the annual meeting of the Members, the Members will elect the number of directors needed to fill the vacancies occurring in the group of directors whose terms are expiring. A director may be elected to succeed himself/herself. If not held sooner, the first annual meeting of the Members following the end of the Period of Declarant Control shall be held during the month of August and all following meetings shall be held during the same month of the year as the previous annual meeting.

3.8 Removal.

3.8.1 Any director may be removed from office, with or without cause, by a two-thirds (2/3) vote of all Members entitled to vote at any annual meeting or at any special meeting called for that purpose at which a quorum is present, except for any director appointed by the Declarant. Declarant can remove any director appointed by Declarant at any time, with or without cause. The removal of any director 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.

3.8.2 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.

3.9 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.

3.10 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.

3.11 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) current reconciliation of the operating account of the Association;
- (ii) current reconciliation of the reserve account of the Association;
- (iii) actual revenues and expenses for the reserve account compared to the budget for that account of the current year;
- (iv) latest account statements prepared by the financial institutions in which the accounts of the Association are maintained;
- (v) income and expense statement prepared on at least a quarterly basis for the operating and reserve accounts of the Association; and
- (vi) current status of any civil action or claim submitted to arbitration or mediation in which the Association is a party.

3.12 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 (a) the date, time and place of the meeting, (b) those directors who were present and those directors who were absent at the meeting; (c) the substance of all matters proposed, discussed or decided at the meeting, (d) a record of each director's vote on any matter decided by vote at the meeting, and (e) 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.

3.13 Notice.

3.13.1 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.

3.13.2 Except as provided in Section 3.14 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.

3.14 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 3.13 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

Section 3.13, "emergency" means any occurrence or combination of occurrences that (a) could not have been reasonably foreseen, (b) affects the health, welfare and safety of the Members, and (c) makes it impracticable to comply with the notice provisions for meetings of the Board of Directors.

3.15 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 3.17 below, Members may not attend executive sessions of the Board of Directors which may be called to discuss matters which, by law, are permitted to be discussed in executive session.

3.16 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.

3.17 Executive Sessions.

3.17.1 During any meeting of the Board of Directors, the Board of Directors may call for an executive session only to (a) 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, (b) discuss the character, alleged misconduct, professional competence or physical or mental health of a Community Manager or an employee of the Association, (c) except as otherwise provided in Subsection 3.17.2, discuss a violation of the Governing Documents, including, without limitation, the failure to pay an Assessment, and (d) discuss the alleged failure of a Unit's Owner to adhere to a schedule established by the Association pursuant to Section 4.1.7 of the Declaration if the alleged failure may subject the Unit's 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.

3.17.2 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 the hearing be conducted by the Board of Directors at an open meeting. The person who may be sanctioned for the alleged violation is entitled to attend the hearing and testify concerning the alleged violation, but the person may be excluded by the directors from any other portion of the hearing, including, without limitation, the deliberations of the directors.

3.17.3 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 3.17.2 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.

3.17.4 Except as otherwise provided in Subsection 3.17.2, a Member is not entitled to attend or speak at a meeting of the Board of Directors held in executive session.

3.18 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.

3.19 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.

3.20 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 which 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.

3.21 Fidelity Bonds. 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 bonds. In the event fidelity bonds are required by the Board of Directors, the premiums for the fidelity bonds will be paid by the Association.

3.22 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. The principal officers of the Association will be a President, one (1) or more Vice Presidents, a Secretary and a Treasurer, all of whom will be elected by the Board of Directors. Each officer must be a Member or a representative designated by Declarant. The directors may appoint 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 the person, his spouse or his parent or child, by blood, marriage or adoption, performs the duties of Community Manager for the Association.

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 which are normally given to the office of the President of a corporation. These duties and power include, but are not limited to, the powers to appoint committees from among the Members of the Association from time to time as the President may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association. 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 which 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 (a) 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 (b) 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 which 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 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 (a) 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, (b) records of the Association relating to a specific Member, except for those records described in Subsection 6.1.2 below, (c) a contract between the Association and an attorney, and (d) any other information which 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 (a) must contain a general description of the nature of the violation and the type of the sanction imposed. If the sanction imposed was a fine or construction penalty, the general record must specify the amount of the fine or construction penalty; (b) must not contain the name or address of the person against whom the sanction was imposed or any other personal information which may be used to identify the person or the location of the Unit, if any, that is associated with the violation; and (c) 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: (a) enter into a contract or renew a contract with the Association to provide goods or services to the Association; or (b) 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: (x) 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; (y) entering into contracts with the Association, the Declarant or affiliate of the Declarant; or (z) 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, the Board of Directors must require that money in reserve accounts may not be withdrawn without the signatures of at least two (2) directors or the signatures of at least one (1) director and one officer of the Association who is not a director.

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.

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 two-thirds (2/3) of the voting power of the Members. However, an amendment of any provision of these Bylaws which 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 which would be contrary to or inconsistent with the Declaration, and any provisions of or purported amendment to these Bylaws which is contrary to or inconsistent with the Declaration 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 Association, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Declaration 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.

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 (a) a description of the violation, (b) the approximate time and place at which the violation was observed, (c) the amount of the fine to be paid by the Member for the violation, (d) the name of the person issuing the Notice of Violation, and (e) 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 (a) pays the fine; (b) executes a written

waiver of the right to the hearing; or (c) 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 which 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's 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 the Anthem Highlands Community Association on the 4th day of August, 2003.



Jay Haunschild
Secretary

EXHIBIT G

EXHIBIT G

Teo

BRIAN SANDOVAL
Governor



3300.03
BRUCE H. BRESLOW, 20
Director

JOSEPH (J.D.) DECKER
Administrator

SHARON JACKSON
Ombudsman

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
REAL ESTATE DIVISION
COMMON-INTEREST COMMUNITIES
CICombudsman@red.state.nv.us
www.red.state.nv.us

October 05, 2015

Charles Hernandez
C/O Edward Boyack
Boyack, Orem, Taylor
401 N. Buffalo Dr #202
Las Vegas, NV 89145

Re: ADR Claim #16-13 (adv. Jody Fassette)

Dear Mr. Hernandez:

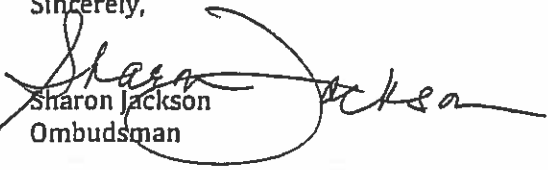
This ADR claim was closed due to Ms. Fassette's failure to respond timely. Ms. Fassette notified me that she was confused about the response and is willing to participate in the ADR process. She will file a response. If you would like to continue your claim, the Division can reopen it and have it proceed to mediation. As you know, your claim can also proceed to the Referee Program, if you agree.

Once you receive Ms. Fassette's response, please contact me if you are willing to proceed to mediation or would participate in the Referee Program.

As you know, Mr. Stern filed an Intervention Affidavit regarding Ms. Fassette's resignation (2015-2155). You were offered the opportunity to participate in the informal conference process to address the issues. You previously refused to participate in that process. I am again offering that option to you; please contact me if you would reconsider your previous decision.

The board's current impasse relates to the issue of Ms. Fassette's resignation. All efforts necessary to resolve that issue should be made. To the extent there are 4 board members and board action is stalled due to tie votes, the board must make a decision with regard to the vacancy, either to fill it or have an election to replace her. It is part of every board member's fiduciary duty to make sure the Association conducts its business and moves forward. The Division trusts you will take all action necessary to fulfill your fiduciary duty to the Association.

Sincerely,


Sharon Jackson
Ombudsman

RECEIVED
OCT 07 2015

BY: _____

EXHIBIT H

EXHIBIT H

PROFILE 1

COMMUNITY MANAGER	Carmen Eassa, ceassa@terrawest.com	880-4641
COMMUNITY ASSISTANT	Tanya Matysek, tmatysek@terrawest.com	880-4634
LOCATION	Anthem Highlands Drive and Bicentennial Parkway	
DIRECTIONS	215 to Eastern, turn south	
HOTLINE	856-3743 Fax # 749-6174	
TYPE	SF	
UNITS	1549 without Earlstone; 1647 with Earlstone; 1647 total at build-out	

EMAIL: Anthemhighlands@terrawest.com or anthemhighlands.myterrawest.com

PROFILE 2

AUDIT	2011 complete	
AMENITIES	N/A	
ANNUAL MEETING	May	
ASSESSMENTS	\$175.00 Quarterly (\$58.50 monthly); Edinburgh & Haddington Gated Subdivisions extra \$226.75 Quarterly. Total Edinburgh and Haddington Assessments: \$401.75 Quarterly Due Dates: Jan 1, Apr 1, Jul 1, & Oct 1 Statements are mailed quarterly.	
BANK	Mutual of Omaha, PO BOX 61533, Phoenix, AZ 85082	
ASSESSMENT DUE BY	15 th	
ASSESSMENT LATE FEE	\$10	
BOARD MEETINGS	Monthly, 4 th Wednesday of the Month	
BOARD MEETING VENUE	Terra West Management Services 11135 S. Eastern Ave. Suite #120	
BUDGET	November	
COLLECTIONS	Red Rock Financial Services/AMS	
CONSTRUCTION COMPLETED	100 %	
DIRECT LINE/FAX	856-3743 / 749-6174	
DOCUMENTS	Governing Policies	CC&Rs, Bylaws, R&Rs Collection/Fine, Investment, ARC Guidelines, Parking & Towing
FEDERAL TAX ID	72-1576339	
FINE POLICY	Courtesy 15 day / Hearing Fine \$50 General Violation \$100 CTF / \$100 Health & Safety \$100 CTF	
GATES	Edinburgh & Haddington; Pedestrian and Crash Gates	
INCORPORATION DATE	07/05/03	
INSPECTIONS	Monthly; 4-star	
INSURANCE	Liability, exp: 12/1/12, Western Risk D&O, exp: 12/1/12, CSE Safeguard	
MASTER	N/A	
NEWSLETTER	Board writes; TW prints and mails (Gary Goldberg 451-0028) see below for complete address, email, & phone #'s	
OMBUDSMAN/Sec. of State	Annual Renewal, August C18706-2003	
NV BUSINESS LICENSE #	NV 20031420540	
MAINTENANCE	HOA maintains common area only	
MANAGEMENT CONTRACT	exp: July 31, 2012	

RESERVE STUDY	1/12, Expires 12/16
SEC of STATE #	C18706 Legal name: AHCA; Subdivision AH Unit 6
STREETS	City of Henderson
TRASH DAYS	Tuesdays only; Containers may be left at the curb for pickup no earlier than 5:00 p.m. on the day before the scheduled pickup is to occur and may remain at the curb until no later than 9:00 p.m. on the day after the scheduled pickup is to occur.

PROFILE 3	ANTHEM HIGHLANDS' NEIGHBORHOODS
AVONDALE	100 Units; Non-gated
CALGARY	116 Units; Non-gated
CLERMONT	117 Units; Non-gated
EARLSTONE	98 Units; Sub-association; Gated
EDINBURGH	73 Units; Gated
GLENGARRY	172 Units; Non-gated; Addresses with Coach Lights on Switch: Culloden Street: 2833, 2837, 2838, 2842, 2847, 2851, 2855, 2858, 2859, 2862, 2863, 2866, 2867, 2870, 2871, 2874, 2875, 2878, 2882, 2886, 2890, 2894
HADDINGTON	90 Units; Gated
INVERNESS	102 Units; Non-gated
MONTROSE	345 Units; Non-gated
PORTPATRICK	89 Units; Non-gated
SOMMERVILLE	345 Units; Non-gated

BOARD	Min: – Max:	
PRESIDENT 5/27/15 to 5/24/2017	Charles Hernandez 2729 Borthwick Ave. Henderson NV 89044 choochoocharlieh@yahoo.com	H: 293-2275 C: 824-7380
VICE PRESIDENT 5/27/15 to 5/25/16 Resigned 6/12/15	Jody Fassette 2419 Antrim Irish Dr. Henderson, NV 89044 jodyfassette@gmail.com	C: 501-6025
TREASURER Expires 5/25/2016	Ronnie Young 2588 Sturrock Drive Henderson, NV 89044 vikingrly@aol.com	C: 858-8148
Secretary 5/27/15 to 5/24/17	Ken Brensinger 2741 Rosenheartly Dr. Henderson, NV 89044 Badland44@aol.com	C: 528-1440
DIRECTOR 5/27/15 to 5/24/17	Robert Stern 2639 Lochleven Way Henderson, NV 89044	H: 702-361-9937 C: 818-631-4272 C: 910-575-2436